

KHAIRPUR SUGAR MILLS LTD.



KHAIRPUR
SUGAR MILLS LIMITED

QUARTERLY

Financial Statements

**FOR THE
PERIOD ENDED
DECEMBER 31, 2019
(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 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

Syed Zafar Ali Shah (Advocate)
Bukhari Law Associates, B-8, 3rd Floor, Jumani Arcade,
University Road, Gulshan-e-Iqbal, 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 Dhoru, 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.

DIRECTORS' REPORT

Dear Members

Assalam-o-alaikoom

On behalf of the Board of Directors, it is our privilege to present before you the un-audited accounts of the Company for the First Quarter ended December 31, 2019.

FINANCIAL RESULTS

During the period under review, the operation of your Company resulted in a pre-tax profits of Rs.42,935 Million. The financial results are as under:

								<u>Rupees in thousand</u>
Profit before taxation	...	...	...	...	...	...	...	42,935
Taxation	...	...	...	...	...	...	...	(21,986)
Profit after taxation	...	...	...	...	...	...	...	20,949

PERFORMANCE REVIEW

The crushing season 2019-20 started on 21st November 2019 and up to the end of this quarter 206,802.911 M.T Sugar-cane has been crushed by producing 17,440.00 M.T Sugar with average recovery of 8.926% in 41 days, as compared to crushing of 215,186.932 M.T Sugar-cane and producing 19,725.00 M.T Sugar with average recovery of 9.522% in 36 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. As a result sugarcane growers getting more than the corresponding year. On The Other Hand Sugar and Molasses prices are showing upward trend. Under these situation, profitability of your company is likely to enhance and the management is anticipating to earn fair returns from current crushing season.

ENVIRONMENT

For improvement in environmental hazard Khairpur Sugar Mills Limited have taken care on priority as per Sindh Environmental Policy Act 2013 proven care has been taken care. On implementing this policy, use of water and drainage has been reduced. After approval from Sindh Environmental Protecting

Agency (SEPA) and foreign experts consultants services for waste water, the treatment plant has been installed having capacity of 3,000 cm/day which will become again useful for the use of agriculture sector to end the water scarcity and to end the pollution. By the Grace of Almighty Allah, our Mill management inaugurated this plant on 5th December 2019.

COMPOSITION OF BOARD AND BOARD COMMITTEES

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


Place: Karachi, Dated January 29, 2020


FARAZ MUBEEN JUMANI
Managing Director

KHAIRPUR SUGAR MILLS LIMITED
BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2019

	31-12-2019	30-09-2019
	UNAUDITED	AUDITED
	<i>Rupees in Thousand</i>	
ASSETS		
Non-Current Assets		
Property, plant and equipments	2,331,881	2,317,193
Intangible assets	6,307	6,307
Long term deposits	3,979	3,979
	2,342,167	2,327,479
Current Assets		
Stores , spares and loose tools	154,436	139,596
Stock in trade	801,646	854,265
Loans and advances	365,852	352,219
Deposits, prepayments and other receivables	220,132	219,227
Cash and bank balances	118,528	80,503
	1,660,594	1,645,810
Total Assets	4,002,761	3,973,289
EQUITY AND LIABILITIES		
Share capital		
Authorised capital		
20,000,000 ordinary shares of Rs. 10/- each	200,000	200,000
Issued, subscribed and paid up Capital	160,175	160,175
Revenue reserves	175,727	148,329
Surplus on revaluation of property, plant and equipment - net	675,934	682,383
Shareholder's Equity	1,011,836	990,887
Non-Current Liabilities		
Long term financing	697,857	674,177
Deferred liability	129,597	128,890
Liabilities against assets subject to finance lease	6,921	7,452
	834,375	810,519
Current Liabilities		
Current portion of liabilities against assets subject to finance lease	4,821	4,963
Short Term borrowings	1,283,879	1,345,324
Trade and other payables	832,320	751,210
Accrued Markup	4,135	48,106
Provision for taxation	31,395	22,280
	2,156,550	2,171,883
Contingencies		
Total Equity and Liabilities	4,002,761	3,973,289

The annexed notes form an integral part of these financial statements


MUHAMMAD MUBEEN JUMANI
 Chief Executive Officer


MIRZA MUHAMMAD BILAL
KAMIL
 Chief Financial Officer


FARAZ MUBEEN JUMANI
 Managing Director

Place: Karachi, Dated: January 29, 2020

KHAIRPUR SUGAR MILLS LIMITED
PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2019

	31-12-2019	31-12-2018
	<i>Rupees in Thousand</i>	
Sales net	1,405,038	1,579,250
Cost of Sales	<u>(1,232,081)</u>	<u>(1,512,905)</u>
Gross Profit	172,957	66,345
Administrative expenses	(57,530)	(53,552)
Distribution expenses	(5,332)	(4,164)
Other incomes	26	1
Other operating expenses	-	-
	<u>(62,836)</u>	<u>(57,715)</u>
Operating Profit/(Loss)	110,121	8,630
Financial cost	(67,186)	(37,110)
Profit/ (Loss) before taxation	<u>42,935</u>	<u>(28,480)</u>
Taxation	(21,986)	(13,395)
Profit/ (Loss) after taxation	<u><u>20,949</u></u>	<u><u>(41,875)</u></u>
Earning/ (Loss) per share - basic & diluted	<u><u>1.31</u></u>	<u><u>(2.61)</u></u>

