



EMPOWERED BY GROWTH

Jauharabad Sugar Mills - 2nd Quarter Report
March 31, 2020
(Un-audited)

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Challenge to the endless growth

We at Jauharabad Sugar Mills Limited hold a profound belief that we can pivot our energy and of the world around us as we apprehend and encourage our human resource to challenge some of the basic premises that we base our life choices on.

One of the key ideas in this book is JSML's empowerment through growth, which is the expansion of assets and capabilities of our people to challenge the paradigm of growth itself.

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Corporate Information

Board of Directors

Mr. Jamal Ahmed
Mr. Ghias-ul-Hasan
Mr. Amjad Bashir Husain
Mr. Amjad Javed Aftab
Mr. Saif-ur-Rehman
Mr. Farhan Ilyas
Mr. Muhammad Aamir Beg

Chief Executive
Independent Director
Independent Director
Dependent Director
CPL Nominee
CPL Nominee
CPL Nominee

Audit Committee

Mr. Amjad Bashir Husain
Mr. Muhammad Aamir Beg
Mr. Saif-ur-Rehman

Chairman
Member
Member

Human Resource and Remuneration Committee

Mr. Farhan Ilyas
Mr. Jamal Ahmed
Mr. Ghias-ul-Hasan

Chairman
Member
Member

Chief Operating Officer

Chief Financial Officer
Company Secretary
Head of Internal Audit

Mr. Ahsan Latif
Mr. Imran Ilyas
Mr. Al-Yousuf
Syed Muhammad Usman Afzaal

Registered Address

125-B, Quaid-e-Azam Industrial Estate
Kot Lakh Pat, Lahore, Pakistan
Phone No. 042 35213491
Fax No. 042 35213490
E-mail: secretary@jsml.com.pk

Mills

Jauharabad, District Khushab
Pakistan
Phone No. 0454 720063-6
Fax No. 0454 720880

Sales Tax Registration Number

0409170300137

National Tax Number

0225972-9

Auditors

UHY Hassan Naeem & Co.
(Chartered Accountants)
193-A, Shah Jamal, Lahore, Pakistan
Phone No. 042 35403550
Fax No. 042 35403599
E-mail: info@uhy-hnco.com

Share Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore, Pakistan
Phone No. 042 35916714
Fax No. 042 35869037
E-mail: shares@corplink.com.pk

Legal Advisor

Allied Legal Services
Advocates & Legal Consultants
1st Floor, 30-The Mall Mansions
Opposite State Bank of Pakistan
The Mall, Lahore, Pakistan
Phone No. 042 37354090
Fax No. 042 37310906

Bankers of the Company

Askari Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited
Bank Alfalah Limited

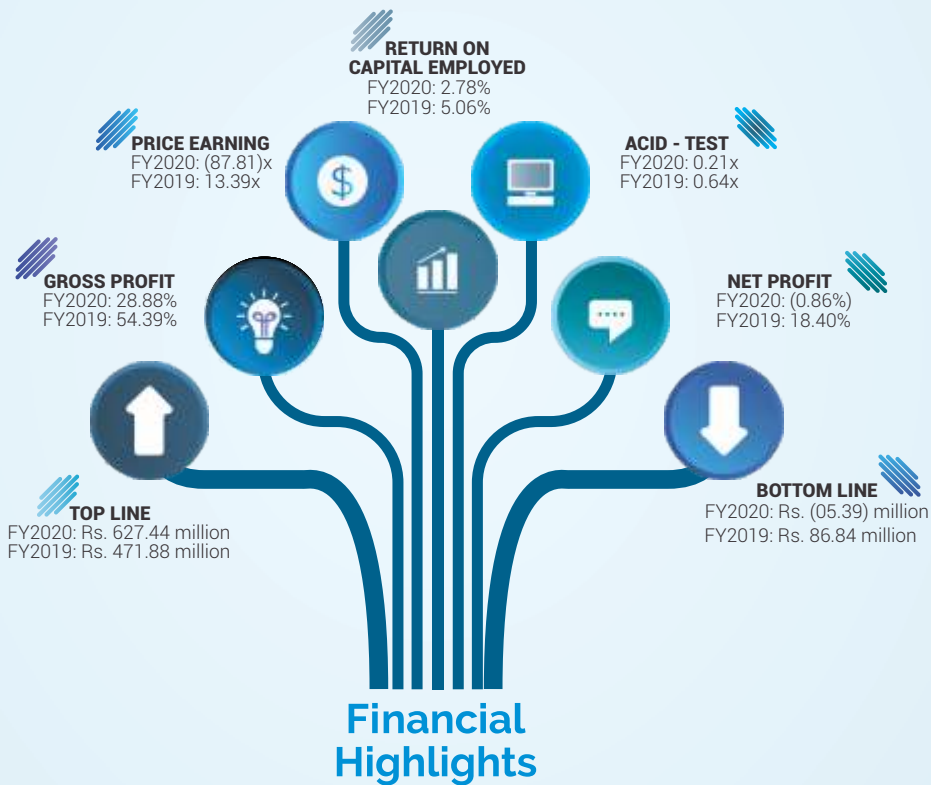
JS Bank Limited
Faysal Bank Limited
National Bank of Pakistan
Habib Bank Limited
Allied Bank Limited

