

Sustainable Growth
Our Way of Business

2021

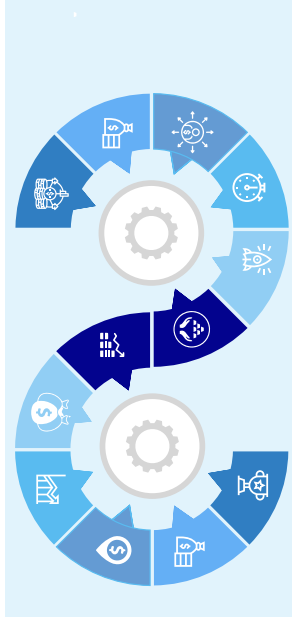


Third Quarter Ended
June 30, 2021 (Un-audited)

About this Report

Businesses that thrive in the future will be those that serve society today. Our blueprint for sustainable growth is returning to society, what we earn evokes trust among consumers, employees, shareholders and the community.

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Corporate Information

Board of Directors

Mr. Jamal Ahmed	Chief Executive
Mr. Muhammad Aamir Beg	Independent Director
Mr. Farhan Ilyas	Independent Director
Ms. Faiza Iftikhar	Independent Director
Mr. Ghias-ul-Hasan	CPL Nominee
Mr. Kamran Zahoor	CPL Nominee
Mr. Saif-ur-Rehman	CPL Nominee

Audit Committee

Mr. Farhan Ilyas	Chairman
Mr. Muhammad Aamir Beg	Member
Mr. Kamran Zahoor	Member

Human Resource and Remuneration Committee

Mr. Muhammad Aamir Beg	Chairman
Mr. Jamal Ahmed	Member
Mr. Ghias-ul-Hasan	Member

Chief Operating Officer	Ahsan Latif
Chief Financial Officer	Imran Ilyas
Company Secretary	Al-Yousuf
Head of Internal Audit	Syed Muhammad Usman Afzaal

Registered Address

125-B, Quaid-e-Azam Industrial Estate,
Kot Lakhpat, 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

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

Siddiqui Bari Kasuri & Co.
Advocates & Corporate Legal Consultants
179/180-A Scotch Corner,
Upper Mall Lahore.
Phone No. 042-35758573-74
Fax No. 042-35758572

Bankers of the Company

Askari Bank Limited	JS Bank Limited	United Bank Limited
Soneri Bank Limited	Habib Metropolitan Bank Limited	Bank Alfalah Limited
National Bank of Pakistan	Samba Bank	Allied Bank Limited

Islamic Bankers of the Company

Albaraka Bank (Pakistan) Limited	MCB Islamic Bank Limited
Dubai Islamic Bank (Pakistan) Limited	Faysal Bank Limited

