



EMPOWERED BY GROWTH

Jauharabad Sugar Mills - 3rd Quarter Report
June 30, 2020
(Un-audited)

www.jauharabadsugarmills.com



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

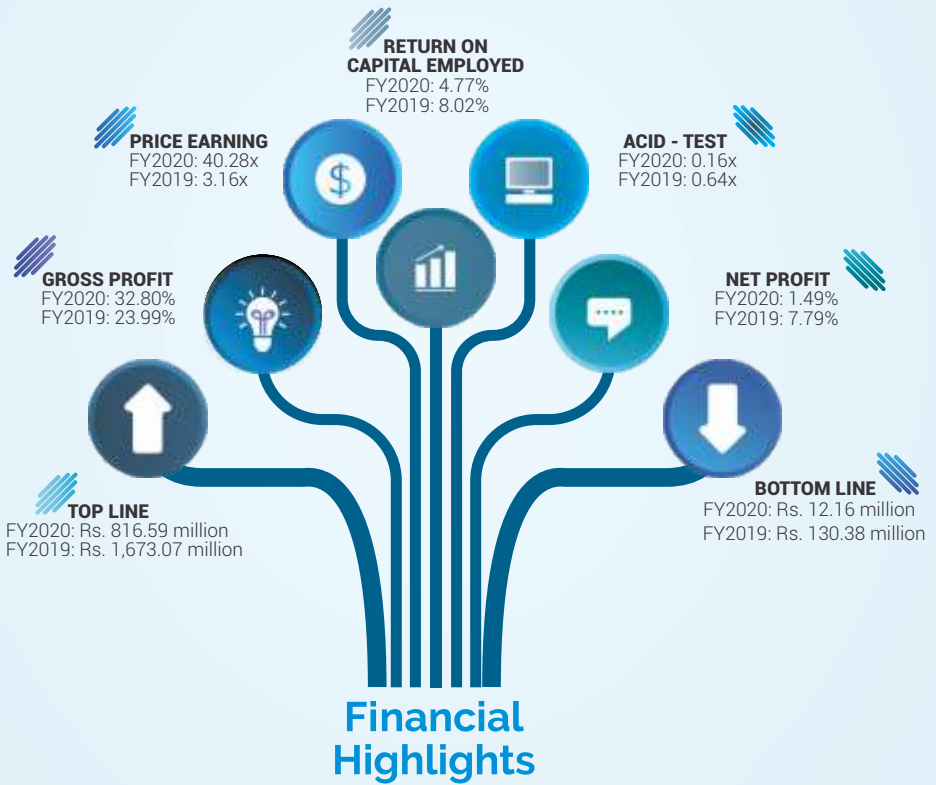
JS Bank Limited
National Bank of Pakistan
Habib Bank Limited
Allied Bank Limited

Islamic Bankers of the Company

Albaraka Bank Pakistan Limited
MCB Islamic Bank Limited
Dubai Islamic Bank Limited
Faysal 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 nine months ended June 30, 2020.

Sector overview

Current year turned out to be a challenging one as the Government had increased support price of sugarcane to Rs. 190 per maund. Lesser yield of sugarcane crop coupled with intense competition between the millers to ensure availability of sugarcane for optimal crushing, had led to an aggregate cane procurement price hike of approximately fifteen (15) percent over the support price. Sugar production for the current year, inclusive of carryover stocks, are barely sufficient to meet historical demand. This year due to Covid-19 pandemic and lock down situation, sugar consumption in the country has remained suppressed till June, 2020. However, Government of Pakistan has taken supportive measures to mitigate the effects of crisis through several policy decisions that include reduction in interest rates, providing soft loans to facilitate salary payment, one year deferral for repayment of principal against existing bank loans etc. The Government has also taken initiative to check anticipated price hikes and has implemented various controls. Company is closely monitoring the whole situation and is hopeful to successfully manage through the present scenario.

