



Half Yearly
FINANCIAL
STATEMENTS
For the Half Year Ended
March 31
2022

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Company Profile

DATE OF INCORPORATION

August 23, 1989

DATE OF COMMENCEMENT OF BUSINESS

September 13, 1989

BOARD OF DIRECTORS

Mr. Faraz Mubeen Jumani

(Chief Executive Officer)

Mr. Muhammad Mubeen Jumani

Mr. Fahad Mubeen Jumani

Mrs. Qamar Mubeen Jumani

(Chairperson)

Miss. Arisha Mubeen Jumani

Lt. Gen (Retd). Tahir Mahmud Qazi

Mr. Asif Khan Brohi

CHIEF FINANCIAL OFFICER

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

JS Bank Limited

Bank AL Habib Limited

STATUTORY AUDITORS

M/S. Reanda 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 - 75330 PAKISTAN.

AUDIT COMMITTEE

Mr. Asif Khan Brohi

(Chairman)

Lt. Gen (Retd). Tahir Mahmud Qazi

(Member)

Mrs. Qamar Mubeen Jumani

(Member)

HR AND REMUNERATION COMMITTEE

Mr. Asif Khan Brohi

(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.

COST AUDITOR

M/S A. D. Akhawala & Co.

Chartered Accountant

321-Uni Centre, I.I. Chundrigar Road, Karachi.

SHARES REGISTERAR

M/S. C & K Management Associates (Pvt.) Limited

404, Trade Tower, Abdullah Haroon Road,

Near Metropole Hotel, Karachi.

REGISTERED OFFICE

51/II/TV, Khayaban-e-Janbaz, 26th Street,

Phase V Ext., D.H.A., Karachi.

Ph: 021-35250131-35

Fax: 021-35250136

MILLS

Naroo Dhoro, Taluka Kot Diji, Khairpur.

E-MAIL & WEBSITE

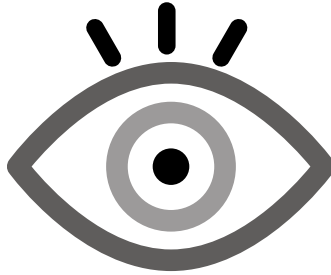
headoffice@jumanigroup.com

http://khaipur@sugar.com.pk

STOCK EXCHANGE SYMBOL.

KPUS

Vision



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



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,

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 31st March, 2022.

FINANCIAL RESULTS

	31-03-2022	31-03-2021
	Rupees in '000	
Profit before Taxation	316,815	100,909
Taxation	(54,053)	(53,433)
Profit after Taxation	262,762	47,476
Earnings per Share	16.40	2.96

PERFORMANCE REVIEW

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

	SEASON 2021-2022	SEASON 2020-2021
Season Started	13-11-2021	05-11-2020
Season Ended	28-03-2022	06-03-2021
Number of days worked	136	122
Sugarcane Crushing (MT)	791,716.140	573,858.360
Recovery (%) Sugar	10.467	9.983
Recovery (%) Molasses	5.116	4.942
Production – Sugar (MT)	82,865.00	57,294.00
Production – Molasses (MT)	40,504.00	28,361.00

The crushing season 2021-22 started on November 13, 2021 and ends on March 28, 2022. During the sugar cane season 2021-22 your company has crushed 791,716.140 M.T Sugar-cane and produced 82,865 M.T sugar with average recovery of 10.467% in 136 days, as compared to crushing of 573,858.360 M.T Sugar-cane and producing 57,294.00 M.T Sugar with average recovery of 9.983% in 122 days in corresponding period of last year/season 2020-21.

