



Second Quarter Report March 31, 2022 (Un-audited)

FY2022 | GROWTH & PROGRESSION ►

Table of Contents

Corporate Information	02
Financial Highlights	03
Directors' Report	04
Directors' Report (in Urdu Language)	07
Auditors' Review Report	08
Condensed Interim Statement of Financial Position	10
Condensed Interim Statement of Profit or Loss	12
Condensed Interim Statement of Comprehensive Income	13
Condensed Interim Statement of Cash Flows	14
Condensed Interim Statement of Changes in Equity	16
Notes to the Condensed Interim Financial Statements	17
Jama Punji Information	

Corporate Information

Board of Directors

Mr. Syed Anwar Hussain Shahid
Mr. Farhan Ilyas
Mr. Muhammad Aamir Beg
Ms. Faiza Iftikhar
Mr. Ghias-ul-Hasan
Mr. Kamran Zahoor
Mr. Saif-ur-Rehman

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

Audit Committee

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

Chairman
Member
Member

Human Resource Committee

Mr. Muhammad Aamir Beg
Mr. Syed Anwar Hussain Shahid
Mr. Ghias-ul-Hasan

Chairman
Member
Member

Chief Financial Officer

Mr. Imran Ilyas

Company Secretary

Mr. Al-Yousuf

Head of Internal Audit

Mr. Syed Muhammad Usman Afzaal

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

Registered Address

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

Mills

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

Bankers of the Company

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

Islamic Bankers of the Company

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

National Tax Number

0225972-9

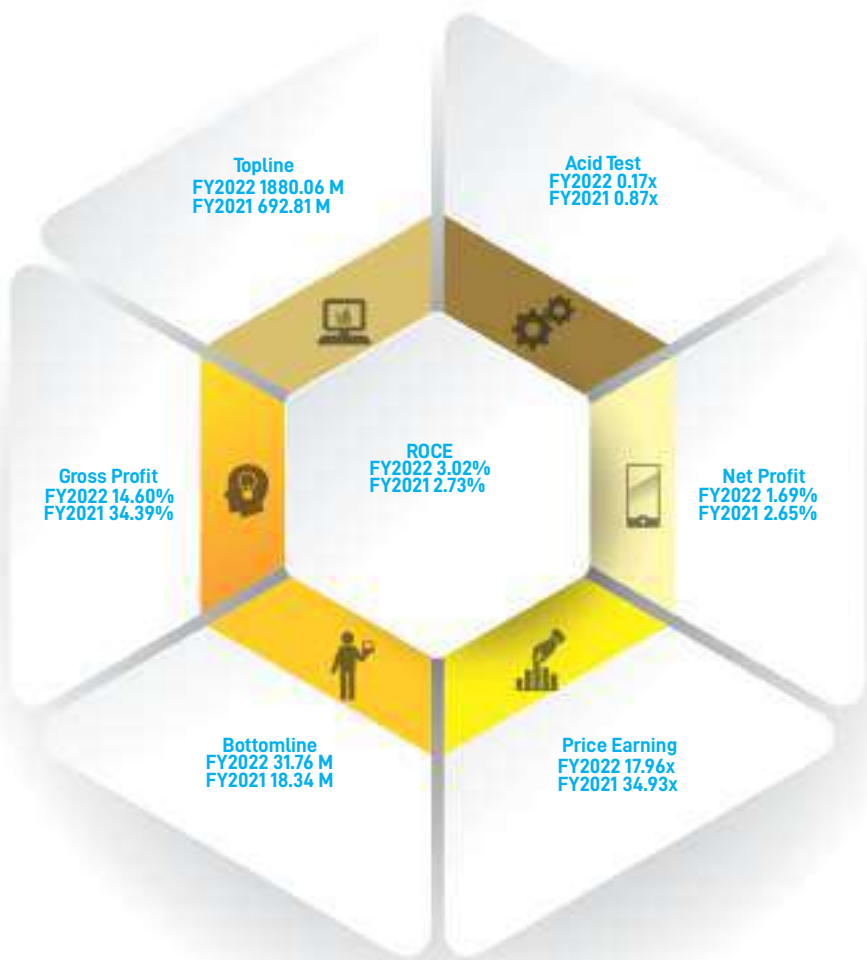
Sales Tax Registration Number

0409170300137

Company Website

www.jsml.com.pk

Financial Highlights



Directors' Report

For the six months period ended March 31, 2022

Dear Members, Assalam-O-Alaikum

On behalf of the Board of Directors and myself, I am pleased to present before you the un-audited interim financial statements of the Company for the second quarter ended on March 31, 2022 that has duly been reviewed by the external auditors.

Sector Overview

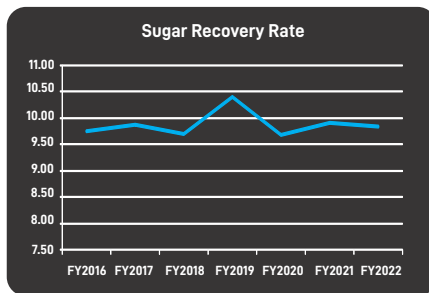
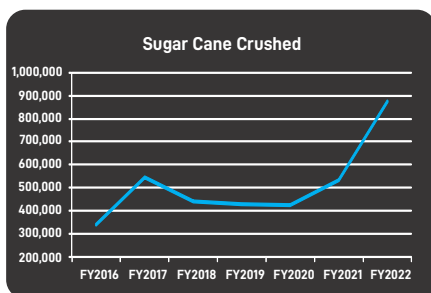