Islamic Bankers of the Company

Albaraka Bank Pakistan Limited
MCB Islamic Bank Limited
Dubai Islamic Bank Limited

Company Website

www.jsml.com.pk



Directors' Review

Dear Members, Assalam-O-Alaikum

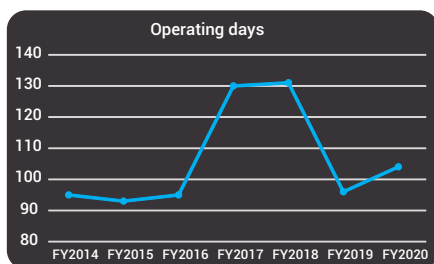
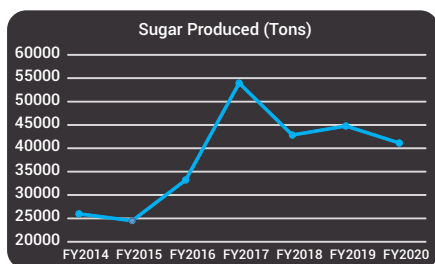
On behalf of the Board of Directors and myself, I am pleased to present before you the un-audited financial statements of the Company for the half year ended March 31, 2020 that has duly been reviewed by the external auditors.

Sector Overview

Sugar industry this year is facing liquidity crunch due to its higher purchase cost as the growers have been paid much higher than the government's notified price of Rs 190/maund. This was mainly due to less cultivation of sugar cane in the country of around 1.06 million hectares against an area of 1.1 million hectares the year before. Sugar production for the current year is approximately 5.3 million tons, roughly equating historical demand for the year. However, due to the recent COVID-19 pandemic and its resultant lockdowns, a slight downward trend is expected to be seen in demand of sugar in the country. Presently, price of sugar is hovering in comparatively lower bands at this time of the year and is expected to increase in the later half of the financial year as soon as economic activities revive.

Operational Performance

Your Company started crushing season 2019-20 on November 30, 2019 [CY2018-19: December 15, 2018]. The plant operated for 104 days in comparison to 96 days during last year, and total effective crushing hours utilized has increased to 76.0% [FY2019: 70.9%]. Despite the fact of lesser sugarcane crop, the Company through its sustained efforts of cane development, timely payments, financial support to growers and implementation of latest cane sowing techniques, has managed to crush almost equivalent quantity of cane as compared to last year, which is far better than the performance of its regional competitors. Following operational results for the crushing season 2019-20 have been achieved as compared to the last year.



For Crushing Season ended as on		12-Mar-2020	21-Mar-2019
Season Start	Date	30 Nov 19	15 Dec 18
Working Days	Days	104	96
Sugar Cane Crushed	M. Tons	425,433	431,121
Sugar Produced	M. Tons	41,150	44,776
Sugar Recovery	Percentage	9.67%	10.39%
Molasses Produced	M. Tons	20,180	20,304
Molasses Recovery	Percentage	4.74%	4.71%

Management is pleased to disclose that once again the Company has paid hundred percent (100%) of its cane liability within twenty-four (24) hours of closing the crushing season 2019-20, a fact that has been published in local newspapers and the same has been endorsed by Cane Commissioner by issuance of clearance certificate No. C.C(admin) 1-97/20 Dated March 20, 2020.

Financial Performance

The Company has posted top line of Rs. 627.4 Million (FY2019: 471.8 Million) mainly due to sale of by-products. Bottom line decreased significantly as compared to the last year. This is attributed mainly to increase in cane cost, financial charges due to increase in interest rate where as due to better contribution margins of by-products i.e. of molasses and bagasse, the cost was slightly buffered. Sale price of sugar also remained suppressed due to lesser consumption which is expected to reline as soon as the economic activities in the country revive. This will expectedly offset the effect of high production costs thus improving financial performance during rest of period.

The Company maintains a cordial relation with all its financial institutions and is current with financial commitments.

