

KHAIRPUR SUGAR MILLS LTD.



**KHAIRPUR**  
SUGAR MILLS LIMITED

**QUARTERLY**

**Financial Statements**

**FOR THE  
PERIOD ENDED  
MARCH 31, 2020  
(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 &amp; 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 &amp; 18,

Farid Chambers,

2nd Floor, Abdullah Haroon Road Karachi.

**SHARES REGISTRAR**

M/S. C &amp; 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 Dhoro, Taluka Kot Diji,

Khairpur.

**E-MAIL & WEBSITE**[headoffice@jumanigroup.com](mailto:headoffice@jumanigroup.com)<http://khaipurpursugar.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 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 six 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 six 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.



Qamar Mubeen Jumani

Chairperson

Karachi: May 28, 2020

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**DIRECTORS' REPORT**

Dear Members,

On behalf of the Board of Directors, it is my privilege to present before you, the half yearly condensed un-audited accounts for the period ended 31<sup>st</sup> March, 2020.

**FINANCIAL RESULTS**

	<u>31-03-2020</u>	<u>31-03-2019</u>
	<i>Rupees in '000</i>	
<b>Profit before Taxation</b>	141,386	82,329
<b>Taxation</b>	(75,239)	(53,666)
<b>Profit after Taxation</b>	66,147 =====	28,663 =====
<b>Earnings per Share</b>	4.13 =====	1.79 =====

**PERFORMANCE REVIEW**

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

	<b>SEASON 2019-2020</b>	<b>SEASON 2018-2019</b>
Season Started	21-11-2019	26-11-2018
Season Ended	06-03-2020	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 21<sup>th</sup> November 2019 and ends on 5<sup>th</sup> March 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. Which has resulted in an increase in profit on the half year ended 31 March, 2020. Your company is expected that the same pattern will continue till year end.

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
  - 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

Place: Karachi, Dated: May 28, 2020

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF KHAIRPUR SUGAR MILLS LIMITED  
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

***Introduction***

We have reviewed the accompanying condensed interim statement of financial position of **KHAIRPUR SUGAR MILLS LIMITED** as at March 31, 2020 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, 2020 and 2019 have not been reviewed as we are required to review only the cumulative figures for the six months period ended March 31, 2020.

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

**Reanda Haroon Zakaria & Company**  
Chartered Accountants

**Place:** Karachi  
**Dated:** May 28, 2020


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**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2020**

		<i>March 31, 2020</i>	<i>September 30, 2019</i>
		<i>Un-Audited</i>	<i>Audited</i>
	<i>Note</i>	<i>----- Rupees in '000 -----</i>	
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	2,330,534	2,317,193
Intangible assets		6,307	6,307
Long term deposits		3,979	3,979
		2,340,820	2,327,479
<b>Current Assets</b>			
Stores, spares and loose tools		152,328	139,596
Stock in trade	6	2,114,358	854,265
Loans and advances		359,319	352,219
Deposits, prepayments and other receivables		219,268	219,227
Cash and bank balances		128,892	80,503
		2,974,165	1,645,810
<b>Total Assets</b>		5,314,985	3,973,289
<b><u>EQUITIES AND LIABILITIES</u></b>			
<b>Authorized Capital</b>			
20,000,000 Ordinary shares of Rs. 10 each		200,000	200,000
<b>Share capital and reserves</b>			
Issued, subscribed and paid up capital		160,175	160,175
Surplus on revaluation of fixed assets - net		669,485	682,383
Accumulated profit		227,374	148,329
<b>Shareholders' equity</b>		1,057,034	990,887
<b>Non-Current Liabilities</b>			
Long term financing		721,538	674,177
Lease liabilities	7	16,717	7,452
Deferred liabilities		139,998	128,890
		878,253	810,519
<b>Current Liabilities</b>			
Short term borrowings	8	2,330,141	1,345,324
Current portion of lease liabilities	7	6,878	4,963
Trade and other payables		952,039	751,210
Provision for taxation		44,985	22,280
Accrued markup		45,655	48,106
		3,379,698	2,171,883
<b>Contingencies and Commitments</b>	9	-----	-----
<b>Total Equity and Liabilities</b>		5,314,985	3,973,289

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

  
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**MUHAMMAD MUBEEN JUMANI**  
 Chief Executive Officer

  
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**MIRZA MUHAMMAD BILAL  
 KAMIL**  
 Chief Financial Officer