In crushing year 2021/22 sugarcane production is forecasted at 89 million metric tons, up by ten percent from the CY2020/21, due to increase in cultivated area and sugarcane yields. This year sugarcane support price remained favorable for growers with an increase of Rs. 25/maund throughout the Country. The government also made mandatory to pay sugarcane grower into their bank accounts within 15 days of date of procurement. Based on favorable minimum support price coupled with incentive over the support price from sugar sector has encouraged additional area cultivation shifting farmers from other crops for next season. Sugar production is forecasted at 7.2 million metric tons due to significant increases in sugarcane production. Sugar consumption for the same year is forecast at 5.9 million metric tons, three percent higher than last year's consumption, resulting in 1.3 million metric tons surplus stocks creating opportunity to attract foreign exchange of USD 0.7 billion by export. Sugar prices during the ensuing year has remained depressed mainly due to surplus sugar production within the country. Government through SRO # 1027(I)2021 has fixed minimum price of Rs.72.22/KG for the purpose of sales tax resulting in higher amount of sales tax to be borne by customer due to current depressed market price of sugar. Rough estimate of 0.5% of additional sales tax is to be charged on the current price as per SRO on current market price. Prices are expected to rise in later half of the financial year to counter the effect of minimum sales tax price fixed by the Government and to foster a better financial result for the sugar sector. Further, the current political uncertainty within the country coupled with government's pricing and management policies related to sugar price, is influencing the decisions of sugar producers to distribute product.

Operating Performance

The crushing season 2021/22 commenced on November 18, 2021 and ended on April 12, 2022. During the crushing season, 872,378 MT [FY 2020-21: 533,772 MT] of sugarcane was crushed with average sucrose recovery of 9.83 % [FY 2020-21: 9.91%] whereas sugar production for the season remained at 85,774 MT which is 67.74% higher than the last crushing season, mainly due to optimum utilization of machinery, availability of sugarcane and fewer stoppage caused by effective BMR and proper planning for smooth operation and just in time strategy for availability of basic raw material.