Government of Sindh (Agriculture Supply & Prices Department) has issued a notification fixing the minimum sugarcane support price at Rs.250/= (Rupees Two Hundred and Fifty) per 40 kg (Mds) for crushing season 2021-22. Due to which growers are getting more than the previous year and fair return of their efforts. Sugar prices dropped significantly at the start of the crushing season. Similarly, the prices of molasses are also decreasing as compared to the last year. Further combining the same with the increase in Kibor rates over the period of time by the SBP 11.70% on March 31, as a result the company is anticipating increase in the overall financing cost. All such factors will play significant role on company's cost. However, due to significant increase in sugar cane harvesting the company able to control the overall cane cost coupled with the increase in recovery rates in the last two months of crushing season and the anticipation of stability in sugar prices along with the efficiencies derived from the installation of FFE in overall bagasse consumption. All these factors will have the positive bearing on the operation of the company due to which your company is anticipating to close the next financial year with decent profitability.

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:

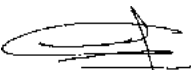
- | | | |
|----|------------------------------|---|
| a) | Independent Directors | Mr. Asif Khan Brohi
Lt. Gen (Retd). Tahir Mahmud Qazi |
| b) | Other Non-executive Director | Mr. Fahad Mubeen Jumani
Mrs. Qamar Mubeen Jumani
Miss. Arisha Mubeen Jumani |
| c) | Executive Directors | Mr. Muhammad Mubeen 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 | |
| | Mr. Asif Khan Brohi | Chairman |
| | Lt. Gen Tahir Mahmud Qazi | Member |
| | Miss. Arisha Mubeen Jumani | Member |
| b) | HR and Remuneration Committee | |
| | Mr. Asif Khan Brohi | 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
Chief Executive



Muhammad Mubeen Jumani
Director

Independent Auditor's Review Report

To the Members of Khairpur Sugar Mills Limited
Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Khairpur Sugar Mills Limited as at March 31, 2022, the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the 'Condensed Interim Financial Statements'). Management is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our reviews.

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 are not prepared, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2022 and 2021 and the notes thereto have not been reviewed as we are required to review only the cumulative figures for the six months period ended March 31, 2022.

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


Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi, Dated: May 26, 2022
UDIN:RR202210136vqp58oKg0

Condensed Interim Statement of Financial Position

As at March 31, 2022

		March 31, 2022	September 30, 2021
		Un-Audited	Audited
	Note	----- Rupees in '000 -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	3,255,326	3,255,511
Intangible assets		5,834	5,992
Long term deposits		2,769	3,232
		<u>3,263,929</u>	<u>3,264,735</u>
Current Assets			
Stores, spares and loose tools		141,035	144,468
Stock in trade	6	3,230,484	940,159
Loans and advances		496,365	532,909
Deposits and prepayments		232,779	231,244
Cash and bank balances		60,440	92,724
		<u>4,161,103</u>	<u>1,941,504</u>
Total Assets		<u>7,425,032</u>	<u>5,206,239</u>
EQUITIES AND LIABILITIES			
Authorized Capital			
20,000,000 Ordinary shares of Rs. 10 each		<u>200,000</u>	<u>200,000</u>
Share capital and reserves			
Issued, subscribed and paid up capital		160,175	160,175
Revenue reserves - accumulated profit		440,604	153,776
Surplus on revaluation of fixed assets - net		1,225,063	1,249,129
Shareholders' equity		<u>1,825,842</u>	<u>1,563,080</u>
Non-Current Liabilities			
Long term financing	7	993,157	949,127
Deferred liabilities		279,084	274,525
Deferred grant		-	9,707
Lease liability	8	492	1,420
		<u>1,272,733</u>	<u>1,234,779</u>
Current Liabilities			
Current portion of lease liability		1,638	6,558
Current portion of long term financing		42,027	69,532
Deferred grant		7,848	
Short term borrowings	9	2,198,897	1,729,323
Trade and other payables	10	1,988,832	551,634
Accrued markup		30,708	36,869
Provision for taxation		56,507	14,464
		<u>4,326,457</u>	<u>2,408,380</u>
Contingencies	11		
Total Equity and Liabilities		<u>7,425,032</u>	<u>5,206,239</u>

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statement.



