



EMPOWERED BY GROWTH

Jauharabad Sugar Mills - First Quarter Ended
December 31, 2019
(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.

Table of Contents

Corporate Information	02
Financial Highlights	03
Directors' Report	04
Directors' Report (in Urdu Language)	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Statement of Cash Flows	10
Condensed Interim Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Statements	13
Jama Punji Information	20

Corporate Information

Board of Directors

Mr. Jamal Ahmed
Mr. Ghias-ul-Hasan
Mr. Amjad Bashir Hussain
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 Hussain
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

RETURN ON CAPITAL EMPLOYED
FY2019: 1.05 %
FY2018: 0.46 %

PRICE EARNING
FY2019: 32.90x
FY2018: 314.29x

ACID - TEST
FY2019: 0.41x
FY2018: 0.64x

GROSS PROFIT
FY2019: 20.54 %
FY2018: 16.06 %

NET PROFIT
FY2019: 6.55 %
FY2018: 1.92 %

TOP LINE
FY2019: Rs. 357.02 Million
FY2018: Rs. 251.02 Million

BOTTOM LINE
FY2019: Rs. 23.40 million
FY2018: Rs. 4.822 million

Financial Highlights

Directors' Report

The Directors of Jauharabad Sugar Mills Limited (the Company) are pleased to present before you the un-audited quarterly financial statements for the first quarter ended December 31, 2019.

Operating Performance

During this crushing season, the Company has started season on 30th November, 2019 [CY2018/19: 15th December, 2018] along with other regional mills and operated for thirty-two days till the end of reporting period. The Company has produced 10,910 tons [1Q FY2018/19: 7,439 tons] of white refined sugar which is 46.66 percent higher than corresponding last year's production. Initial recovery, remained at 9.31 percent [1Q FY2018/19: 9.44 percent] with 1.38% decline, expected to improve in later part of crushing season. This year regardless of an increase in sugarcane support price to Rs. 190 per 40 Kgs by the Government of Punjab and prevailing price hike in market due to lesser availability of crop, the Company is accommodating its farmer by not only timely cane payments but also with interest free loans. These efforts shall be contributing to ensure smooth and efficient supply of sugarcane throughout crushing season.

Financial Performance

Jauharabad Sugar Mills Limited over the period has shown its determination to out-perform average industrial benchmarks in sugar sector. The Company has posted a topline of Rs. 357 million [1Q FY2018/19: 251 million] with 42.23 percent increase, mainly attributable to an increased contribution margin on sugar and its by-products, resulting in gross profit at 20.54 percent [1Q FY2018/19: 16.06 percent]. Similarly, bottom line has shown 4.85 times improvement at Rs. 23.40 million [1Q FY2018/19: Rs. 4.822 million]. The Company has planned to hold sugar stocks till closure of crushing season, enabling the Company to avail the price advantage expected in later period of FY2019/20. The Company is current with its financial obligation and maintains good working relations with all the banks on its panel.

Future Prospects

The Company has installed 15MW biomass co-generation power plant which is expected to commence commercial operations by end of this financial year, enabling the Company to provide stakeholders optimum return on their investments.

Acknowledgement

The Directors would like to express their appreciation for the dedication, hard work of the workers, staff and members of the management team for achieving the desired results. We are also thankful to the financial institutions for their financial assistance and co-operation they have extended in providing timely finances.



Jamal Ahmed
Chief Executive

ڈائریکٹرز کی جائزہ رپورٹ

جوہر آباد شوگر ملز لمیٹڈ (کمپنی) کے ڈائریکٹرز آپ کو 31 دسمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ سہ ماہی مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

آپریٹنگ کارکردگی

اس کرشنگ سیزن کے دوران، کمپنی نے دیگر علاقائی ملوں کے ساتھ کرشنگ سیزن 30 نومبر 2019 (15:CY2018/19) دسمبر 2018) کو شروع کیا اور زبر جائزہ مدت کے اختتام تک تیس دنوں تک آپریٹ کیا۔ کمپنی نے 10,910 ٹن (7,439 1Q: FY2018/19) سفید ریٹائنڈ چینی بنائی، جو گزشتہ سال کی پیداوار سے 46.66 فیصد زیادہ ہے۔ نیا دی ریوری، 9.31 فیصد (9.44: 1Q FY2018/19) رہی جو کہ 1.38 فیصد کم ہے، کرشنگ سیزن کے باقی حصہ میں منظوری کی توقع ہے۔ حکومت پنجاب کی طرف سے گنے کی امدادی قیمت میں 190 روپے فی 40 کلوگرام تک اضافہ اور فصل کی کم دستیابی کی وجہ سے مارکیٹ میں موجودہ زیادہ قیمت سے قطع نظر اس سال کمپنی نہ صرف کسانوں کو گنے کی ادائیگیاں بروقت کر رہی ہے بلکہ بلا سود قرضے بھی فراہم کر رہی ہے۔ یہ کوششیں پورے کرشنگ سیزن میں گنے کی بہوار اور کارگر فراہمی کو یقینی بنانے میں مددگار ہوگی۔