  
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**FARAZ MUBEEN JUMANI**  
 Managing Director

Place: Karachi, Dated: May 28, 2020

**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER**  
**COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED MARCH 31, 2020**

	<i>Half year ended</i>		<i>Second quarter ended</i>	
	<i>March 31,</i> <i>2020</i>	<i>March 31,</i> <i>2019</i>	<i>March 31,</i> <i>2020</i>	<i>March 31,</i> <i>2019</i>
<i>Note ----- Rupees in '000 -----</i>				
Sales - net	2,453,271	2,716,053	1,048,233	1,136,803
Cost of sales	<u>(2,031,007)</u>	<u>(2,420,424)</u>	<u>(798,926)</u>	<u>(907,519)</u>
<b>Gross profit</b>	<b>422,264</b>	<b>295,629</b>	<b>249,307</b>	<b>229,284</b>
Administrative expenses	<u>(108,102)</u>	<u>(105,865)</u>	<u>(50,572)</u>	<u>(52,313)</u>
Distribution expenses	<u>(14,347)</u>	<u>(16,423)</u>	<u>(9,015)</u>	<u>(12,259)</u>
<b>Operating profit</b>	<b>299,815</b>	<b>173,341</b>	<b>189,720</b>	<b>164,712</b>
Other income	<u>208</u>	<u>252</u>	<u>182</u>	<u>-</u>
	<b>300,023</b>	<b>173,593</b>	<b>189,902</b>	<b>164,712</b>
Financial charges	<u>(158,637)</u>	<u>(91,264)</u>	<u>(91,451)</u>	<u>(54,154)</u>
<b>Profit before taxation</b>	<b>141,386</b>	<b>82,329</b>	<b>98,451</b>	<b>110,558</b>
<b>Taxation</b>				
Current	<u>(36,799)</u>	<u>(24,562)</u>	<u>(15,723)</u>	<u>(4,324)</u>
Deferred	<u>(38,440)</u>	<u>(29,104)</u>	<u>(37,530)</u>	<u>(35,948)</u>
	<b>(75,239)</b>	<b>(53,666)</b>	<b>(53,253)</b>	<b>(40,272)</b>
<b>Profit after taxation</b>	<b>66,147</b>	<b>28,663</b>	<b>45,198</b>	<b>70,286</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>66,147</b>	<b>28,663</b>	<b>45,198</b>	<b>70,286</b>
<b>Earning per share-basic and diluted</b>	<b>4.13</b>	<b>1.79</b>	<b>2.82</b>	<b>4.39</b>

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

  
 \_\_\_\_\_  
**MUHAMMAD MUBEEN JUMANI**  
 Chief Executive Officer

  
 \_\_\_\_\_  
**MIRZA MUHAMMAD BILAL**  
**KAMIL**  
 Chief Financial Officer


  
 \_\_\_\_\_  
**FARAZ MUBEEN JUMANI**  
 Managing Director


Place: Karachi, Dated: May 28, 2020

**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED MARCH 31, 2020**

	<i>March 31,</i> <b>2020</b>	<i>March 31,</i> <b>2019</b>
<i>----- Rupees in '000 -----</i>		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>141,386</b>	82,329
<b>Adjustments for:</b>		
Financial cost	<b>109,802</b>	58,427
Depreciation	<b>60,315</b>	54,502
Amortization of interest free loan	<b>47,361</b>	32,552
	<b>217,478</b>	145,481
<b>Working capital changes:</b>		
Stores, spares and loose tools	<b>(12,732)</b>	(5,126)
Stock in trade	<b>(1,260,093)</b>	(1,086,654)
Loans and advances - Considered good	<b>(7,100)</b>	(66,598)
Deposits, prepayments and other receivables	<b>(41)</b>	91,650
Trade and other payables	<b>200,829</b>	(282,409)
	<b>(1,079,137)</b>	(1,349,137)
	<b>(720,273)</b>	(1,121,327)
Taxes paid - net	<b>(14,094)</b>	(26,604)
Financial charges paid	<b>(112,253)</b>	(44,670)
<b>Net cash used in operating activities</b>	<b>(846,620)</b>	(1,192,601)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	<b>(72,396)</b>	(101,966)
Long term deposits	-	522
Capital work-in-progress	<b>(1,259)</b>	(4,321)
<b>Net cash used in investing activities</b>	<b>(73,655)</b>	(105,765)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowing	<b>984,817</b>	1,297,284
Repayment of lease rentals	<b>11,180</b>	(2,376)
Repayment of staff gratuity	<b>(27,333)</b>	(6,507)
<b>Net cash generated from financing activities</b>	<b>968,664</b>	1,288,401
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>48,389</b>	(9,965)
<b>Cash and cash equivalent at beginning of the period</b>	<b>80,503</b>	23,908
<b>Cash and cash equivalent at end of the period</b>	<b>128,892</b>	13,943