Operational performance

Company started this crushing season 2019-20 on November 30, 2019 [CY 2018-19: December 15, 2018]. The plant operated for 104 days in comparison to 96 days during the last year with an effective utilization of 76.0% [FY 2019: 70.9%]. Despite a competition in the region, your mill was able to crush 425,433 metric tons of sugarcane by paying an additional amount of Rs. 276 million to the growers in comparison to last year. Further, the Company has successfully installed Falling Film Evaporator under its BMR strategy, through its own resources, bringing in additional revenues through an efficient steam consumption ratio.

Once again Jauharabad Sugar Mills Ltd stands out by clearing all dues to its growers within twenty four (24) hours of closing the crushing season 2019-20. 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 topline of 816.59 million with a gross profit margin of 32.8% [FY: 24.0%], during first nine months. Company has pursued an intelligent sugar stock liquidation policy in order to realize better margin in latter period of this financial year. The Company is current with all its financial commitments. Going forward, an ease in financial burden of the Company is expected due to recent reduction in policy rates, introduction of salary refinance scheme and one year deferral of long term principle repayments. An improved sugar stock liquidation will additionally provide a better bottom line in the coming quarter.

Acknowledgement

The directors would like to express their appreciation for the dedication and hard work of workers, staff and members of the management team and anticipate that with their continued dedication, the Company shall further consolidate and will keep itself abreast to face every future challenge.

For and on behalf of the Board

Lahore :
July 27, 2020



Jamal Ahmed
Jamal Ahmed
Chief Executive

ڈائریکٹرز کی جائزہ رپورٹ

محترم حصص داران، السلام علیکم

بورڈ آف ڈائریکٹرز اور خود راپنی طرف سے، میں آپ کو 30 جون 2020 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

شعبہ وار جائزہ

موجودہ سال ایک چیلنجنگ سال ثابت ہوا کیوں کہ حکومت نے گئے کی امدادی قیمت 190 روپے فی من تک بڑھادی۔ گئے کی فصل کی کم پیداوار زیادہ سے زیادہ کرشنگ کے لئے گئے کی فراہمی کو یقینی بنانے کے لئے ملوں کے ماہین تخت مسابقت کے ساتھ، گئے کی قیمت خرید میں مجموعی طور پر امدادی قیمت سے پندرہ (15) فیصد اضافے کا سبب بنی ہے۔ موجودہ سال کے لئے چینی کی پیداوار، بشمول کیری اور اسٹاک، تاریخی طلب کو پورا کرنے کے لئے بشکل ہی کافی ہے۔ رواں سال کوڈیڈ 19 ڈوبائی بیماری اور لاک ڈاؤن کی صورتحال کی وجہ سے، جون 2020 تک ملک میں چینی کی کھپت کم رہی ہے۔ تاہم حکومت پاکستان نے متعدد پالیسی فیصلوں کے ذریعے بحران کے اثرات کو کم کرنے کے لئے معاون اقدامات اٹھائے ہیں جن میں شرح سود میں کمی، تنخواہوں کی ادائیگی میں آسانی کے لئے سوئفٹ قرضوں کی فراہمی، موجودہ ہینک قرضوں کے عوض اصل ادائیگی کے لئے ایک سال کی التواء وغیرہ بھی شامل ہے۔ حکومت نے قیمتوں میں متوقع اضافے کی روک تھام کے لئے بھی اقدام اٹھائے ہیں اور مختلف کنٹرولز نافذ کیے ہیں۔ کمپنی پوری صورتحال پر گہری نگرانی کر رہی ہے اور امید کرتی ہے کہ موجودہ منظر نامے کو کامیابی کے ساتھ سنبھال لے گی۔