مالیاتی کارکردگی

پوری مدت میں جوہر آباد شوگر ملز لمیٹڈ نے شوگر سیکٹر میں اوسط صنعتی بیج مارکس بہتر کارکردگی کا مظاہرہ کرنے کا پختہ ارادہ ظاہر کیا ہے۔ زبر جائزہ سہ ماہی میں کمپنی نے 357 ملین روپے (1Q FY2018/19: 25.1:1Q ملین روپے) کی بالائی لائن، 42.23 فیصد اضافہ حاصل کیا۔ یہ بنیادی طور پر چینی اور مولاس کی مارکیٹ قیمت میں مارچل اضافے سے منسوب ہے جس کے نتیجے میں 20.54 فیصد مجموعی منافع (16.06 1Q FY2018/19) فیصد) ہوا۔ اسی طرح، زیریں لائن نے 23.400 ملین روپے (1Q FY2018/19): 4.822 ملین روپے) پر 4.85 گنا بہتر کارکردگی کی ہے۔ کمپنی نے مالی سال 2019-20 کی باقی مدت میں کمپنی کو متوقع قیمت کے فائدہ سے مستفید ہونے کے قابل بنانے کے لئے کرشنگ سیزن کے اختتام تک شوگر اسٹاک رکھنے کی منصوبہ بندی کی ہے۔ کمپنی فی الحال اپنی مالی ذمہ داری پوری کر رہی ہے اور اپنے ہتھیل پر تمام ہتھیوں کے ساتھ اچھے ورکنگ تعلقات کو برقرار رکھتی ہے۔

مستقبل کے امکانات

کمپنی نے 15 میگا واٹ بائیو ماس کو جنریشن پاور پلانٹ نصب کیا ہے جس سے اس مالی سال کے اختتام تک تجارتی آپریٹنگ کا آغاز متوقع ہے، جو کمپنی کو اسٹیک ہولڈرز کی سرمایہ کاری پر زیادہ سے زیادہ منافع فراہم کرنے کے قابل بنائے گا۔

اعتراف

ڈائریکٹرز مطلوبہ نتائج کے حصول کے لئے کارکنوں، عملے اور انتظامی ٹیم کے ارکان کی لگن، سخت محنت کو سراہتے ہیں۔ ہم مالیاتی اداروں کی مالی مدد اور تعاون پر ان کا بھی شکریہ ادا کرتے ہیں جنہوں نے بروقت مالی اعانت فراہم کرنے میں توجیح کی ہے۔

منجانب بورڈ

Tameel Ahmad

جمال احمد

چیف ایگزیکٹو

Condensed Interim Statement of Financial Position (Un-audited)

As at December 31, 2019

	Note	Un-audited Dec 31, 2019 (Rupees in thousand)	Audited Sep 30, 2019 (Rupees in thousand)
Assets			
Non-current assets			
Property, plant and equipment	5	3,279,499	3,273,754
Intangible assets		238	259
Long term deposits		2,387	2,387
		<u>3,282,124</u>	<u>3,276,400</u>
Current assets			
Stores, spare parts and loose tools		90,738	77,788
Stock-in-trade		863,875	390,002
Loans and advances		296,661	124,835
Trade debts- unsecured considered good		11,556	270,266
Trade deposits and short term prepayments		7,961	2,025
Other receivables		31,340	32,736
Tax refunds due from the government		133,021	128,183
Cash and bank balances		40,328	58,855
		<u>1,475,480</u>	<u>1,084,691</u>
		<u>4,757,604</u>	<u>4,361,091</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

Lahore:
January 23, 2020

Condensed Interim Statement of Financial Position (Un-audited)