Few highlights for the crushing season with corresponding period are as under;

For Crushing Season ended as on		April 12 2022	Mar 18 2021
Season Start	Date	18 Nov 21	15 Nov 20
Working Days	Days	146	124
Sugar Cane Crushed	M. Tons	872,378	533,772
Sugar Produced	M. Tons	85,774	52,925
Sugar Recovery	Percentage	9.83%	9.91%
Molasses Produced	M. Tons	34,909	22,923
Molasses Recovery	Percentage	4.00%	4.23%



The Company Management is extremely content and feel grateful to Almighty that the Company once again has kept its tradition of paying its liability withing 24 hours of closing its crushing season 2021/22 and has also published the same in local newspapers.

Financial Performance

The Company posted encouraging results that are in line with the set objectives. During second quarter, the Company achieved net sales of Rs. 1,880 million, an increase of 171.37% as compared to last year on account of growth in sales volumes and better sales mix of by-products. Despite increase in sales volume, the gross profit decline to 14.60% due to increase in material prices of sugarcane and other related services. Administrative expenses rose by 16.65% mainly due to effects of continued inflation and increase in personnel cost. Financial charges of Rs. 95.41 million were 7.32% higher than the comparative period. Resultantly, the Company achieved profit after tax of Rs. 31.76 million, representing an increase of 73.20%. This translated into Earnings per Share (EPS) of Rs. 0.93 against Rs. 0.54 for the corresponding period of last year.

Auditors Report

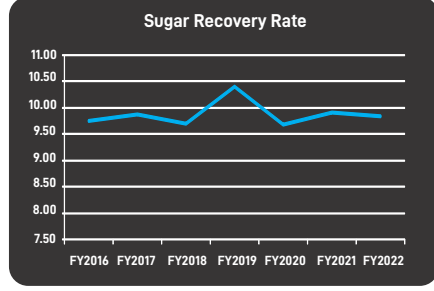
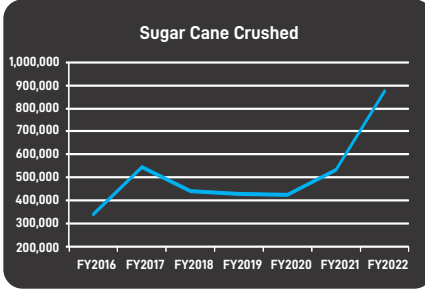
Auditors of the company are satisfied with the financial performance and its statements thereby authorized issuance of condensed interim financial statements to its members.

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

For & Behalf of Board

Syed Anwar Hussain Shahid
Chief Executive

9.91%	9.83%	فیصد	چینی کی ریکوری
22,923	34,909	میٹرک ٹن	مولاس کی پیداوار
4.23%	4.00%	فیصد	مولاس کی ریکوری



کمپنی کی انتظامیہ انتہائی مطمئن اور اللہ تعالیٰ کی شکرگزار ہے کہ کمپنی نے ایک بار پھر کرشنک سیزن 2021/22 کے ختم ہونے کے 24 گھنٹے کے اندر اپنی ذمہ داری ادا کرنے کی روایت کو برقرار رکھا ہے اور اسے مقامی اخبارات میں بھی شائع کیا گیا ہے۔

مالیاتی کارکردگی

کمپنی نے حوصلہ افزا نتائج درج کیے جو مقررہ مقاصد کے مطابق ہیں۔ دوسری سہ ماہی کے دوران، کمپنی نے 1,880 ملین روپے کی خالص فروخت حاصل کی، فروخت حجم میں نمو اور ضمنی مصنوعات کے بہتر سیکڑس کی وجہ سے گزشتہ سال کے مقابلے میں 171.37 فیصد کا اضافہ ہوا۔ فروخت حجم میں اضافے کے باوجود، گئے اور دیگر متعلقہ خدمات کی مادی قیمتوں میں اضافے کی وجہ سے مجموعی منافع 14.60 فیصد تک کم ہو گیا۔ انتظامی اخراجات میں 16.65 فیصد اضافہ ہوا جس کی بنیادی وجہ مسلسل افراط زر اور عملے کی لاگت میں اضافہ ہے۔ مالیاتی چارجز 95.406 ملین روپے تقابلی مدت کے مقابلے میں 7.32 فیصد زیادہ تھے۔ نتیجتاً، کمپنی نے 31.762 ملین روپے کا بعد از ٹیکس منافع حاصل کیا، جو 73.20 فیصد کا اضافہ ظاہر کرتا ہے۔ اس کے نتیجے میں شیئر آمدنی (EPS) گزشتہ سال کی اسی مدت کے لیے 0.54 روپے کے برعکس 0.93 روپے ہوئی۔