Auditor Reports

Auditors of the Company are contended with financial performance and its statements thereby authorized issuance of condensed interim financial statements to its shareholders.

No Material changes and commitment affecting the financial position of your Company have occurred between the end of financial reporting period and the date of Directors' Report.

For and on behalf of the Board

Lahore :
May 29, 2020



Jamal Ahmed
Chief Executive

ڈائریکٹرز کی جائزہ رپورٹ

محترم حصص داران، السلام علیکم

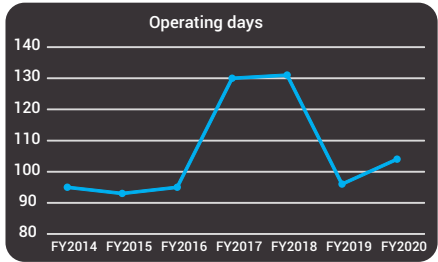
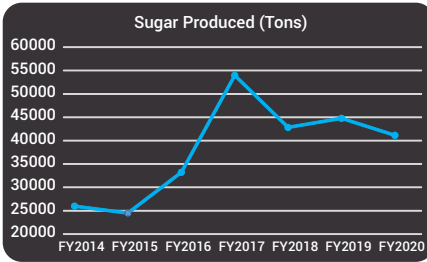
بورڈ آف ڈائریکٹرز اور خود اپنی طرف سے، میں آپ کو 31 مارچ 2020 کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ اور سیر وئی آڈیٹرز کی طرف سے باقاعدہ جائزہ شدہ مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

شعبہ دار جائزہ

اس سال چینی کی صنعت کو قیمت خرید کی وجہ سے لیکویڈیٹی بحران کا سامنا کرنا پڑا ہے کیونکہ کاشتکاروں کو حکومت کی اعلان کردہ قیمت 190 روپے فی من سے زیادہ قیمت ادا کی گئی ہے۔ اس کی بنیادی وجہ گنے کی کم کاشت جو کہ ملک میں تقریباً 1.06 ملین ہیکٹر رقبے پر ختمی جبکہ گزشتہ سال 1.1 ملین ہیکٹر رقبے پر ختمی۔ رواں سال چینی کی پیداوار تقریباً 5.35 ملین ٹن ہے، جو سال کی تقریباً تالیف طلب کے مساوی ہے۔ تاہم، حالیہ COVID-19 وبائی مرض اور اس کے نتیجے میں لاک ڈاؤن کے سبب، توقع کی جارہی ہے کہ ملک میں چینی کی طلب میں ہتھوڑا کمی کا رجحان پایا جائے گا۔ فی الحال، سال کے اس عرصہ میں چینی کی قیمت نسبتاً کم رہی ہے اور توقع کی جارہی ہے کہ معاشی سرگرمیاں بحال ہونے کے ساتھ ہی مالی سال کی دوسری ششماہی میں بڑھ جائے گی۔

آپریٹیشنل کارکردگی

آپ کی کمپنی نے موجودہ کرشنگ سیزن 2019-20، 30 نومبر 2019 (CY 2018: 15 دسمبر 2018) کو شروع کیا تھا۔ پلانٹ 104 دنوں کے لئے چلا یا گیا جبکہ گزشتہ سال کے دوران 96 دنوں تک چلا یا گیا تھا، اور کل موثر کرشنگ مستعمل اوقات 76.0% زیادہ (70.09%: FY2019) رہے۔ گنے کی کم فصل کی حقیقت کے باوجود، کمپنی گنے کی بہتری، بروقت ادائیگیوں، کاشتکاروں کی مالی امداد اور گنے کی بوائی کی جدید تکنیکوں کے اطلاق کی مستحکم کوششوں کے ذریعے چینی گزشتہ سال کے موازنے گنے کی مساوی مقدار کرش کرنے میں کامیاب رہی، جو اس کے علاقائی حریفوں کی کارکردگی سے کہیں بہتر ہے۔ گزشتہ سال کے مقابلے کرشنگ سیزن 2019-20 کے مندرجہ ذیل آپریٹیشنل نتائج حاصل کئے گئے ہیں:



21 مارچ 2019		12 مارچ 2020		برائے کرشنگ سیزن چھٹمہ	
15 دسمبر 2018	30 نومبر 2019	تاریخ	آغاز سیزن		
96	104	دن	ایم کار		
431,121	425,433	میٹرک ٹن	گنے کی کرشنگ		
44,776	41,150	میٹرک ٹن	چینی کی پیداوار		
10.39 فیصد	9.67 فیصد	فیصد	چینی کی ریکوری		
20,304	20,180	میٹرک ٹن	مولاسس کی پیداوار		
4.71 فیصد	4.74 فیصد	فیصد	مولاسس کی ریکوری		