National Tax Number

0225972-9

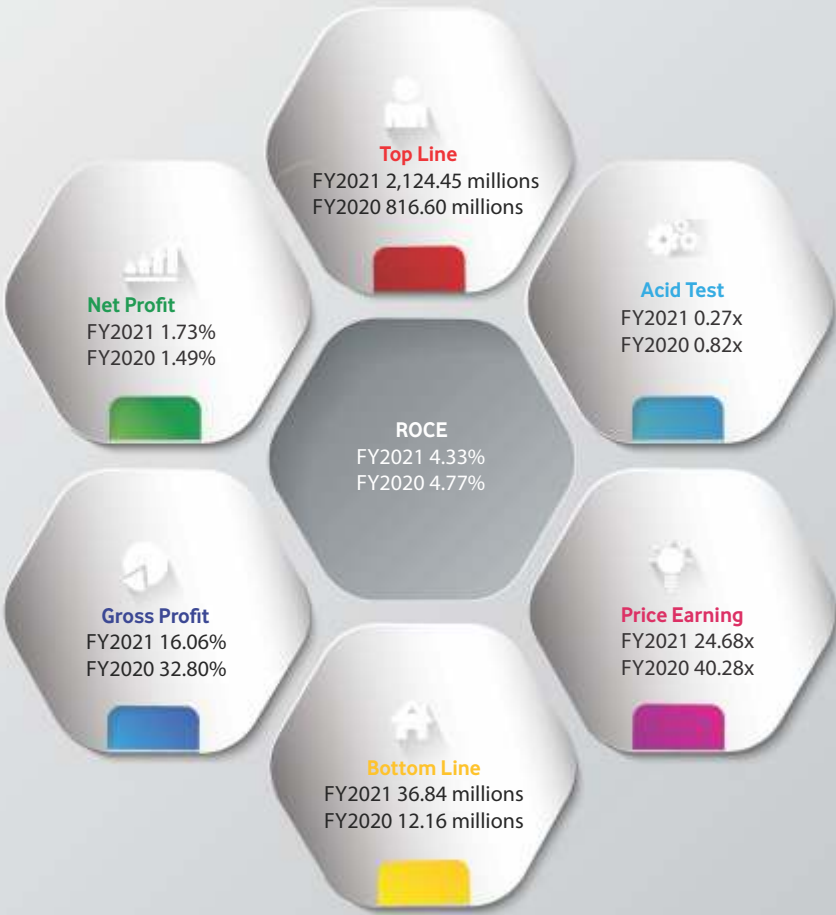
Sales Tax Registration Number

0409170300137

Company Website

www.jsml.com.pk

Financial Highlights



Directors' Report

For the nine month period ended June 30, 2021

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 period ended June 30, 2021.

Sector Overview

Current year turned-out to be more challenging one as, second year in a row, the Government of Punjab had increased sugarcane support price to Rs. 200 per maund [FY2020: Rs. 190 per maund]. Lesser yield of sugarcane crop mainly due to limited cultivation, scarcity of water coupled with consternation of sugar shortage within the country, had resulted in intense competition between the millers right from the start of the season. This, ultimately, led to an aggregate sugarcane procurement price hike of approximately forty five percent [FY2020: Fifteen percent] over the support price. Sugar production for the current year is estimated to be sufficient to meet historical demand. However, to mitigate the perception of sugar stock deficit, the Government, through Trading Corporation of Pakistan, has taken initiative to import sugar. Through Finance Act 2021 the Government has included sugar in third schedule of income tax ordinance making sugar supplies taxable on retail price. This impact of higher tax will ultimate be passed on to the consumers thus a rise in sugar price is expected in later half of the financial year. The Government has also taken initiative to check anticipated price hikes and has implemented various controls. The Company is closely monitoring the whole situation and is hopeful to successfully manage through the present scenario.

Operating Results

During crushing year 2020-21 despite having tough competition, the Company through its strong foothold within the region and by ensuring timely payments to growers, has managed to crush approximately twenty five percent additional sugarcane i.e. 533,722 metric tons [FY2020: 425,433 metric tons]. Further, the Company through its continuous process of BMR has remained successful to increase its sucrose recovery to 9.91% [FY2020: 9.67%] that has led to a 28.61% increase in production resulting into 52,925 metric tons [FY2020: 41,150 metric tons] of crystalline sugar.

Jauharabad Sugar Mills Ltd once again has achieved the laurels of clearing all dues to its growers within 24 hours of closing of its crushing season 2020-21. Same has been published in local newspapers dated March 21, 2021 and the Company has duly applied to the office of Cane Commissioner Punjab for its endorsement.

Financial Results

During the reporting period, the Company has achieved top line of Rs. 2,124.45 million [FY2020:1,431.64 million] emanating into a 48.4% rise in comparison to corresponding period last year. Likewise Gross profit has also shown improvement of 27.4%. Bottom line of Rs. 36.83 million reflects the management commitments towards shareholder interest providing an increase in profit after tax that is approximately three times higher in comparison to last year. The Company's liquidity

position has also shown sign of firm resilience to market scenarios, keeping itself current with all the financial commitments. Improving market conditions are anticipated to further boost the financial condition of the Company during last quarter of this financial year.

Acknowledgement

The Directors of the Company like to thank all stakeholders for their continued support and cooperation for the betterment and prosperity of the Company.