Faraz Mubeen Jumani
Chief Executive



Mirza Muhammad Bilal Kamil
Chief Financial Officer



Muhammad Mubeen Jumani
Director

**Condensed Interim Statement of Profit or Loss
 Account and other Comprehensive Income (Un-audited)
 For the Six Months ended March 31, 2022**

	<i>Half year ended</i>		<i>Second quarter ended</i>	
	<i>March 31, 2022</i>	<i>March 31, 2021</i>	<i>March 31, 2022</i>	<i>March 31, 2021</i>
<i>Note</i>	<i>----- Rupees in '000 -----</i>			
Sales - net	4,092,411	2,374,293	1,403,310	1,013,492
Cost of sales	(3,461,688)	(2,027,310)	(1,102,697)	(879,669)
Gross profit	630,723	346,983	300,613	133,823
Administrative expenses	(143,388)	(97,214)	(71,097)	(49,950)
Distribution expenses	(18,532)	(13,066)	(14,556)	(8,448)
Operating profit	468,803	236,703	214,960	75,425
Other income	1,908	3,982	1,880	3,981
Other charges	(23,923)	-	(23,923)	-
	446,788	240,685	192,917	79,406
Financial charges	(129,973)	(139,776)	(74,346)	(80,663)
Profit / (Loss) before taxation	316,815	100,909	118,571	(1,257)
Taxation				
Current	(49,496)	(39,444)	(18,974)	(19,550)
Deferred	(4,557)	(13,989)	(25,973)	37,639
	(54,053)	(53,433)	(44,947)	18,089
Profit after taxation	262,762	47,476	73,624	16,832
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	262,762	47,476	73,624	16,832
Earning per share-basic and diluted	16.40	2.96	4.60	1.05

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statement.



Faraz Mubeen Jumani
 Chief Executive



Mirza Muhammad Bilal Kamil
 Chief Financial Officer



Muhammad Mubeen Jumani
 Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Six Months ended March 31, 2022

	<i>Issued, subscribed and paid up capital</i>	<i>Unappropriated Profit/(Loss)</i>	<i>Surplus on revaluation of fixed assets</i>	<i>Total</i>
<i>Note</i>	----- <i>Rupees in '000'</i> -----			
Balance as at October 01, 2020	160,175	140,698	656,590	957,463
Present value adjustment of long term loan due to modification	7.1	-	(93,963)	(93,963)
Revaluation during the period - net off deferred tax				
<i>Total comprehensive income for the period ended March 31 2021</i>				
- Profit for the period	-	47,476	-	47,476
- Other comprehensive income for the period	-	-	-	-
	-	47,476	-	47,476
Transfer on account of incremental depreciation-net of deferred tax	-	12,252	(12,252)	-
Balance as at March 31, 2021	160,175	106,463	644,338	910,976
Balance as at October 01, 2021	160,175	153,776	1,249,129	1,563,080
Present value adjustment of long term loan due to modification	-	-	-	-
Revaluation during the period - net off deferred tax				
<i>Total comprehensive income for the period ended March 31 2022</i>				
- Profit for the period	-	262,762	-	262,762
- Other comprehensive income for the period	-	-	-	-
	-	262,762	-	262,762
Transfer on account of incremental depreciation-net of deferred tax	-	24,066	(24,066)	-
Balance as at March 31, 2022	160,175	440,604	1,225,063	1,825,842

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statement.



Faraz Mubeen Jumani
Chief Executive



Mirza Muhammad Bilal Kamil
Chief Financial Officer



Muhammad Mubeen Jumani
Director

Condensed Interim Statement of Cash Flow Statement (Unaudited)

For the Six Months ended March 31, 2022

March 31, March 31,
2022 2021
----- Rupees in '000 -----

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	316,815	100,909
Adjustments for:		
Financial cost	129,973	139,776
Depreciation and amortization	76,710	59,585
	206,683	199,361
Working capital changes:		
Stores, spares and loose tools	3,433	25,673
Stock in trade	(2,290,325)	(2,247,891)
Loans and advances - Considered good	36,544	192,178
Deposits, prepayments and other receivables	(1,535)	472
Trade and other payables	1,437,198	200,962
Cash used in operations	(814,685)	(1,828,606)
	(291,187)	(1,528,336)
Taxes paid - net	(7,453)	(41,090)
Financial charges paid	(89,966)	(115,588)
Net cash used in operating activities	(388,606)	(1,685,014)

B. CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(70,274)	(65,080)
Long term deposits	463	747
Capital work-in-progress	(6,093)	(21,951)
Net cash used in investing activities	(75,904)	(86,284)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from long term loans	(31,500)	62,656
Proceeds from short term borrowing	469,574	1,774,567
Payment of lease rentals	(5,848)	(8,016)
Repayment of staff gratuity	-	(948)
Net cash generated from financing activities	432,226	1,828,259
Net (Decrease)/ increase in cash and cash equivalents	(32,284)	56,961
Cash and cash equivalent at beginning of the period	92,724	50,373
Cash and cash equivalent at end of the period	60,440	107,334

The annexed notes from 1 to 15 form an integral part of this condensed interim financial statement.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended March 31, 2022

1 NATURE AND STATUS OF BUSINESS

The Company was incorporated in Pakistan on August 23, 1989 as a public limited company under the repealed Companies Ordinance, 1984 now the Companies Act, 2017, (The Act). 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 2021.

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 2021, whereas the comparative condensed interim statement of Profit or 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 2021.

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 account and condensed interim statement of comprehensive income for the quarters ended March 31, 2022 and March 31, 2021 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, 2022 and March 31, 2021.

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

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, 2021.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended March 31, 2022

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, 2021.

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, 2021.

	Note	March 31, 2022 Un-Audited	September 30, 2021 Audited
----- Rupees in '000 -----			
5 PROPERTY, PLANT & EQUIPMENT			
Written down value at 1 October		3,207,084	2,278,461
Additions during the period	5.1	70,274	223,811
Revaluation during the period		-	820,061
Depreciation charged			
on owned asset		(74,775)	(112,551)
on right of used assets		(1,777)	(2,698)
		(76,552)	(115,249)
		3,200,806	3,207,084
Capital work in progress		54,520	48,427
		3,255,326	3,255,511

5.1 Additions

Building on freehold land	-	5,175
Plant and machinery	62,657	201,014
Office equipment	408	12,117
Furniture and fixture	1,603	3,145
Factory equipment	729	2,045
Vehicles	4,878	315
	70,275	223,811

6 STOCK IN TRADE

Finished goods		
- Sugar	2,995,030	886,648
- Molasses	139,260	-
- Bagasse	95,159	52,660
	3,229,449	939,308
Work in process	1,035	851
	3,230,484	940,159

Notes to the Condensed Interim Financial Statements (Unaudited) For the half year ended March 31, 2022

- 6.1 The finished goods are pledged with banks against cash finance limit of Rs. 1,850 million (September 2021: 644.3 million).

		March 31, 2022 Un-Audited	September 30, 2021 Audited
	Note	----- Rupees in '000 -----	
7 LONG TERM FINANCING			
Loan from related parties	7.1	993,157	946,992
SBP payroll refinancing		42,027	2,135
		<u>1,035,184</u>	<u>949,127</u>
Less: Current portion		<u>(42,027)</u>	<u>(69,532)</u>
		<u>993,157</u>	<u>879,595</u>

7.1 Loan from related parties

Opening balance	946,991	862,862
Interest charged	46,166	84,129
Closing balance	<u>993,157</u>	<u>946,991</u>

- 7.1.1 These loans have been obtained from Directors and are unsecured. In accordance with IFRS 9: Financial Instruments, these loans have been measured at amortized cost calculated at prevailing KIBOR rate. The modification represents change in prevailing rate during the period.

8 LEASE LIABILITY

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 16.36% per annum.