The annexed notes form an integral part of these financial statements


MUHAMMAD MUBEEN JUMANI
 Chief Executive Officer


MIRZA MUHAMMAD BILAL
KAMIL
 Chief Financial Officer


FARAZ MUBEEN JUMANI
 Managing Director

Place: Karachi, Dated: January 29, 2020

KHAIRPUR SUGAR MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2019

	Quarter ended	
	December 31 2019	December 31 2018
	<i>Rupees in Thousand</i>	
Profit /(Loss) for the quarter	20,949	(41,875)
Other comprehensive income	-	-
Total comprehensive profit/ (Loss) for the quarter	20,949	(41,875)

The annexed notes form an integral part of these financial statements



MUHAMMAD MUBEEN JUMANI
Chief Executive Officer



MIRZA MUHAMMAD BILAL
KAMIL
Chief Financial Officer



FARAZ MUBEEN JUMANI
Managing Director

Place: Karachi, Dated: January 29, 2020

KHAIRPUR SUGAR MILLS LIMITED
CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE QUARTER ENDED DECEMBER 31, 2019

	DECEMBER 31, 2019	DECEMBER 31, 2018
<i>Rupees in Thousand</i>		
CASH GENERATED FROM OPERATING ACTIVITIES		
Cash generated from operations	243,332	309,086
Finance cost paid	(87,476)	(21,711)
Taxes paid	(11,961)	(5,963)
Net cash generated from operating activities	143,894	281,412
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(42,500)	(52,560)
Capital Work in Progress	(1,924)	(3,728)
Net cash (used in) investing activities	(44,424)	(56,288)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts/Repayments of long term loans - net	-	-
Short term cash finance	(61,445)	(245,200)
Accrued Markup	-	-
Net cash (used in) financing activities	(61,445)	(245,200)
Net increase / decrease in cash and cash equivalents	38,025	(20,076)
Cash and cash equivalents at the beginning of the year	80,503	23,908
Cash and cash equivalents at the end of the period	118,528	3,832

The annexed notes form an integral part of these financial statements


MUHAMMAD MUBEEN JUMANI
 Chief Executive Officer


MIRZA MUHAMMAD BILAL
 KAMIL
 Chief Financial Officer


FARAZ MUBEEN JUMANI
 Managing Director

Place: Karachi, Dated: January 29, 2020

KHAIRPUR SUGAR MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
(Un-Audited)
FOR THE QUARTER ENDED DECEMBER 31, 2019

	Issued, subscribed & paid up Capital	Accumulated (Loss)/Profit	Revaluation Surplus	Total
	<i>Rupees in Thousand</i>			
Balance as at September 30, 2018 - Restated	160,175	(208,130)	255,329	207,374
(Loss) after taxation for the year	-	(64,003)	-	(64,003)
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	(64,003)	-	(64,003)
Revaluation surplus arising during the year - net off tax	-	-	450,352	450,352
Present value of long term loan on initial recognition	-	466,480	-	466,480
Reversal of present value of long term loan on derecognition	-	(69,316)	-	(69,316)
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	23,298	(23,298)	-
	-	420,462	427,054	847,516
Balance as at September 30, 2019	160,175	148,329	682,383	990,887
Profit after taxation for the quarter	-	20,949	-	20,949
Other comprehensive income	-	-	-	-
Total Comprehensive Income	-	20,949	-	20,949
Transfer of incremental depreciation from revaluation surplus on property, plant and machinery - net of tax	-	6,449	(6,449)	-
	-	6,449	(6,449)	-
Balance as at December 31, 2019	160,175	175,727	675,934	1,011,836

The annexed notes form an integral part of these financial statements


MUHAMMAD MUBEEN JUMANI
Chief Executive Officer


MIRZA MUHAMMAD BILAL
KAMIL
Chief Financial Officer


FARAZ MUBEEN JUMANI
Managing Director

Place: Karachi, Dated: January 29, 2020

KHAIRPUR SUGAR MILLS LIMITED
 SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
 UN-AUDITED
 FOR THE QUARTER ENDED DECEMBER 31, 2019

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 (formerly Karachi Stock Exchange). The registered office of the Company is situated at 3rd Floor, Plot No. 15-C, 9th Commercial Lane, DHA, Phase V, Karachi.

The company is principally engaged in the manufacture and sale of sugar and by products.

2. BASIS OF PREPARATION

These financial statements are unaudited and prepared as required by a Code of Corporate Governance under listing regulations at the Stock Exchanges and being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed while finalizing this quarterly financial statements are the same as those of the published annual audited financial statements for the year ended September 30, 2019.

4. ACQUISITION AND DISPOSAL OF FIXED ASSETS

	December 31, 2019	September 30, 2019
	<i>Rupees in Thousand</i>	
Additions		
Building	-	67,180
Plant and machinery - Owned	42,500	120,793
Furniture and fixture	-	-
Office Equipment	-	10,144
Factory equipment	-	-
Vehicles	-	7,913
Plant and machinery - Leased	-	-
Total	42,500	206,030

5. CONTINGENCIES AND COMMITMENTS

There has been no significant changes in the contingencies and commitments since the last audited financial statements. (i.e. as of 30th September 2019)

6. SEASONALITY

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 during this period.

7. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issuance on **January 29, 2020** by the Board of Directors of the Company.

8. 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: January 29, 2020