As at December 31, 2019

	Note	Un-audited Dec 31, 2019 (Rupees in thousand)	Audited Sep 30, 2019 (Rupees in thousand)
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		305,006	274,136
Loan from sponsors		610,677	610,677
Revaluation surplus on property, plant and equipment	6	1,293,964	1,301,433
		<u>2,923,335</u>	<u>2,899,934</u>
Non-current liabilities			
Long term loans from banking companies - secured	7	82,075	119,377
Deferred taxation		258,076	260,980
		<u>340,151</u>	<u>380,357</u>
Current liabilities			
Trade and other payables		473,270	500,526
Unclaimed dividend		1,119	1,122
<i>Current portion of:</i>			
- Long term loans from banking companies - secured	7	102,704	108,396
- Liabilities against assets subject to finance lease - secured		-	136
Accrued mark-up		7,122	19,243
Short term borrowings - secured	8	862,096	408,925
Provision for taxation		47,807	42,452
		<u>1,494,118</u>	<u>1,080,800</u>
Contingencies and commitments			
	9	-	-
		<u>4,757,604</u>	<u>4,361,091</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Lahore:
January 23, 2020

Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended December 31, 2019

	Note	Un-audited Dec 31, 2019 (Rupees in thousand)	Un-audited Dec 31, 2018 (Rupees in thousand)
Sales - net	10	357,019	251,016
Cost of sales	11	(283,673)	(210,697)
Gross profit		73,346	40,319
Operating expenses:			
Administrative Expenses		36,495	24,525
Distribution Cost		2,547	952
		39,042	25,477
Operating profits		34,304	14,842
Finance cost		(9,356)	(10,402)
Other income		903	382
Profit before taxation		25,851	4,822
Taxation	12	(2,451)	-
Profit after taxation		23,400	4,822
Earnings per share (rupees)			
Basic & diluted		0.69	0.14

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore:
January 23, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended December 31, 2019

Note	Un-audited Dec 31, 2019 (Rupees in thousand)	Un-audited Dec 31, 2018 (Rupees in thousand)
Profit after taxation	23,400	4,822
Other comprehensive income for the period		
Items that will not be reclassified to profit and loss account:		
Incremental depreciation for the period	7,469	7,697
Total comprehensive income for the period	30,869	12,519

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore:
January 23, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended December 31, 2019

	Un-audited Dec 31, 2019 (Rupees in thousand)	Un-audited Dec 31, 2018 (Rupees in thousand)
Cash flow from operating activities		
Profit before taxation	25,851	4,822
Adjustments for:		
Depreciation	27,089	26,891
Amortization	21	32
Provision for WPPF	1,155	-
Finance cost	9,356	10,402
	37,621	37,325
Profit before working capital changes	63,472	42,147
Working capital changes		
Stores, spare parts and loose tools	(12,950)	(10,582)
Stock in trade	(473,873)	(282,055)
Loans and advances	(171,826)	(7,648)
Trade debts- unsecured considered good	258,710	289,629
Trade deposits and short term prepayments	(5,936)	(2,873)
Other receivables	1,396	9,265
Trade and other payables	(28,411)	583,869
	(432,889)	579,605
Cash used in operations	(369,417)	621,752
Finance cost paid	(29,829)	(58,089)
Taxes paid	(4,838)	(957)
Dividend paid	(3)	(3)
Net cash used in operating activities	(404,087)	562,703

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore:
January 23, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the quarter ended December 31, 2019

	Un-audited Dec 31, 2019	Un-audited Dec 31, 2018
	(Rupees in thousand)	
Cash flow from investing activities		
Addition to fixed assets	(24,511)	(14,075)
Proceeds from sale of fixed assets	32	-
Net cash generated (used in) investing activities	(24,479)	(14,075)
Cash flow from financing activities		
Long term finances	(42,994)	(14,571)
Short term borrowings	453,171	(564,075)
Lease rentals paid	(139)	(137)
Loan from associates	-	(502)
Net cash generated from financing activities	410,038	(579,285)
Net decrease in cash and cash equivalents	(18,527)	(30,657)
Cash and cash equivalents at beginning of the period	58,855	46,519
Cash and cash equivalents at the end of the period	40,328	15,862

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore:
January 23, 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 quarter ended December 31, 2019