انتظامیہ بخوشی بیان کرتی ہے کہ کمپنی نے ایک بار پھر کرشنگ سیزن 2019-20 کے اختتام کے چوبیس (24) گھنٹوں کے اندر اپنے گنے کے واجبات سو فیصد (100%) ادا کر دیے ہیں، یہ حقیقت مقامی اخبارات میں بھی شائع ہوئی اور کینیشنرز نے کینیشنرز سرٹیفکیٹ نمبر 20,2020 Dated March 20, 2020 (admin) C.C جاری کر کے اس کی توثیق کی ہے۔

مالیاتی کارکردگی

کمپنی نے بنیادی طور پر بائی مصنوعات کی فروخت کی بدولت 627.4 ملین روپے (FY 2019: 471.8 ملین روپے) کی ٹاپ لائن درج کی ہے۔ گزشتہ سال کے مقابلے میں لائن نمائیاں کم ہوئی۔ اس کی بڑی وجہ گئے کی قیمت میں اضافہ، شرح سود میں اضافہ کے سبب مالی چارجز میں اضافہ ہے جبکہ بائی مصنوعات یعنی مولاس اور بیگاس کے بہتر کنٹری پویشن مارجن کی بدولت لاگت میں معمولی کمی ہوئی۔ چینی کی قیمت فروخت کم مصرف کی وجہ سے بھی دباؤ میں رہیں جو ملک میں اقتصادی سرگرمیاں بحال ہونے کے ساتھ بڑھنے کی توقع ہے۔ اس سے پیداواری زیادہ اخراجات کے اثرات زائل ہو جائیں گے چنانچہ باقی مدت کے دوران مالی کارکردگی بہتر ہو جائے گی۔ کمپنی فی الحال اپنی مالی ذمہ داری پوری کر رہی ہے اور اپنے پینٹل پر تمام چیکوں کے ساتھ اچھے ورکنگ تعلقات کو برقرار رکھتی ہے۔

آڈیٹرز رپورٹ

کمپنی کے آڈیٹرز نے مالی کارکردگی اور اس کے حسابات کا موازنہ کیا اور بذریعہ ہذا اس کے حصص یافتگان کو بخیر عبوری مالی حسابات جاری کرنے کا اختیار دیا ہے۔ مالیاتی رپورٹنگ مدت کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں کئے گئے ہیں۔

منجانب پورٹ

Tamara Ahmad

جمال احمد

چیف ایگزیکٹو

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Jauharabad Sugar Mills Limited ("the Company") 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 condensed interim statement of cash flows, and notes to the financial statements for the 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 International Standards on Review Engagement 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 the 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2020, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditors' review report is Mr. Imran Iqbal.

Place: Lahore
Date: May 29, 2020


UHY Hassan & Co.
Chartered Accountants
Imran Iqbal FCA



Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2020

	Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited Sep 30, 2019
Assets			
Non-Current Assets			
Property, plant and equipment	6	3,389,568	3,273,754
Intangible assets		216	259
Long term deposits		2,387	2,387
		<u>3,392,171</u>	<u>3,276,400</u>
Current assets			
Stores, spare parts and loose tools		84,804	77,788
Stock-in-trade		2,526,436	390,002
Loans and advances		321,345	124,835
Trade debts- <i>unsecured considered good</i>		26,697	270,266
Trade deposits and short term prepayments		5,454	2,025
Other receivables		51,399	32,736
Tax refunds due from the Government		143,030	128,183
Short term investment		16,552	-
Cash and bank balances		87,452	58,855
		<u>3,263,169</u>	<u>1,084,691</u>
Total Assets		<u>6,655,340</u>	<u>4,361,091</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2020

	Note	Un-audited March 31, 2020 (Rupees in thousand)	Audited Sep 30, 2019
Share Capital and Reserves			
Authorized share capital		700,000	700,000
Share capital		341,285	341,285
Capital reserves:			
Share premium		372,403	372,403
Revenue reserves:			
Accumulated profits		247,825	274,136
Loan from sponsors		598,501	610,677
Revaluation surplus on property, plant and equipment	7	1,288,228	1,301,433
		<u>2,848,242</u>	<u>2,899,934</u>
Non-Current Liabilities			
Long term loans from banking companies - <i>secured</i>	8	68,466	119,377
Deferred taxation		255,586	260,980
		<u>324,052</u>	<u>380,357</u>
Current liabilities			
Trade and other payables		247,531	500,526
Unclaimed dividend		1,212	1,122
<i>Current portion of:</i>			
- Long term loans from banking companies - <i>secured</i>	8	99,605	108,396
- Liabilities against assets subject to finance lease - <i>secured</i>		-	136
Accrued mark-up		81,353	19,243
Short term borrowings - <i>secured</i>	9	3,001,477	408,925
Provision for taxation		51,869	42,452
		<u>3,483,046</u>	<u>1,080,800</u>
Contingencies and Commitments	10	-	-
		<u>6,655,340</u>	<u>4,361,091</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020



Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-audited)

For the Half Year Ended March 31, 2020

	Note	Un-audited		Un-audited	
		Half Year Ended March 31 2020	2019	Quarter Ended March 31 2020	2019
(Rupees in thousand)					
Sales - net	11	627,447	471,885	270,428	220,869
Cost of sales	12	(446,233)	(215,218)	(162,560)	(4,521)
Gross profit		181,214	256,667	107,868	216,348
Less:					
Operating expenses:					
Administrative Expenses		89,247	84,142	52,752	59,617
Distribution Cost		6,385	4,575	3,838	3,623
		(95,632)	(88,717)	(56,590)	(63,240)
Operating profits		85,582	167,950	51,278	153,108
Finance cost		(89,444)	(79,447)	(80,088)	(69,045)
Other income		2,497	(2,098)	1,594	(2,480)
Profit before taxation		(1,365)	86,405	(27,216)	81,583
Taxation	13	(4,023)	434	(1,572)	434
Profit after taxation		(5,388)	86,839	(28,788)	82,017
Earnings per share (rupees)					
Basic & diluted		(0.16)	2.54	(0.84)	2.40

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year Ended March 31, 2020

	Un-audited Half Year Ended March 31 2020		Un-audited Quarter Ended March 31 2020	
	2019	2019	2020	2019
	(Rupees in thousand)			
Profit after taxation	(5,388)	86,839	(28,788)	82,017
Other comprehensive income for the period				
Items that will not be reclassified to profit and loss account:				
Incremental depreciation for the period	13,205	15,301	5,736	7,604
Total comprehensive income for the period	7,817	102,140	(23,052)	89,621

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Half Year Ended March 31, 2020

	Un-audited Half Year Ended March 31 2020	Un-audited Half Year Ended March 31 2019
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	(1,365)	86,405
Adjustments for:		
Depreciation	55,232	55,096
Amortization	43	64
Exchange (gain)	(343)	-
(Gain) / loss on disposal of property, plant and equipment	(1,073)	29
Loss on short term investment	3,448	-
Provision for WPPF	661	4,548
Finance cost	89,444	79,447
Profit before working capital changes	146,047	225,589
Working capital changes		
Increase in Stores, spare parts and loose tools	(7,016)	(4,659)
Increase in Stock in trade	(2,136,434)	(2,078,448)
Increase in Loans and advances	(196,510)	8,663
Decrease in Trade debts- unsecured considered good	243,912	291,743
Increase in Trade deposits and short term prepayments	(3,429)	(2,075)
Increase in Other receivables	(18,663)	-
Decrease in Trade and other payables	(253,656)	71,235
	(2,371,796)	(1,713,541)
Cash used in operations	(2,225,749)	(1,487,952)
Finance cost paid	(43,109)	(81,435)
Taxes paid	(14,847)	(11,454)
Dividend paid	(34,038)	(28,298)
Net cash used in operating activities	(2,317,743)	(1,609,139)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Half Year Ended March 31, 2020

	Un-audited Half Year Ended March 31 2020 (Rupees in thousand)	Un-audited Half Year Ended March 31 2019
Cash flow from investing activities		
Addition to fixed assets	(156,237)	(58,152)
Long term deposits	-	(2,333)
Short term investment	(20,000)	-
Proceeds from sale of fixed assets	2,042	8
Net cash used in investing activities	(174,195)	(60,477)
Cash flow from financing activities		
Long term finances	(59,702)	(59,037)
Long Term Advances	-	200,000
Lease rentals paid	(139)	(276)
Loan from associates	(12,176)	(114,358)
Net cash generated from financing activities	(72,017)	26,329
Net increase in cash and cash equivalents	(2,563,955)	(1,643,287)
Cash and cash equivalents at beginning of the period	(350,070)	(1,067,439)
Cash and cash equivalents at the end of the period	(2,914,025)	(2,710,726)
Cash and cash equivalents comprise of following statement of financial position amounts:		
- Cash and bank balances	87,452	83,318
- Short term borrowings	(3,001,477)	(2,794,044)
	(2,914,025)	(2,710,726)