For & Behalf of Board



Jamal Ahmed
Chief Executive

مالیاتی کارکردگی

زیرِ جائزہ مدت کے دوران، کمپنی نے 2,124.45 ملین روپے (FY2020: 1,431.64 ملین روپے) کی ٹاپ لائن درج حاصل کی جو کہ گزشتہ سال کی اسی نو ماہی کے مقابلہ میں 48.4% اضافہ کا باعث بنی۔ اسی طرح مجموعی منافع نے بھی 27.4% کی بہتری ظاہر کی ہے۔ 36.83 ملین روپے کی چلنی لائن ٹیکس کے بعد منافع جو کہ گزشتہ سال کے مقابلے میں تین گنا زیادہ منافع میں اضافہ فراہم کرتے ہوئے حصص داران کے مفاد میں انتظامیہ کے عزم کی عکاسی کرتی ہے۔ کمپنی کی لیکویڈیٹی پوزیشن تمام مالی وعدوں کے ساتھ اپنے آپ کو برقرار رکھتے ہوئے، مارکیٹ کے منظر ناموں کے لئے مستحکم پلک کی علامت بھی ظاہر کرتی ہے۔ اس مالی سال کی آخری سہ ماہی کے دوران مارکیٹ کی صورتحال میں بہتری سے کمپنی کی مالی حالت کو مزید فروغ ملنے کی توقع کی جا رہی ہے۔

اعتراف

کمپنی کے ڈائریکٹرز کمپنی کی بہتری اور خوشحالی کے لئے مسلسل حمایت اور تعاون کے لئے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ

Tamara Ahmad

جمال احمد

چیف ایگزیکٹو

ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز اور خود اپنی طرف سے، میں آپ کو 30 جون 2021 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 پنجاب نے گنے کی امدادی قیمت 200 روپے فی من (FY2020: 190 روپے فی من) تک بڑھادی۔ پانی کی قلت کی وجہ سے محدود کاشت کے باعث بنیادی طور پر گنے کی فصل کی کم پیداوار کے ساتھ ملک میں چینی کی قلت کو روکنے کے نتیجے میں گنے کے آغاز سے ہی بلرز کے مابین سخت مسابقت کا باعث بنا۔ اس کی بدولت گنے کی قیمت خرید میں مجموعی طور پر امدادی قیمت سے تقریباً پینتالیس فیصد اضافے (FY2020: پندرہ (15) فیصد) کا سبب بنی ہے۔ موجودہ سال کے لئے چینی کی پیداوار تاریخی طلب کو پورا کرنے کے لئے کافی ہونے کا تخمینہ لگایا گیا ہے۔ تاہم، چینی کے اسٹاک کے خسارے کے تاثرات کو کم کرنے کے لئے حکومت نے ٹریڈنگ کارپوریشن آف پاکستان کے ذریعے چینی کی درآمد کے اقدامات اٹھائے ہیں۔ فنانس ایکٹ 2021 کے ذریعے حکومت نے ریٹیل پرائس پر چینی کی سپلائر کو قابل ٹیکس بناتے ہوئے چینی کو آکم ٹیکس آرڈیننس کے تیسرے شیڈول میں شامل کیا ہے۔ زیادہ ٹیکس کا یہ اثر مجموعی طور پر صارفین پر پڑے گا۔ چنانچہ مالی سال کی دوسری ششماہی میں چینی کی قیمتوں میں اضافہ ہونے کی توقع ہے۔ حکومت نے قیمتوں میں متوقع اضافے کی روک تھام کے لئے بھی اقدام اٹھائے ہیں اور مختلف کسٹروں کو 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۔

آپریشنل کارکردگی

سخت مقابلہ کے باوجود کرٹنگ سال 2020-21 کے دوران، کمپنی خطے کے اندر اپنے پاؤں پر قائم رہی اور کاشتکاروں کو بروقت ادا کیے گئے کو یقینی بناتے ہوئے پچیس فیصد اضافی گنا یعنی 533,722 میٹرک ٹن (FY2020: 425,433 میٹرک ٹن) کرش کرنے میں کامیاب رہی۔ اس کے علاوہ، کمپنی اپنے BMR کے مسلسل عمل کے ذریعے اپنی سکروس ریکوری کو 9.91% (FY2020: 9.67%) تک بڑھانے میں کامیاب رہی، جس کی بدولت پیداوار میں 28.61% کا اضافہ ہوا۔ نتیجتاً کرسٹلائزیشن چینی 52,925 میٹرک ٹن (FY2020: 41,150 میٹرک ٹن) حاصل ہوئی۔