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

	March 31, 2022 Un-Audited	September 30, 2021 Audited
	----- Rupees in '000 -----	
Minimum lease payment		
Upto one year	1,881	7,141
More than one year but less than five years	506	1,519
	<u>2,387</u>	<u>8,660</u>
Financial charges		
Upto one year	243	583
More than one year but less than five years	14	99
	<u>257</u>	<u>682</u>
Present value of minimum lease payments		
Upto one year	1,638	6,558
More than one year but less than five years	492	1,420
	<u>2,130</u>	<u>7,978</u>
Current maturity shown under current liabilities	<u>(1,638)</u>	<u>(6,558)</u>
	<u>492</u>	<u>1,420</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended March 31, 2022

	<i>March 31, 2022 Un-Audited</i>	<i>September 30, 2021 Audited</i>
<i>Note</i>	<i>----- Rupees in '000 -----</i>	
9 SHORT TERM BORROWINGS		
<i>From Related parties - Unsecured</i>		
- From Directors	100,567	2,373
- From Associated Undertakings	248,330	282,650
	348,897	285,023
<i>From Banking company - Secured</i>		
- Cash finance	9.1 1,850,000	1,444,300
	2,198,897	1,729,323

- 9.1 This represents roll over secured cash financing of Rs. 1,850 million (September 2021: Rs. 1,444 millions) from Banking companies and carries markup ranges from 3 Month KIBOR + 2.5% to 4% (September 2021: 3 Month KIBOR + 2.5% to 4%) 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.

	<i>March 31, 2022 Un-Audited</i>	<i>September 30, 2021 Audited</i>
<i>Note</i>	<i>----- Rupees in '000 -----</i>	
10 TRADE AND OTHER PAYABLES		
Creditors	507,841	123,499
Accrued liabilities	30,199	8,778
Market committee fee payable	17,476	14,535
Advance from customers	892,557	178,351
Unclaimed gratuity	14,341	14,341
Sales tax payables	129,472	52,302
Workers' Profit Participation Fund	27,986	10,399
Workers' Welfare Fund	17,836	11,500
Payable to provident fund	29	-
Income tax payable	23,695	2,586
Interest payable	1,890	-
Other payables - Related Parties	325,510	135,343
	1,988,832	551,634

11 CONTINGENCIES

- 11.1 Income tax audit for the tax years 2016, 2017, 2018 and 2019 have been finalized by the Inland Revenue Department. Inland Revenue Department raised the demand of Rs.3.145 billion for tax year 2016, Rs.3.736 billion for tax year 2017, Rs. 3.473 billion for tax year 2018 and Rs.3.751 billion for tax year 2019. An appeal against the demand was filed before Commissioner Inland Revenue (Appeals-I), Karachi whereby partial relief was granted; however, major issues were confirmed. Being aggrieved with the order of Commissioner Inland Revenue (Appeals-I), the Company has filed appeal before learned Appellate Tribunal Inland Revenue which are still pending.

Considering the facts of the case the Company and its tax advisor have strong case to defend and positive outcome of the appeal is expected, therefore no provision is made in these condensed interim financial statements.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended March 31, 2022

- 11.2** The Company has filed three petitions against the impugned contribution amount of totalling Rs.8.37 million against Social Security, Sukkur Directorate and Sindh Employees Social Security Institution, Karachi. If these cases are allowed against the company, then the company has to pay a sum of Rs.8.37 million.

The Company expects favourable outcome of these cases, hence no provision has been made in these condensed financial statements.

- 11.3** The Competition Commission of Pakistan (CCP) has passed a consolidated order on August 6, 2021 and August 13, 2021 whereby penalties have been levied on 84 sugar mills. The penalty of Rs. 212 million has been levied on the Company.

The Company alongwith other sugar mills has filed a suit against the above-referred order through its legal through its legal counsel before the Sindh High Court has suspended the operation of above impugned order.