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

  
 \_\_\_\_\_  
**MUHAMMAD MUBEEN JUMANI**  
 Chief Executive Officer

  
 \_\_\_\_\_  
**MIRZA MUHAMMAD BILAL**  
**KAMIL**  
 Chief Financial Officer

  
 \_\_\_\_\_  
**FARAZ MUBEEN JUMANI**  
 Managing Director

Place: Karachi, Dated: May 28, 2020

**KHAIRPUR SUGAR MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED MARCH 31, 2020**

	<i>Issued, subscribed and paid up capital</i>	<i>Unappropriated Profit</i>	<i>Surplus on revaluation of fixed assets</i>	<i>Total</i>
	----- Rupees in '000' -----			
<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
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
<b>Balance as at March 31, 2019</b>	160,175	762,742	(174,953)	747,964
<b>Balance as at October 01, 2019</b>	<b>160,175</b>	<b>148,329</b>	<b>682,383</b>	<b>990,887</b>
<b>Total comprehensive income for the period ended March 31, 2020</b>				
- Profit for the period	-	66,147	-	66,147
<b>Total comprehensive income</b>	-	66,147	-	66,147
Transfer on account of incremental depreciation - net of deferred tax	-	12,898	(12,898)	-
<b>Balance as at March 31, 2020</b>	<b>160,175</b>	<b>227,374</b>	<b>669,485</b>	<b>1,057,034</b>

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



**MUHAMMAD MUBEEN JUMANI**  
Chief Executive Officer



**MIRZA MUHAMMAD BILAL  
KAMIL**  
Chief Financial Officer



**FARAZ MUBEEN JUMANI**  
Managing Director

Place: Karachi, Dated: May 28, 2020

***KHAIRPUR SUGAR MILLS LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 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 company is principally engaged in the manufacture and sale of sugar and by products.

***2 BASIS OF PREPARATION***

***2.1 Statement of compliance***

These condensed interim financial statement 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 statements 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 2019.

The comparative statement of financial position presented in this condensed interim financial statement has been extracted from the audited annual financial statements of the Company for the year ended 30 September 2019, whereas the comparative condensed interim Profit and Loss Account, condensed interim Cash Flow Statement and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim financial information for the period ended 31 March 2019.

This condensed interim financial statements are unaudited but subject to limited scope review by the statutory auditors as required by the Companies Act, 2017. The figures of the condensed interim statement of profit or loss and loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2020 and March 31, 2019 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the six months ended March 31, 2020 and March 31, 2019.

***2.2 Functional and presentation currency***

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

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**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statement are the same as those applied in the preparation of the financial statements for the year ended September 30, 2019 except for following:

**3.1 Impact of IFRS 16 'Leases'**

The Company adopted IFRS 16, Leases, for its annual reporting periods beginning on 01 October 2019.

IFRS 16 'Leases' is issued by International Accounting Standards Board (IASB) in January 2016 which supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

IFRS 16 introduces new requirements for lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting largely remains unchanged i.e. lessors continue to classify leases as either finance or operating leases.

The Company has adopted IFRS 16 using the modified retrospective restatement approach and has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Company has recognized liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Company's incremental weighted average borrowing rate of 16.00 % per annum at March 31, 2020. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

	<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
	<i>March 31,</i>	<i>October 01,</i>
	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Total lease liability recognized	<u><b>13,668</b></u>	<u>18,811</u>

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognized in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognized subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognized right-of-use assets relate to the following type of asset:

	<i>(Un-Audited)</i> <i>March 31,</i> <i>2020</i> <i>Rupees</i>	<i>(Un-Audited)</i> <i>October 01,</i> <i>2019</i> <i>Rupees</i>
Office premises	1,863	4,098
Vehicles	11,770	14,713

The effect of this change in accounting policy is as follows:

<b>Impact on Statement of Financial Position</b>		
Increase in fixed assets - right-of-use assets	13,633	18,811
<b>Impact on Profit or Loss account</b>		
Increase in mark-up expense - lease liability against right-of-use assets	1,132	-
Depreciation on right-of-use assets	5,178	-
Rent expense	(5,787)	-
Increase in profit before tax	<u>522</u>	<u>-</u>

While implementing IFRS 16, the Company has used a single discount rate methodology for a portfolio of leases with similar characteristics.