جوہر آباد شوگر ملز لمیٹڈ نے ایک بار پھر کرٹنگ سیزن 2020-21 کے اختتام کے چوبیس (24) گھنٹوں کے اندرون اپنے گنے کے کاشتکاروں کو تمام واجبات ادا کرنے کا اعزاز حاصل کیا ہے۔ یہ خبر مورخہ 21 مارچ 2021 کو مقامی اخبارات میں بھی شائع ہوئی اور کمپنی نے اس کی توثیق کے لئے کین کمشنر پنجاب کے دفتر میں باقاعدہ درخواست گزاری ہے۔

Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2021

	Note	Un-audited Jun 30 2021	Audited Sep 30 2020
Rupees in thousand			
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,066,050	5,125,094
Intangible assets		144	173
Long term deposits		2,800	2,787
		5,068,994	5,128,054
Current assets			
Stores, spare parts and loose tools		85,218	91,673
Stock-in-trade		2,563,550	193,621
Loans and advances		138,428	69,598
Trade debts- unsecured considered good		130,831	1,346
Trade deposits and short term prepayments		7,902	3,103
Other receivables		22,220	31,341
Tax refunds due from the government		139,420	116,666
Short term investments		17,915	17,129
Cash and bank balances		416,919	223,834
		3,522,403	748,311
		8,591,397	5,876,365

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

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2021

	Note	Un-audited Jun 30 2021	Audited Sep 30 2020
Rupees in thousand			
Share Capital and Reserves			
Authorized share capital		700,000	700,000
Share capital			
Share capital		341,285	341,285
Capital reserves- share premium		372,403	372,403
Loan from sponsors		598,578	611,828
Revenue reserves- accumulated profits		519,180	481,288
Revaluation surplus on property, plant and equipment - net of tax	6	2,854,298	2,889,479
Total Equity		4,685,744	4,696,283
Non-current liabilities			
Long term loans from banking companies - secured	7	48,909	147,933
Deferred taxation		361,017	354,304
		409,926	502,237
Current liabilities			
Current portion of - long term loans from banking companies - secured	7	93,500	74,183
Short term borrowings - secured	8	2,950,331	198,321
Trade and other payables		293,923	345,925
Unclaimed dividend		1,524	1,157
Accrued mark-up		69,370	3,054
Provision for taxation		87,079	55,205
		3,495,727	677,845
Contingencies and commitments	9	-	-
		8,591,397	5,876,365

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

Lahore:
July 16, 2021



Jamal Ahmed
Chief Executive



Ghias Ul Hasan
Director



Imran Ilyas
Chief Financial Officer

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

For the nine month period ended June 30, 2021

	Note	Nine month period ended June 30		Three month period ended June 30	
		2021	2020	2021	2020
Rupees in thousand					
Sales - net	10	2,124,451	816,595	1,431,640	189,148
Cost of sales	11	(1,783,278)	(548,739)	(1,328,714)	(102,506)
Gross profit		341,173	267,856	102,926	86,642
Operating expenses:					
Administrative expenses		(116,436)	(107,056)	(19,122)	(17,809)
Distribution cost		(7,045)	(7,999)	(2,749)	(1,614)
		(123,481)	(115,055)	(21,871)	(19,423)
Operating profits		217,692	152,801	81,055	67,219
Finance cost		(145,109)	(140,700)	(56,209)	(51,256)
Other income		2,842	3,288	1,105	791
Profit before taxation		75,425	15,389	25,951	16,754
Taxation	12	(38,586)	(3,233)	(7,450)	790
Profit after taxation		36,839	12,156	18,501	17,544
Earnings per share (Rupees)					
Basic & diluted		1.08	0.36	0.54	0.51

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

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine month period ended June 30, 2021

	Nine month period ended June 30		Three month period ended June 30	
	2021	2020	2021	2020
Profit after taxation	36,839	12,156	18,501	17,544
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>36,839</u>	<u>12,156</u>	<u>18,501</u>	<u>17,544</u>

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

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine month period ended June 30, 2021