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020



Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Un-audited)

For the Half Year Ended March 31, 2020

	Share Capital	Capital Reserve	Revenue Reserve	Revaluation Surplus	Loan from Sponsors	Total
		Share Premium	Accumulated profits			
Rupees in thousand						
Balance as on October 01, 2018	284,404	429,283	87,333	1,333,960	610,003	2,744,983
Payments made during the year	-	-	-	-	(346,858)	(346,858)
Loan received during the year	-	-	-	-	232,500	232,500
Dividend paid @ Re. 1 per share	-	-	(28,440)	-	-	(28,440)
Total comprehensive gain for the period	-	-	102,140	-	-	102,140
Incremental depreciation for the period	-	-	-	(15,301)	-	(15,301)
Effect of change in tax rate	-	-	-	7,292	-	7,292
Balance as on March 31, 2019	284,404	429,283	161,033	1,325,951	495,645	2,696,316
Balance as on October 01, 2019	341,285	372,403	274,136	1,301,433	610,677	2,899,934
Payments made during the year	-	-	-	-	(12,176)	(12,176)
Loan received during the year	-	-	-	-	-	-
Dividend paid @ Rs. 1 per share	-	-	(34,128)	-	-	(34,128)
Total comprehensive gain for the period	-	-	7,817	-	-	7,817
Incremental depreciation for the period	-	-	-	(13,205)	-	(13,205)
Effect of change in tax rate	-	-	-	-	-	-
Balance as on March 31, 2020	341,285	372,403	247,825	1,288,228	598,501	2,848,242

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

Lahore:
May 29, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

1 Reporting entity

Jauharabad Sugar Mills Limited ("the Company") was incorporated in Pakistan in 1968 under repealed Companies Act 1913 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The registered office of the Company is situated at 125-B Quaid e Azam industrial state, Gate # 4, Kot Lakhpat, Lahore.

The principal activity of the Company is manufacturing and sale of sugar and its by-products.

2 Basis of preparation

2.1 Statement of compliance

These condensed interim financial statements 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.

The disclosures made in these condensed interim financial statements of the Company has, however, been limited based on the requirements of the International Accounting Standard 34 - Interim Financial Reporting thus these do not include the statements reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended September 30, 2019. These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and Listing Regulations of Stock Exchange of Pakistan.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited financial statements of the Company for the year ended September 30, 2019, whereas the comparative condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2019.

2.2 Basis of measurement

These condensed interim financial statements has been prepared under the historical cost convention except for the Company's freehold land, building and plant & machinery which are stated at revalued amount.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pak Rupees which is the functional and presentation currency of the Company.

2.4 Critical accounting estimates and judgments

Judgments and estimates made by management in the preparation of these condensed interim financial statements are the same as those applied to the preceding annual published financial statements of the Company for the year ended September 30, 2019.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

3 Accounting policies and computation methods

- 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended September 30, 2019, except for treatment of surplus arising out of revaluation of assets. The Companies Act, 2017 applicable from 1 January 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, plant and equipment. This amendment will result in reclassification of surplus on revaluation of fixed assets as part of shareholders' equity.
- 3.2 There were certain other new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

4 Standard, interpretation and amendments to accounting standards effective from annual periods beginning on or after October 01, 2019:

4.1 IFRS 16 - Leases

IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognised in the condensed interim statement of financial position, as the distinction between operating and finance leases has now been eliminated. Under the new standard, an asset and a lease liability to pay rentals are required to be recognised. The only exceptions are short term and low value leases.

The Company has adopted IFRS 16 and it has no material impact on the Company's financial position as the only lease appearing is finance lease.

5 Seasonality of operations

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November / December. Therefore, majority of the expenses are incurred and production activities are undertaken in first half of the Company's financial year thus increasing volume of inventories and current liabilities at the end of the six months.

	Note	Un-audited Mar 31, 2020 (Rupees in thousand)	Audited Sep 30, 2019
6 Property, plant and equipment			
Property, plant and equipment	6.1	2,926,503	2,829,629
Capital work-in-progress	6.2	463,065	444,125
		<u>3,389,568</u>	<u>3,273,754</u>

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

	Un-audited Mar 31, 2020 (Rupees in thousand)	Audited Sep 30, 2019
6.1 Property, plant and equipment		
Balance at beginning of the period / year	2,829,629	2,823,089
Add: Additions during the period / year	153,075	97,475
Add: Transfer from CWIP	-	20,873
Less: Book value of operating assets disposed - off during the period / year	(969)	(1,115)
	2,981,735	2,940,322
Depreciation charged during the period / year	(55,232)	(110,693)
	2,926,503	2,829,629

6.2 Capital work in progress includes mark up capitalized amounting to Rs. 15.78 million (September 30, 2019 : Rs. 34.70 million).