آپریٹیشنل کارکردگی

کمپنی نے اس کرشنگ سیزن 2019-20 کا آغاز 30 نومبر 2019 کو کیا (CY 2018-19: 15 دسمبر 2018)۔ پلانٹ 104 دنوں کے لئے چلایا گیا جبکہ گزشتہ سال کے دوران 95 دنوں تک چلایا گیا تھا، اور کل موثر کرشنگ مستعمل اوقات 76.0% (FY2019) : 70.09% رہے۔ خطے میں مقابلہ کے باوجود، آپ کی مل گزشتہ سال کے مقابلے کا شکاروں کو 276 ملین روپے کی اضافی رقم ادا کرتے ہوئے 425,433 میٹرک ٹن گنا کرش کرنے میں کامیاب رہی۔ کمپنی نے موثر اسٹیم کنٹرولیشن تناسب کے ذریعے زائد آمدنی لاتے ہوئے، اپنے ذاتی ذرائع سے اپنی BMR سٹرٹیجی کے تحت فالنگ فلم اوپریٹرز کی کامیابی سے تنصیب کی ہے۔

جوہر آباد شوگر ملز لمیٹڈ نے ایک بار پھر کرشنگ سیزن 2019-20 کے اختتام کے چوبیس (24) گھنٹوں کے اندر اپنے گئے کے کاشتکاروں کو تمام واجبات ادا کر دیے ہیں، لیکن کمشنر نے کلیئرٹس سٹیکٹس نمبر 1-97/20 March 20, 2020 C.C (admin) جاری کر کے اس کی توثیق کی ہے۔

مالیاتی کارکردگی

کمپنی نے نو ماہی کے دوران %32.8 (FY2019: %24.0) کے مجموعی مارجن کے ساتھ 816.59 ملین روپے کی ٹاپ لائن درج کی ہے۔ کمپنی نے اس مالی سال کی باقی مدت میں بہتر منافع کے لئے اٹیلی جنٹ شوگر اسٹاک لیکویڈیشن پالیسی پر عمل کیا ہے۔ کمپنی اس وقت اپنے تمام مالی وعدوں کی پاسداری ہے۔ آگے بڑھتے ہوئے، کمپنی کو پالیسی شرح میں حالیہ کمی، سیلری ری فنانس اسکیم کے متعارف اور طویل مدتی اصل واپس ادائیگیوں کے ایک سال کے التواء کی بدولت کمپنی کے مالی بوجھ میں آسانی متوقع ہے۔ بہتر شوگر اسٹاک لیکویڈیشن آئندہ مہ ماہی میں بہتر زیریں لائن مہیا کرے گی۔

اظہار شکر

ڈائریکٹرز کارکنوں، عملے اور انتظامی ٹیم کے ارکان کی لگن اور محنت کا شکر یہ ادا کرتے ہیں اور توقع کرتے ہیں کہ ان کی لگن کے ساتھ، کمپنی مزید مستحکم ہوگی اور آئندہ ہر چیز کا مقابلہ کرنے کے لئے اپنے آپ کو تیار رکھے گی۔

منجانب بورڈ

Tameer Ahmad

جمال احمد

چیف ایگزیکٹو

Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2020

	Note	Un-audited Jun 30, 2020 (Rupees in thousand)	Audited Sep 30, 2019
Assets			
Non-current assets			
Property, plant and equipment	6	3,369,595	3,273,754
Intangible assets		195	259
Long term deposits		2,787	2,387
		<u>3,372,577</u>	<u>3,276,400</u>
Current assets			
Stores, spare parts and loose tools		92,978	77,788
Stock-in-trade		2,472,527	390,002
Loans and advances		123,607	124,835
Trade debts- unsecured considered good		834	270,266
Trade deposits and short term prepayments		2,692	2,025
Other receivables		48,876	32,736
Tax refunds due from the Government		143,441	128,183
Short term investment		16,887	-
Cash and bank balances		42,279	58,855
		<u>2,944,121</u>	<u>1,084,691</u>
Total assets		<u>6,316,698</u>	<u>4,361,091</u>