	Nine month period ended	
	2021	2020
	June 30	
	Rupees in thousand	
Cash flow from operating activities		
Profit before taxation	75,425	15,389
Adjustments for:		
Depreciation	101,869	86,396
Amortization	29	64
Exchange gain	-	(343)
Gain on disposal of property, plant and equipment	(238)	(1,085)
Provision for WPPF	2,604	661
Finance cost	145,109	140,700
	249,373	226,393
Profit before working capital changes	324,798	241,782
Working capital changes		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	6,455	(15,190)
Stock in trade	(2,369,929)	(2,082,525)
Loans and advances	(68,830)	1,228
Trade debts- unsecured considered good	(129,485)	269,775
Trade deposits and short term prepayments	(4,799)	(667)
Other receivables	9,121	(16,140)
	(2,557,467)	(1,843,519)
(Decrease)/increase in current liabilities		
Trade and other payables	(54,606)	(333,659)
Cash used in operations	(2,287,275)	(1,935,396)
Finance cost paid	(78,793)	(105,941)
Taxes paid	(22,754)	(15,258)
Dividend paid	(33,761)	(34,063)
Net cash used in operating activities	(2,422,583)	(2,090,658)

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

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the nine month period ended June 30, 2021

	Nine month period ended	
	2021	June 30 2020
	Rupees in thousand	
Cash flow from investing activities		
Addition to fixed assets	(42,994)	(162,003)
Long term deposits	(13)	(400)
Proceeds from sale of fixed assets	407	2,054
Net cash used in investing activities	(42,600)	(160,349)
Cash flow from financing activities		
Long term finances	(79,707)	(45,314)
Lease rentals paid	-	(139)
Loan from associates	(13,250)	(12,099)
Net cash used in financing activities	(92,957)	(57,552)
Net increase in cash and cash equivalents	(2,558,139)	(2,308,559)
Cash and cash equivalents at the beginning of the period	42,642	(350,070)
Cash and cash equivalents at the end of the period	(2,515,497)	(2,658,629)
Cash and cash equivalents comprise of following statement of financial position amounts:		
- Short term investments	17,915	16,887
- Cash and bank balances	416,919	42,279
- Short term borrowings	(2,950,331)	(2,717,795)
	(2,515,497)	(2,658,629)

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

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director


Imran Ilyas
Chief Financial Officer

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

For the nine month period ended June 30, 2021

	Share capital	Capital Reserves		Revenue Reserve	Loan from sponsors	Total
		Share premium	Revaluation surplus	Accumulated profits		
----- Rupees in thousand -----						
Balance as on October 01, 2019	341,285	372,403	1,301,433	274,136	610,677	2,899,934
Loss after taxation	-	-	-	12,156	-	12,156
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	12,156	-	12,156
Incremental depreciation for the period (net of tax)	-	-	(22,092)	22,092	-	-
Transactions made during the period	-	-	-	-	(12,099)	(12,099)
Final dividend paid for the year ended Sep 30, 2019 (Re. 1 per share)	-	-	-	(34,128)	-	(34,128)
Balance as on June 30, 2020	341,285	372,403	1,279,341	274,256	598,578	2,865,863
Balance as on October 01, 2020	341,285	372,403	2,889,479	481,288	611,828	4,696,283
Profit after taxation	-	-	-	36,839	-	36,839
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	36,839	-	36,839
Transfer of incremental depreciation (net of tax)	-	-	(35,181)	35,181	-	-
Transactions made during the period	-	-	-	-	(13,250)	(13,250)
Final dividend paid for the year ended Sep 30, 2020 (Re. 1 per share)	-	-	-	(34,128)	-	(34,128)
Balance as on June 30, 2021	341,285	372,403	2,854,298	519,180	598,578	4,685,744

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

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director


Imran Ilyas
Chief Financial Officer

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

1 Reporting entity

Jauharabad Sugar Mills Limited "the Company" 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.

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 comprise the condensed interim statement of financial position of the company as at June 30, 2021 and the related condensed interim statement of comprehensive income, the condensed interim statement of cash flows and the condensed interim statement of changes in equity together with the notes forming part thereof.

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) and Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended September 30, 2020. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of September 30, 2020, whereas comparatives for condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity and related notes are extracted from condensed interim financial statements of the Company for the nine month period ended June 30, 2020.