#### 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, 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>March 31,</i> <i>2020</i>	<i>September 30,</i> <i>2019</i>
<i>Note</i>	<i>----- Rupees in '000 -----</i>	
<b>5 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Written down value at 1 October	2,266,294	1,591,925
Additions	5.1 72,397	206,030
Revaluation	-	569,968
Depreciation	<u>(60,315)</u>	<u>(101,629)</u>
	2,278,376	2,266,294
Capital work in progress	22,920	21,661
Advance against purchase of fixed assets	<u>29,238</u>	<u>29,238</u>
	<u>2,330,534</u>	<u>2,317,193</u>

	<i>March 31,</i> 2020	<i>September 30,</i> 2019
<i>Note</i>	<i>----- Rupees in '000 -----</i>	
<b>5.1 Additions</b>		
Building on freehold land	-	67,180
Plant and machinery	50,688	120,793
Office equipment	2,700	10,144
Furniture and fixture	198	-
Factory equipment	-	7,913
Right of use assets	18,811	-
	<u>72,397</u>	<u>206,030</u>

**6 STOCK IN TRADE**

<b>Finished goods</b>		
- Sugar	2,097,912	821,447
- Bagasse	16,000	31,833
	<u>2,113,912</u>	<u>853,280</u>
Work in process	446	985
	<u>2,114,358</u>	<u>854,265</u>

6.1 The finished goods are pledged with banks against cash finance limit of Rs. 1,400 million (2019 : Rs.683.899 million).

**7 LEASE LIABILITIES**

The Company has recognised lease liabilities in respect of right-of-use assets in accordance with IFRS-16 as explained in note 3.1.

In addition to above, 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,</i> 2020	<i>September 30,</i> 2019
	<i>----- Rupees in '000 -----</i>	
<b>Minimum lease payment</b>		
Upto one year	8,755	6,745
More than one year but less than five years	18,916	8,421
	<u>27,671</u>	<u>15,166</u>
<b>Financial charges</b>		
Upto one year	1,878	1,782
More than one year but less than five years	2,199	969
	4,077	2,751
<b>Present value of minimum lease payments</b>		
Upto one year	6,878	4,963
More than one year but less than five years	16,717	7,452
	23,595	12,415
Current maturity shown under current liabilities	(6,878)	(4,963)
	<u>16,717</u>	<u>7,452</u>



		<i>March 31,</i>	<i>September 30,</i>
		<i>2020</i>	<i>2019</i>
	<i>Note</i>	<i>----- Rupees in '000 -----</i>	
<b>8 SHORT TERM BORROWINGS</b>			
<i>From Related parties - Unsecured</i>			
- From directors		130,141	31,407
<i>From Banking company - Secured</i>			
- Cash finance	8.1	<u>2,200,000</u>	<u>1,313,917</u>
		<u><b>2,330,141</b></u>	<u><b>1,345,324</b></u>

8.1 This represents roll over secured cash financing of Rs. 2,000 million (2019 : Rs. 1,800 millions) from Banking companies and carries markup ranges from 3 Month KIBOR + 2.5% to 3 Month KIBOR + 4 % (2019 : 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.

**9 CONTINGENCIES AND COMMITMENTS**

As at 31 March 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 ended 30 September 2019.

**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,</i>	<i>March 31,</i>	<i>March 31,</i>	<i>March 31,</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>----- Rupees in '000 -----</i>			
Loan from director - receipts	<u>127,700</u>	-	-	-
Loan from director - repayments	<u>18,965</u>	-	-	-
Loan from associates - receipts	-	68,000	-	28,000
Loan from associates - repayments	<u>17,132</u>	18,700	-	10,700
Remuneration and other benefits of Chief Executive and Directors	-	21,825	-	10,912

**12 DATE OF AUTHORIZATION**

This condensed interim financial information has been authorized for issue on May 28, 2020 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 Officer



\_\_\_\_\_  
MIRZA MUHAMMAD BILAL  
KAMIL  
Chief Financial Officer



\_\_\_\_\_  
FARAZ MUBEEN JUMANI  
Managing Director

Place: Karachi, Dated: May 28, 2020