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

Lahore:
July 27, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2020

	Note	Un-audited Jun 30, 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		274,256	274,136
Loan from sponsors		598,578	610,677
Revaluation surplus on property, plant and equipment	7	1,279,341	1,301,433
		<u>2,865,863</u>	<u>2,899,934</u>
Non-current liabilities			
Long term loans from banking companies - secured	8	157,737	119,377
Deferred taxation		251,956	260,980
		<u>409,693</u>	<u>380,357</u>
Current liabilities			
Trade and other payables		167,532	500,526
Unclaimed dividend		1,187	1,122
Current portion of:			
- Long term loans from banking companies -secured	8	24,722	108,396
- Liabilities against assets subject to finance lease - secured		-	136
Accrued mark-up		75,198	19,243
Short term borrowings - secured	9	2,717,795	408,925
Provision for taxation		54,709	42,452
		<u>3,041,142</u>	<u>1,080,800</u>
Contingencies and commitments	10	-	-
		<u>6,316,698</u>	<u>4,361,091</u>

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

Lahore:
July 27, 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 Nine Months Ended June 30, 2020

	Note	Un-audited		Un-audited	
		Nine Months Ended Jun 30 2020	2019	Quarter Ended Jun 30 2020	2019
(Rupees in thousand)					
Sales - net	11	816,595	1,673,070	189,148	1,201,185
Cost of sales	12	(548,739)	(1,271,775)	(102,506)	(1,056,557)
Gross profit		267,856	401,295	86,642	144,628
Less:					
Operating expenses:					
Administrative expenses		107,056	101,155	17,809	17,013
distribution cost		7,999	21,302	1,614	16,727
		(115,055)	(122,457)	(19,423)	(33,740)
Operating profits		152,801	278,838	67,219	110,888
Finance cost		(140,700)	(129,009)	(51,256)	(49,562)
Other income		3,288	(15,690)	791	(13,592)
Profit before taxation		15,389	134,139	16,754	47,734
Taxation	13	(3,233)	(3,763)	790	(4,197)
Profit after taxation		12,156	130,376	17,544	43,537
Earnings per share (rupees)					
Basic & diluted		0.36	3.82	0.51	1.28

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

Lahore:
July 27, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Nine Months Ended June 30, 2020

	Un-audited Nine Months Ended Jun 30 2020		Un-audited Quarter Ended Jun 30 2020	
	2020	2019	2020	2019
	(Rupees in thousand)			
Profit after taxation	12,156	130,376	17,544	43,537
Other comprehensive income for the period				
Items that will not be reclassified to profit and loss account:				
Incremental depreciation for the period	22,092	23,293	8,887	7,992
Total comprehensive income for the period	<u>34,248</u>	<u>153,669</u>	<u>26,431</u>	<u>51,529</u>

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

Lahore:
July 27, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Nine Months Ended June 30, 2020

	Un-audited Nine Months Ended Jun 30 2020 (Rupees in thousand)	Un-audited Nine Months Ended Jun 30 2019
Cash flow from operating activities		
Profit before taxation	15,389	134,139
Adjustments for:		
Depreciation	86,396	83,613
Amortization	64	96
Exchange (gain)	(343)	-
(Gain) / loss on disposal of property, plant and equipment	(1,085)	569
Loss on short term investment	3,113	-
Provision for WPPF	661	2,890
Finance cost	140,700	129,009
Profit before working capital changes	244,895	350,316
Working capital changes		
Increase in stores, spare parts and loose tools	(15,190)	(704)
Increase in stock in trade	(2,082,525)	(1,080,357)
Increase in loans and advances	1,228	(48,571)
Decrease in trade debts- unsecured considered good	269,775	318,042
Increase in trade deposits and short term prepayments	(667)	418
Increase in other receivables	(16,140)	(8,935)
Decrease in trade and other payables	(333,659)	118,876
	(2,177,178)	(701,231)
Cash used in operations	(1,932,283)	(350,915)
Finance cost paid	(105,941)	(154,639)
Taxes paid	(15,258)	(12,410)
Dividend paid	(34,063)	(28,360)
Net cash used in operating activities	(2,087,545)	(546,324)

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

Lahore:
July 27, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the Nine Months Ended June 30, 2020