2.2 Basis of measurement

These condensed interim financial statements have 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.

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

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, 2020.

2.5 Significant changes in current reporting period

In the light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Company as at June 30, 2021. Consequently, there is no material impact on the recognition and measurement of assets and liabilities.

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 financial statements of the Company for the year ended September 30, 2020.

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.

Standards or interpretation	Effective date (beginning on or after)
Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS-37)	01 January 2022
Annual Improvements of IFRS Standards 2018-2020	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	01 January 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	01 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	01 January 2022
IFRS 17 Insurance Contracts	01 January 2023
Classification of Liabilities AS Current or non-current (Amendments to IAS 1)	01 January 2023
Amendments to IFRS 7	01 January 2023

4 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.

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

	Note	Un-audited Jun 30 2021 Rupees in thousand	Audited Sep 30 2020
5 Property, plant and equipment			
Property, plant and equipment	5.1	4,553,034	4,630,504
Capital work-in-progress	5.2	513,016	494,590
		<u>5,066,050</u>	<u>5,125,094</u>
5.1 Property, plant and equipment			
Balance at beginning of the period		4,630,504	2,829,629
Add: Revaluation surplus		-	1,770,199
Add: Additions during the period		24,568	142,667
Less: Book value of operating assets disposed - off during the period		(169)	(1,018)
		<u>4,654,903</u>	<u>4,741,477</u>
Depreciation charged during the period		(101,869)	(110,973)
		<u>4,553,034</u>	<u>4,630,504</u>
5.2 Capital work-in-progress includes mark-up capitalized amounting to Rs. Nil (September 30, 2020: Rs. 25.16 million).			
6 Revaluation surplus on property, plant and equipment - net of tax			
Land		2,054,688	2,054,688
Building		136,815	136,815
Plant and machinery		1,350,551	1,350,551
		<u>3,542,054</u>	<u>3,542,054</u>
Less: Accumulated incremental depreciation		(359,013)	(309,463)
		<u>3,183,041</u>	<u>3,232,591</u>
Less: Deferred tax liability			
Opening balance		343,112	200,326
Deferred tax liability on addition in revaluation surplus		-	154,202
Incremental depreciation for the period		(14,370)	(11,416)
		<u>328,742</u>	<u>343,112</u>
		<u>2,854,299</u>	<u>2,889,479</u>
7 Long term loans from banking companies - secured			
Soneri Bank Limited	7.1	-	60,405
Al Baraka Bank (Pakistan) Limited	7.2	82,975	95,585
Faysal Bank Limited	7.3	59,434	66,126
		<u>142,409</u>	<u>222,116</u>
Less: Current portion		(93,500)	(74,183)
		<u>48,909</u>	<u>147,933</u>

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

7.1 Soneri Bank Limited - Term Finance

This included 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% incurred from equity resources and rest of Rs. 350 million arranged from bank's borrowing i.e. Rs. 200 million from Soneri Bank Limited and Rs. 150 million from Al Baraka Bank (Pakistan) Limited. (Refer to note 7.2)

Principal repayment

The said loan has been repaid.

Rate of return

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

Security

This loan was 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 also 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.

Principal repayment

The loan is to be repaid in 12 quarterly instalments 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 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, Further corporate guarantee of Cane Processing (Private) Limited (Holding Company) and personal guarantees of the directors/sponsors of the Company.

7.3 Faysal Bank Limited - Mark-up bearing finance from conventional bank

This represents long term loan obtained from SBP through Faysal Bank under Islamic refinance scheme against sanctioned limit of Rs. 110 million for payment of wages & salaries to the workers and employees of company via SBP IH&SMEFD circular no 07 of 2020.

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

Principal repayment

The loan is to be repaid in quarterly instalments starting from March 2021 within 2.5 years including 6 month of grace period.

Rate of return

It carries profit at the rate of matching SBP base rate plus 300 bps per annum and applicable rental is payable without any grace period.

Security

This loan is secured by charge over all fixed assets (present and future) of the Company and corporate guarantee of Cane Processing (Private) Limited (Holding Company) and personal guarantees of the directors/sponsors of the Company.