	Note	Un-audited Mar 31, 2020 (Rupees in thousand)	Audited Sep 30, 2019
7 Revaluation surplus on property, plant and equipment			
Land		816,220	816,220
Building		100,593	100,593
Plant and machinery		855,042	855,042
		1,771,855	1,771,855
Less: Accumulated incremental depreciation		(288,694)	(270,095)
		1,483,161	1,501,760
Less: Deferred tax liability			
Opening balance		200,326	211,471
Incremental depreciation for the period		(5,394)	(11,145)
		194,932	200,326
		1,288,228	1,301,433
8 Long term loans from banking companies - secured			
Soneri Bank Limited	8.1	72,486	96,648
Albaraka Bank Pakistan Limited	8.2	95,585	131,125
		168,071	227,773
Less: Current portion		(99,605)	(108,396)
		68,466	119,377

8.1 Soneri Bank Limited - Term Finance

This includes long term loan against sanctioned term finance facility of Rs. 200 million obtained from Soneri Bank Limited to finance procurement/installation of 15+5MW second hand power plant in terms of arrangement auxiliary equipment, completion of erection and civil work and interconnecting fees.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

Total estimated cost of project is Rs. 500 million out of which 30% shall be incurred from equity resources and rest of Rs. 350 million shall be arranged from bank's borrowing (Rs. 200 million from Soneri Bank Limited and Rs. 150 million from Al Baraka Bank (Pakistan) Limited.

Principal repayment

The said loan is to be repaid within 4 years from the date of first disbursement and including grace period of 6 months in 12 equal quarterly instalments. First instalment became due on first working day of 10th month from the date of first drawdown commencing from October 2018 and ending in June 2021.

Rate of return

It carries mark-up at the rate of three months KIBOR plus 275 bps per annum and mark-up is payable on quarterly basis.

Security

This loan is secured by way of Soneri Bank charge amounting to Rs. 267 million over fixed assets of the Company (land, building, plant and machinery including but not limited to sugar mill and power plant) duly registered with SECP. The facility shall also be secured against charge of Rs. 267 million on receivables of the Company specifically generated from power outlay 15+5 MW power plant. Further corporate guarantee of Cane Processing Private Limited (Holding Company) and personal guarantees of the directors/sponsors of the Company.

8.2 Al Baraka Bank (Pakistan) Limited - Diminishing Musharaka - II

This represents long term loan against sanctioned limit of Rs. 150 million obtained to finance procurement/installation of 15+5MW second hand power plant.

Principal repayment

The loan is to be repaid in 12 quarterly instalments within 3 years after installation of power plant commencing from March 2019 and ending in December 2021.

Rate of return

It carries profit at the rate of matching three months KIBOR plus 300 bps per annum and profit is payable on quarterly basis.

Security

This loan is secured by way of bank's exclusive charge over Diminishing Musharaka assets amounting to Rs.150 million including power plant and allied parts, accessories, erections, civil construction etc. registered with SECP.

	Sanction limit Rupees in thousand	Note	Un-audited Mar 31, 2020 (Rupees in thousand)	Audited Sep 30, 2019
9 Short term borrowings - secured				
Mark-up based borrowings from conventional banks				
Running finance	300,000	9.1	236,892	198,365
Cash finance	1,700,000		1,414,600	210,560
	2,000,000		1,651,492	408,925
Islamic mode of financing				
Morabaha finance	500,000	9.2	499,985	-
Bia salam / Istisna	1,200,000		850,000	-
	1,700,000		1,349,985	-
	<u>3,700,000</u>		<u>3,001,477</u>	<u>408,925</u>

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

- 9.1 These facilities have been obtained from various conventional banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited (Holding Company).

These facilities carry mark-up at the rates ranging from 1 month KIBOR + 2% to 3 months KIBOR + 2.50% per annum payable quarterly.

The aggregate available short term funded facilities amounting to Rs. 2.00 billion (September 30, 2019: Rs. 2.10 billion).

- 9.2 These facilities have been obtained from various Islamic banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited (Holding Company).

These facilities carry mark-up at the rates ranging from matching KIBOR + 2.25% to matching KIBOR + 2.75% per annum.

The aggregate available short term funded facilities amounting to Rs.1.70 billion (September 30, 2019: Rs. 1.55 billion).

10 Contingencies and commitments

10.1 Contingencies

There is no material change in contingencies from the preceding period audited financial statements of the Company for the year ended 30 September 2019.