	Un-audited Nine Months Ended 2020	Un-audited Nine Months Ended June 30 2019
	(Rupees in thousand)	
Cash flow from investing activities		
Addition to fixed assets	(162,003)	(78,617)
Long term deposits	(400)	(1,933)
Short term investment	(20,000)	-
Proceeds from sale of fixed assets	2,054	475
Net cash used in investing activities	(180,349)	(80,075)
Cash flow from financing activities		
Long term finances	(45,314)	(69,488)
Long term advances	-	200,000
Lease rentals paid	(139)	(368)
Loan from associates	(12,099)	(114,826)
Net cash generated from financing activities	(57,552)	15,318
Net increase in cash and cash equivalents	(2,325,446)	(611,081)
Cash and cash equivalents at beginning of the period	(350,070)	(1,067,439)
Cash and cash equivalents at the end of the period	(2,675,516)	(1,678,520)
Cash and cash equivalents comprise of following statement of financial position amounts:		
- Cash and bank balances	42,279	230,612
- Short term borrowings	(2,717,795)	(1,909,132)
	(2,675,516)	(1,678,520)

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

Lahore:
July 27, 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 Nine Months Ended June 30, 2020

	Share capital	Capital reserve	Revenue reserve		Loan from sponsors	Total
		Share premium	Accumulated profits	Revaluation surplus		
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	-	-	-	-	(347,326)	(347,326)
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	-	-	153,669	-	-	153,669
Issue of bonus shares @ 20%	56,881	(56,881)	-	-	-	-
Incremental depreciation for the period	-	-	-	(23,293)	-	(23,293)
Effect of change in tax rate	-	-	-	7,292	-	7,292
Balance as on June 30, 2019	341,285	372,402	212,562	1,317,959	495,177	2,739,385
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	-	-	-	-	77	77
Dividend paid @ Rs. 1 per share	-	-	(34,128)	-	-	(34,128)
Total comprehensive gain for the period	-	-	34,248	-	-	34,248
Incremental depreciation for the period	-	-	-	(22,092)	-	(22,092)
Balance as on June 30, 2020	341,285	372,403	274,256	1,279,341	598,578	2,865,863

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

Lahore:
July 27, 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 Nine Months Ended June 30, 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 estate, 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 nine months ended June 30, 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 Nine Months Ended June 30, 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 Jun 30, 2020 (Rupees in thousand)	Audited Sep 30, 2019
6 Property, plant and equipment			
Property, plant and equipment	6.1	2,900,332	2,829,629
Capital work-in-progress	6.2	469,263	444,125
		<u>3,369,595</u>	<u>3,273,754</u>

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

For the Nine Months Ended June 30, 2020

	Un-audited Jun 30, 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	158,066	97,475
Add: Transfer from CWIP	-	20,873
Less: Book value of operating assets disposed - off during the period / year	(967)	(1,115)
	<u>2,986,728</u>	<u>2,940,322</u>
Depreciation charged during the period / year	(86,396)	(110,693)
	<u>2,900,332</u>	<u>2,829,629</u>

6.2 Capital work in progress includes mark up capitalized amounting to Rs. 21.20 million (September 30, 2019 : Rs. 34.70 million).

	Note	Un-audited Jun 30, 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
		<u>1,771,855</u>	<u>1,771,855</u>
Less: Accumulated incremental depreciation		(301,211)	(270,095)
		<u>1,470,644</u>	<u>1,501,760</u>
Less: Deferred tax liability			
Opening balance		200,326	211,471
Incremental depreciation for the period		(9,024)	(11,145)
		<u>191,302</u>	<u>200,326</u>
		<u>1,279,342</u>	<u>1,301,433</u>
8 Long term loans from banking companies - secured			
Soneri bank limited	8.1	60,405	96,648
Albaraka bank Pakistan limited	8.2	95,585	131,125
Faysal bank limited		26,469	-
		<u>182,459</u>	<u>227,773</u>
Less: Current portion		(24,722)	(108,396)
		<u>157,737</u>	<u>119,377</u>

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 Nine Months Ended June 30, 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 April 2022.