However, the CCP in contravention of the above restraining order of the High Court has issued a show-cause notice under section 30 of the Competition Act, 2010 on October 08, 2021. wherein identical issues are involved. The Company alongwith other sugar mills has filed a suit against the above show-cause notice and the Sindh High Court has suspended the operation of the above show-cause notice

The legal counsel of the Company is of the view that penalty has been imposed on the Company alongwith other sugar mills is irrational and unlawful and is expected to be annulled. On the basis of the advice of the legal counsel, the Company expects a favourable outcome and has not made any provision in these financial statements in respect of the penalty levied by CCP

- 11.4** A show cause notice has been served by the Collectorate of Customs, Sales Tax and Central Excise regarding non-payment / charging of further tax to unregistered persons on sales made in the month of December 2000, January 2001 and May 2001 amounting to Rs.2.318 million and order against the company has been obtained by the Collectorate. The company has challenged that Order dated December 25, 2008 in the High Court of Sindh. In current year, The Hon'ble High Court of Sindh has decided the case in favour of company, the department has filed the appeal in the Hon'ble Supreme Court of Pakistan.

- 11.5** During the year 2009-10, the Company along with other sugar mills filed a Constitutional petition before the Honorable High Court of Sindh against Pakistan Standards and Quality Controls Authority - PSQCA challenging the notification issued in respect of registration of the standard mark for refined sugar manufactured and sold by the Company and levy of marking fee at the rate of 0.1 % of ex-factory price of sugar sold with effect from January 01, 2009.

The Honorable High Court of Sindh decided the case in favour of Company. Against the said order, PSQCA filed an appeal before the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan passed the interim order against PSQCA restraining from demanding any marks or licensing fee from the sugar mills till further order.

The Company is of the view that the demand raised is without any lawful authority and is in violation of the Constitution, hence, no provision is made in this regard.

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended March 31, 2022

11.6 In financial year 2019, various growers have filed constitutional petition in Sindh High Court (SHC) against sugar mills in the province of Sindh for non-compliance of the judgment of the Supreme Court relating to quality premium to sugarcane growers. Subsequent to the year end, the SHC has directed the provincial cane commissioner to determine the sucrose recovery rate for the crushing seasons of the last 20 years to determine quality premium payable by sugar mills in the province. Since the matter is subject to determination of sucrose recovery rate by the cane commissioner, the expected liability in respect of quality premium (if any) can not be determined at this stage as the rate is not yet determined by the cane commissioner till the date of the authorization of these condensed interim financial statements. Therefore, no provision has been made in the condensed interim financial statements.

11.7 In financial year 2019, the company has filed an appeal with CIR (appeals) Sukkur against order passed u/s 161 of Income Tax Ordinance, 2001 raising a disputed demand of Rs. 3,414 million. The said appeal is pending but management & legal advisor are expecting a favorable outcome. Hence, no provision is made in this regard.

12 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.

13 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, 2022</i>	<i>March 31, 2021</i>	<i>March 31, 2022</i>	<i>March 31, 2021</i>
	<i>Un-Audited</i>		<i>Un-Audited</i>	
	<i>----- Rupees in '000 -----</i>			
Loan from director - receipts	116,740	195,579	94,000	186,179
Loan from director - repayments	18,546	147,512	-	103,319
Loan from associates - receipts	607,967	884,300	557,800	724,300
Loan from associates - repayments	452,120	160,000	267,800	160,000
Ksml employees provident fund	2,743	2,179	1,371	1,089
Office premises rent payable to director	2,658	-	1,329	-
Remuneration and other benefits of Chief Executive and Directors	20,250	15,300	12,600	7,650

14 DATE OF AUTHORIZATION


This condensed interim financial information has been authorized for issue on May 26, 2022 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Faraz Mubeen Jumani
Chief Executive



Mirza Muhammad Bilal Kamil
Chief Financial Officer



Muhammad Mubeen Jumani
Director



51/II/IV, Khayaban-e-Janbaz, 26th Street,
Phase-V Ext., D.H.A., Karachi.
Tel: 021-35250131-35, Fax: 021-35250136,
Email: headoffice@jumanigroup.com
Website: www.khairpursugar.com.pk