	Share Capital	Share Premium	Accumulated profits	Revaluation Surplus	Loan from Sponsors	Total
	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	-	-	-	-	(18,002)	(18,002)
Loan received during the year	-	-	-	-	17,500	17,500
Total comprehensive gain for the period	-	-	12,519	-	-	12,519
Incremental depreciation for the period	-	-	-	(7,697)	-	(7,697)
Balance as on December 31, 2018	284,404	429,283	99,852	1,326,263	609,501	2,749,303
Balance as on October 01, 2019	341,285	372,403	274,137	1,301,433	610,677	2,899,935
Total comprehensive gain for the period	-	-	30,869	-	-	30,869
Incremental depreciation for the period	-	-	-	(7,469)	-	(7,469)
Balance as on December 31, 2019	341,285	372,403	305,006	1,293,964	610,677	2,923,335

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Lahore:
January 23, 2020


Jamal Ahmed
Chief Executive


Amjad Bashir Husain
Director


Imran Ilyas
Chief Financial Officer

Notes to the Condensed Interim Financial Statements

For the quarter ended December 31, 2019

1 Reporting entity

Jauharabad Sugar Mills Limited "the Company" (formerly known as Kohinoor Sugar Mills Limited) was incorporated in Pakistan in 1968 under the repealed Companies Act 1913 (now Companies Act, 2017). The shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 125-B, Quaid-e-Azam Industrial Estate, Gate No. 4, Kot Lakhpat, Lahore, and the mill is located at Jauharabad, District Khushab, Pakistan. The production plant is located at Industrial Area Jauharabad City District Khushab in the province of Punjab. 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 quarter ended December 31, 2018.

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

For the quarter ended December 31, 2019

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 Seasonality of operations

The Company is inter-alia, engaged in manufacturing of sugar for which the season begins in November / December and ends in March / April. 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 Dec 31, 2019 (Rupees in thousands)	Audited Sep 30, 2019
5 Property, plant and equipment			
Property, plant and equipment	5.1	2,825,143	2,829,629
Capital work-in-progress		454,356	444,125
		<u>3,279,499</u>	<u>3,273,754</u>
5.1 Property, plant and equipment			
Balance at beginning of the period / year		2,829,629	2,823,089
Add: Additions during the period / year		22,635	97,475
Add: Transfer from CWIP		-	20,873
Less: Book value of operating assets disposed - off during the period / year		(32)	(1,115)
		<u>2,852,232</u>	<u>2,940,322</u>
Depreciation charged during the period / year		(27,089)	(110,693)
		<u>2,825,143</u>	<u>2,829,629</u>

- 5.2 Capital work in progress includes mark up capitalized amounting to Rs. 8.36 million (September 30, 2019: Rs. 34.70 million).

Notes to the Condensed Interim Financial Statements

For the quarter ended December 31, 2019

	Note	Un-audited Dec 31, 2019 (Rupees in thousands)	Audited Sep 30, 2019 (Rupees in thousands)
6	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		(280,468)	(270,095)
		1,491,387	1,501,760
Less: Deferred tax liability			
Opening balance		200,326	211,471
Incremental depreciation for the period		(2,904)	(11,145)
		197,422	200,326
		1,293,964	1,301,433
7	Long term loans from banking companies - secured		
Soneri Bank Limited	7.1	72,486	96,648
Albaraka Bank Pakistan Limited	7.2	112,293	131,125
		184,779	227,773
Less: Current portion		(102,704)	(108,396)
		82,075	119,377

7.1 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.

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.

Notes to the Condensed Interim Financial Statements

For the quarter ended December 31, 2019

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.

7.2 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 as referred in note 20.1 above.

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 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.

Al Baraka Bank (Pakistan) Limited - *Diminishing Musharaka*

This represents loan against combined sanctioned facility of Rs. 50 million obtained from Al Baraka Bank (Pakistan) Limited as referred in note 20.3 for the purpose of import of ancillary boiler equipment, gear boxes and other milling equipment, spares and powerhouse equipment like generators and turbines. The combined sanctioned facility of Rs. 50 million is the sub-limit of the funded facility of Rs.450 million already obtained from Al Baraka Bank (Pakistan) Limited as included in short term borrowings referred to in note 19.2.

Principal repayment

The loan is to be repaid in 4 quarterly instalments commencing from April 2019 and ending on January 2020.

Rate of return

It carries profit as per bank's schedule of charges i.e. one year KIBOR plus 300 bps per annum and profit is payable quarterly basis.

Security

The combined sanctioned facility of Rs. 50 million is the sub-limit of the funded facility of Rs.450 million already obtained from Al Baraka Bank (Pakistan) Limited and is secured as referred in note 19.2.