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 2022.

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.

8.3 Faysal bank limited

This represents long term loan against sanctioned limit of Rs. 60 million obtained to finance salaries and wages of company's employees in line with SBP Islamic refinance scheme.

Principal repayment

The loan is to be repaid in two and half years including six months grace period.

Rate of return

It carries profit at the rate of SBP base rate plus 3% and profit is payable on quarterly basis.

Security

This loan is secured by way of Faysal Bank charge amounting to Rs. 84 million over fixed

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

For the Nine Months Ended June 30, 2020

assets of the Company (land, building, plant and machinery including but not limited to sugar mill and power plant) duly registered with SECP. Further corporate guarantee of Cane Processing Private Limited (Holding Company) and personal guarantees of the directors/sponsors of the Company.

	Sanction limit 'Rupees in thousand	Note	Un-audited Jun 30, 2020 (Rupees in thousand)	Audited Sep 30, 2019
9 Short term borrowings - secured				
Mark-up based borrowings from conventional banks				
		9.1		
Running finance	300,000		169,510	198,365
Cash finance	1,700,000		1,198,300	210,560
	2,000,000		1,367,810	408,925
Islamic mode of financing				
		9.2		
Morabaha finance (Hypo)	500,000		499,985	-
Bia salam / Istisna	1,200,000		850,000	-
	1,700,000		1,349,985	-
	3,700,000		2,717,795	408,925

- 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).

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

For the Nine Months Ended June 30, 2020

	Un-audited		Un-audited	
	Nine Months Ended June 30 2020	2019	Quarter Ended June 30 2020	2019
(Rupees in thousand)				
11 Sales - net				
Local	917,980	1,508,952	222,410	982,856
Export	-	313,625	-	313,625
	917,980	1,822,577	222,410	1,296,481
Less:				
Sales tax	(100,815)	(146,348)	(33,049)	(94,105)
Commission	(570)	(3,159)	(213)	(1,191)
	<u>816,595</u>	<u>1,673,070</u>	<u>189,148</u>	<u>1,201,185</u>

	Un-audited		Un-audited	
	Nine Months Ended June 30 2020	2019	Quarter Ended Jun 30 2020	2019
(Rupees in thousand)				
12 Cost of sales				
Raw material cane purchased and consumed	2,327,091	2,052,685	60	247
Salaries, wages and other benefits	84,910	88,447	12,861	18,239
Chemicals, fuel, lubes and packing material	53,930	52,247	87	100
Manufacturing expenses	80,601	76,718	5,027	11,903
Depreciation	84,668	81,940	30,541	27,945
Amortization	63	94	21	31
	2,631,263	2,352,131	48,597	58,465
Work-in-process - (net)	(739)	(747)	-	-
Cost of goods manufactured	2,630,524	2,351,384	48,597	58,465
Opening stock of finished goods	387,328	751,517	2,523,022	2,829,218
	3,017,852	3,102,901	2,571,619	2,887,683
Closing stock of finished goods	(2,469,113)	(1,831,126)	(2,469,113)	(1,831,126)
Cost of sales	<u>548,739</u>	<u>1,271,775</u>	<u>102,506</u>	<u>1,056,557</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

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

For the Nine Months Ended June 30, 2020

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 June 30, 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 Jun 30, 2020	Audited Sep 30, 2019
		(Rupees in thousand)	
Post employment benefit plan	Provident fund contribution paid	1,558	2,556
	Balance at year end	1,558	2,556
Cane Processing (Pvt.) Limited (CPL)	(Paid) / received during the period/year	(176)	(276)
	Balance payable at year end	140,593	140,769
Loan from sponsors	(Paid) / received during the period/year	(11,923)	950
	Balance payable at year end	457,984	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 information have been authorized for issue on July 27, 2020 by the Board of Directors of the Company.

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

For the Nine Months Ended June 30, 2020

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.

Lahore:
July 27, 2020



Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

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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