8 Short term borrowings - secured	Sanction limit (Rupees in '000')	Note	Un-audited Jun 30 2021	Audited Sep 30 2020
Mark-up based borrowings from Conventional Banks				
Running finance	250,000	8.1	245,914	198,321
Cash finance	2,000,000	8.1	1,249,760	-
	2,250,000		1,495,674	198,321
Islamic mode of financing				
Murabaha finance	500,000	8.2	499,948	-
Bai Salam / Istisna	1,350,000	8.2	954,709	-
	1,850,000		1,454,657	-
	4,100,000		2,950,331	198,321

- 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. 2.25 billion (2020: Rs. 2.25 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, pledge of share of company, 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.1.85 billion (2020: Rs. 1.15 billion).

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

9 Contingencies and commitments

9.1 Contingencies

There is no material change in contingencies from the preceding period's audited financial statements of the Company for the year ended 30 September 2020.

9.2 Commitments

Commitments in respect of irrevocable letter of credits for stores and spares at the period end is Rs. 37.47 million (September 30, 2020: Rs. 46.92 million).

10 Sales - net	Un-audited Nine month period ended June 30		Un-audited Three month period ended June 30	
	2021	2020	2021	2020
	Rupees in thousand			
Local	2,448,204	917,980	1,674,942	222,410
Less:				
Sales tax	(323,331)	(100,815)	(243,302)	(33,049)
Commission	(422)	(570)	-	(213)
	<u>2,124,451</u>	<u>816,595</u>	<u>1,431,640</u>	<u>189,148</u>
11 Cost of sales				
Raw material cane purchased and consumed	3,789,666	2,327,091	17	60
Salaries, wages and other benefits	104,626	84,910	22,775	12,861
Chemicals, fuel, lubes and packing material	65,868	53,930	238	87
Manufacturing expenses	93,188	80,601	12,469	5,027
Depreciation	99,832	84,668	33,169	30,541
Amortization	28	63	-	21
	<u>4,153,208</u>	<u>2,631,263</u>	<u>68,668</u>	<u>48,597</u>
Opening Work in Process	3,810	2,674	3,847	3,413
Closing Work in Process	(3,847)	(3,413)	(3,847)	(3,413)
	<u>4,153,171</u>	<u>2,630,524</u>	<u>68,668</u>	<u>48,597</u>
Cost of goods manufactured	4,153,171	2,630,524	68,668	48,597
Opening stock of finished goods	189,811	387,328	3,819,750	2,523,022
	<u>4,342,982</u>	<u>3,017,852</u>	<u>3,888,418</u>	<u>2,571,619</u>
Closing stock of finished goods	(2,559,704)	(2,469,113)	(2,559,704)	(2,469,113)
Cost of sales	<u>1,783,278</u>	<u>548,739</u>	<u>1,328,714</u>	<u>102,506</u>

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

12 Taxation

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

13 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 30, 2020.

14 Transactions with related parties

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

Party Name	Relationship	Nature of transaction	Un-audited Jun 30 2021 Rupees in thousand	Audited Sep 30 2020
Employees benefit- Provident Fund Trust	Employee benefit Fund	-Provident fund contribution paid	2,841	1,415
Shahida Mazhar	Immediate family member of sponsor	-Loan received during the period -Loan repaid during the period	- 111,750	- -
Ahsan Latif	Chief Operating Officer	-Loan received during the period -Loan repaid during the period	150,000 150,000	- -
Loan from sponsors				
Cane Processing (Pvt.) Limited	Holding Company	-Loan received during the period -Loan repaid during the period -Dividend paid	- 6,531 21,726	- 176 21,726
Ghazala Amjad	Chief Executive Officer of holding Company (Cane Processing (Private) Limited)	-Loan received during the period -Loan repaid during the period -Dividend paid	366,000 418,750 3,176	- 12,000 3,176

Notes to the Condensed Interim Financial Statements

For the nine month period ended June 30, 2021

15 Date of authorization

These un-audited condensed interim financial statements were authorized for issue on July 16, 2021 by the Board of Directors of the Company.

16 General

16.1 Figures of previous period 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.

Lahore:
July 16, 2021


Jamal Ahmed
Chief Executive


Ghias Ul Hasan
Director









Imran Ilyas
Chief Financial Officer










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