10.2 Commitments

Commitments in respect of capital expenditure at the period end is Rs. Nil (September 30, 2019: Rs. 22.72 million).

	Un-audited Half Year Ended March 31, 2020		Un-audited Quarter Ended March 31 2020	
	2019		2019	
	(Rupees in thousand)			
11 Sales - net				
Local	695,570	526,096	285,605	243,790
Less:	695,570	526,096	285,605	243,790
Sales tax	(67,766)	(52,243)	(14,820)	(21,322)
Commission	(357)	(1,968)	(357)	(1,599)
	<u>627,447</u>	<u>471,885</u>	<u>270,428</u>	<u>220,869</u>

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

	Un-audited Half Year Ended March 31, 2020		Un-audited Quarter Ended March 31 2020	
	2019	2019	2020	2019
	(Rupees in thousand)			
12 Cost of sales				
Raw material cane purchased and consumed	2,327,031	2,052,438	1,681,690	1,649,788
Salaries, wages and other benefits	72,049	70,208	42,288	41,926
Chemicals, fuel, lubes and packing material	53,843	52,147	38,143	41,700
Manufacturing expenses	75,574	64,815	35,399	39,826
Depreciation	54,127	53,995	27,580	27,642
Amortization	42	63	21	32
	<u>2,582,666</u>	<u>2,293,666</u>	<u>1,825,121</u>	<u>1,800,914</u>
Work-in-process - (net)	<u>(739)</u>	<u>(747)</u>	<u>21,780</u>	<u>32,293</u>
Cost of goods manufactured	<u>2,581,927</u>	<u>2,292,919</u>	<u>1,846,901</u>	<u>1,833,207</u>
Opening stock of finished goods	<u>387,328</u>	<u>751,517</u>	<u>838,681</u>	<u>1,000,532</u>
	<u>2,969,255</u>	<u>3,044,436</u>	<u>2,685,582</u>	<u>2,833,739</u>
Closing stock of finished goods	<u>(2,523,022)</u>	<u>(2,829,218)</u>	<u>(2,523,022)</u>	<u>(2,829,218)</u>
Cost of sales	<u>446,233</u>	<u>215,218</u>	<u>162,560</u>	<u>4,521</u>

13 Taxation

Provision for taxation for the period has been calculated as per the requirements of Section 113C of Income Tax Ordinance, 2001.

The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public Company other than a scheduled bank or modaraba, that derives profits for the tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, with effect from tax year 2018 this tax on undistributed reserves is not applicable to a public Company which distributes at least 40% of its after tax profits within six months of the end of the tax year through cash dividend or bonus shares.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ended 30 September 2019 to comply with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in this condensed interim financial information for the period ended 31 March 2020.

Notes to the Condensed Interim Financial Statements (Un-audited)

For the Half Year Ended March 31, 2020

14 Transactions with related parties

The related parties comprise directors of the Company, key employees, provident fund trust, associated undertakings and subsidiary company. Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these financial statements are as follows:

Relationship	Nature of transaction	Un-audited Mar 31, 2020	Audited Sep 30, 2019
Post employment benefit plan	Provident fund contribution paid	1,415	2,556
	Balance at year end	1,415	2,556
Cane Processing Pvt Limited (CPL)	Received/(Paid) during the period/year	(176)	(276)
	Balance at year end	140,593	140,769
Loan from sponsors	Received/(Paid) during the period/year	(12,000)	950
	Balance at year end	457,908	469,908

All transactions with related parties have been carried out on commercial terms and conditions.

15 Financial Risk Management

The Company activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest risk, cash flow interest risk and price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at September 30th 2019.

16 Date of authorization

These condensed interim financial informations have been authorized for issue on May 29, 2020 by the Board of Directors of the Company.

17 General

17.1 Figures of last year have been re-arranged and reclassified wherever necessary for the purposes of comparison.

17.2 Figures have been rounded off to the nearest thousand Rupees.



Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

Lahore:
May 29, 2020

Jama Punji Information



The banner features a central image of a traditional brown ceramic pot with a blue and white geometric pattern around its middle. A smartphone displaying the Jama Punji app interface is placed inside the pot. Surrounding the pot are icons for a headset, a computer mouse, a Twitter bird, an email envelope with an '@' symbol, and a Facebook 'f' logo. The background is a light blue gradient.

www.jamapunji.pk

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*Mobile apps are also available for download for android and ios devices

The website link of Jama Punji is available at the website of Jauharabad Sugar Mills Limited for the convenience and facilitation of shareholders and investors.

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