آڈیٹر کی رپورٹس

کمپنی کے آڈیٹرز مالیاتی کارکردگی اور اس کے حسابات سے مطمئن ہیں لہذا اپنے ارکان کو کنڈینسڈ عبوری مالیاتی حسابات جاری کرنے کی اجازت دیتے ہیں۔

مالیاتی رپورٹنگ مدت کے اختتام اور ڈائریکٹر کی رپورٹ کی تاریخ کے درمیان آپ کی کمپنی کی مالی پوزیشن پر اثر انداز ہونے والی کوئی مادی تبدیلیاں اور عزائم واقع نہیں ہوئے ہیں۔

منجانب: بورڈ آف ڈائریکٹرز

 سید انوار حسین شاہد
 چیف ایگزیکٹو

ڈائریکٹرز کی جائزہ رپورٹ

محترم اراکین، اسلام علیکم

بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 مارچ 2022 کو ختم ہونے والی پہلی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ ششماہی مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہوں جن کا بیرونی آڈیٹرز نے باقاعدگی سے جائزہ لیا ہے۔

سیکٹر کا جائزہ

کرشنگ سال 2021/22 میں گئے کی پیداوار 89 ملین میٹرک ٹن ہونے کی پیش گوئی کی گئی ہے، جو کہ کاشت شدہ رقبہ اور گنے کی پیداوار میں اضافے کی وجہ سے، مالی سال 2020/21 سے دس فیصد زیادہ ہے۔ اس سال گنے کی امدادی قیمت پورے ملک میں 25 روپے فی من کے اضافے کے ساتھ کاشتکاروں کے لیے سازگار رہی۔ حکومت نے گنے کے کاشتکاروں کو خریداری کی تاریخ کے 15 دنوں کے اندر ان کے بینک کھاتوں میں ادائیگی کرنے کو بھی لازمی قرار دیا ہے۔ کم از کم امدادی قیمت سازگار ہونے کی بنیاد پر چینی کے شعبے کی جانب سے امدادی قیمت پرمراعات کے ساتھ ساتھ اگلے سیزن کے لیے کسانوں کی دوسری فصلوں سے منتقل کرنے والے اضافی رقبے کی کاشت کی حوصلہ افزائی ہوئی ہے۔ گنے کی پیداوار میں نمایاں اضافے کی وجہ سے چینی کی پیداوار 7.2 ملین میٹرک ٹن ہونے کی پیش گوئی کی گئی ہے۔ اسی سال چینی کی کھیت 5.9 ملین میٹرک ٹن ہونے کی پیش گوئی کی گئی ہے، جو گزشتہ سال کی کھیت سے تین فیصد زیادہ ہے، جس کے نتیجے میں 1.3 ملین میٹرک ٹن اضافی اسٹاک برآمد کے ذریعے 0.7 بلین امریکی ڈالر کا زرمبادلہ حاصل کرنے کا موقع فراہم کرتا ہے۔ ملک کے اندر چینی کی اضافی پیداوار کی وجہ سے آئندہ سال کے دوران چینی کی قیمتیں کم رہیں۔ حکومت نے 2021 (SRO#1027(I)) کے ذریعے سیلز ٹیکس کے مقصد کے لیے کم از کم قیمت 72.22 فی کلوگرام مقرر کی ہے جس کے نتیجے میں چینی کی موجودہ گراؤ والی مارکیٹ قیمت کی وجہ سے صارفین کو زیادہ سیلز ٹیکس برداشت کرنا پڑے گا۔ موجودہ مارکیٹ قیمت پر SRO کے مطابق موجودہ قیمت پر چارج کیے جانے والے اضافی سیلز ٹیکس کا تخمینہ 0.5% لگایا جاتا ہے۔ حکومت کی طرف سے مقرر کردہ کم از کم سیلز ٹیکس کی قیمت کے اثر کا مقابلہ کرنے اور چینی کے شعبے کے لیے بہتر مالیاتی نتائج کو فروغ دینے کے لیے مالی سال کی دوسری ششماہی کے آخر میں قیمتوں میں اضافے کی توقع ہے۔ مزید برآں، ملک کے اندر موجودہ سیاسی غیر یقینی صورتحال اور چینی کی قیمت سے متعلق حکومت کی قیمتوں کا تعین اور اختطامی پالیسیاں، چینی پیدا کرنے والوں کے مصنوعات کی تقسیم کے فیصلوں کو متاثر کر رہی ہیں۔