The said loan is also secured against lien over import documents and 20% cash margin for sight/ usance LC

Notes to the Condensed Interim Financial Statements

For the quarter ended December 31, 2019

	Sanction limit Rupees in thousand	Note	Un-audited Dec 31, 2019 (Rupees in thousands)	Audited Sep 30, 2019
8 Short term borrowings - secured				
Mark-up based borrowings from conventional banks		8.1		
Running finance	250,000		100,000	198,365
Cash finance	1,850,000		564,500	210,560
	2,100,000		664,500	408,925
Islamic mode of financing		8.2		
Morabaha finance	500,000		197,596	-
Bia salam	1,150,000		-	-
	1,650,000		197,596	-
	<u>3,750,000</u>		<u>862,096</u>	<u>408,925</u>

- 8.1 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, lien over import documents and personal guarantees of sponsors and corporate guarantee of Cane Processing Private Limited (Holding Company).

These facilities carry mark-up at the rates ranging from 1 month KIBOR + 2.00% to 3 months KIBOR + 2.50% per annum payable quarterly.

The aggregate available short term funded facilities amounts to Rs. 2.10 billion (2018: Rs. 1.90 billion).

- 8.2 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, lien over import documents and personal guarantees of sponsors and corporate guarantee of Cane Processing Private 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 amount to Rs. 1.55 billion (2018: Rs. 1.45 billion).

9 Contingencies and commitments

9.1 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.

9.2 Commitments

Commitments in respect of irrevocable letter of credits for stores and spares at the period end is Rs. Nil (September 30, 2019: Rs. 22.72 million).

Notes to the Condensed Interim Financial Statements

For the quarter ended December 31, 2019

	Un-audited Dec 31, 2019	Un-audited Dec 31, 2018
	(Rupees in thousands)	
10 Sales - net		
Local	409,965	282,306
Export	-	-
	<u>409,965</u>	<u>282,306</u>
Less:		
Sales tax	(52,946)	(30,921)
Commission	-	(369)
	<u>357,019</u>	<u>251,016</u>
11 Cost of sales		
Raw material cane purchased and consumed	645,341	402,650
Salaries, wages and other benefits	29,761	28,282
Chemicals, fuel, lubes and packing material	15,700	10,447
Manufacturing expenses	40,175	24,989
Depreciation	26,547	26,353
Amortization	21	31
	<u>757,545</u>	<u>492,752</u>
Work-in-process - (net)	(22,519)	(33,040)
Cost of goods manufactured	<u>735,026</u>	<u>459,712</u>
Opening stock of finished goods	387,328	751,517
	<u>1,122,354</u>	<u>1,211,229</u>
Closing stock of finished goods	(838,681)	(1,000,532)
Cost of sales	<u>283,673</u>	<u>210,697</u>
12 Taxation		
Provision for taxation for the period has been calculated as per the requirements of Section 113C of Income Tax Ordinance, 2001.		

Notes to the Condensed Interim Financial Statements

For the quarter ended December 31, 2019

13 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	Audited
		Dec 31, 2019 (Rupees in thousands)	Sep 30, 2019
Post employment benefit plan	Provident fund contribution paid	(787)	(2,556)
Cane Processing Pvt Limited (CPL)	Received/(Paid) during the period/year	-	(276)
Loan from sponsors	Received/(Paid) during the period/year	-	950

14 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 30 September 2019.

15 Date of authorization

These condensed interim financial information were authorized for issue on January 23, 2020 by the Board of Directors of the Company.

16 General

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

16.2 Figures have been rounded off to the nearest thousand rupees.



Jamal Ahmed
Chief Executive



Amjad Bashir Husain
Director



Imran Ilyas
Chief Financial Officer

Lahore:
January 23, 2020

Jama Punji Information

www.jamapunji.pk

Jama Punji
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

- 🔍 Licensed Entities Verification
- 🚫 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 👤 Company Verification
- 📋 Insurance & Investment Checklist
- 🗨️ FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 🔔 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)  [@jamapunji_pk](https://twitter.com/jamapunji_pk)

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

 Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

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.

Registered Address:

125-B, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore, Pakistan.
Phone: 042 35213491, Fax: 042 35213490, E-mail: secretary@jsml.com.pk

Mills:

Jauharabad, District Khushab, Pakistan.
Phone: 0454 720063-6, Fax : 0454 720880