آپریٹنگ کارکردگی

کرشنگ سیزن 2021/22 18 نومبر 2021 کو شروع اور 12 اپریل 2022 کو ختم ہوا۔ کرشنگ سیزن کے دوران، کمپنی نے 9.832 فیصد [مالی سال 2020-21: 9.91 فیصد] کی اوسط سکروس ریکوری کے ساتھ 872,378 میٹرک ٹن [مالی سال 2020-21: 533,772 میٹرک ٹن] گنا کرش کیا جبکہ سیزن کے لئے چینی کی پیداوار 85,774 میٹرک ٹن رہی، جو گزشتہ کرشنگ سیزن کی پیداوار سے 67.74 فیصد زیادہ ہے، جو بنیادی طور پر مشینری کے زیادہ سے زیادہ استعمال، گنے کی دستیابی اور مؤثر ٹی ایم آر کے باعث چند stoppage اور ہموار آپریشن اور بنیادی خام مال کی دستیابی کے لئے بروقت مناسب منصوبہ بندی کی بدولت ہے۔ گزشتہ مدت کے ساتھ موجودہ کرشنگ سیزن کی چند جھلکیاں مندرجہ ذیل ہیں:

برائے کرشنگ سیزن مختتمہ	12 اپریل 2022	18 مارچ 2021
سیزن کا آغاز	18 نومبر 21	15 نومبر 20
کام کے دن	146	124
گنے کی کرشنگ	872,378	533,772
چینی کی پیداوار	85,774	52,925
تاریخ		
دن		
میٹرک ٹن		
میٹرک ٹن		

Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Jauharabad Sugar Mills Limited** ("the Company") as at March 31, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of interim Financial Information Performed by the Independent Auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended March 31, 2022, have not been reviewed and we do not express a conclusion on them.

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

On behalf of Board


UHY Hassan Naeem & Co.
Chartered Accountant

Lahore May 27, 2022



Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2022

	Note	Un-audited Mar 31 2022 Rupees in thousand	Audited Sep 30 2021
Assets			
Non-current assets			
Property, plant and equipment	5	5,261,290	5,122,359
Intangible assets		97	116
Long term deposits		2,800	2,800
		<u>5,264,187</u>	<u>5,125,275</u>
Current assets			
Stores, spare parts and loose tools		154,431	95,465
Stock-in-trade		3,815,757	93,461
Loans and advances		178,043	214,564
Trade debts- unsecured considered good		193,848	573
Trade deposits and short term prepayments		13,725	8,697
Other receivables		22,221	22,221
Tax refunds due from the government		114,170	86,147
Short term investments		18,038	17,687
Cash and bank balances		132,934	68,442
		<u>4,643,167</u>	<u>607,257</u>
		<u>9,907,354</u>	<u>5,732,532</u>

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

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Financial Position (Un-audited)

As at March 31, 2022

	Note	Un-audited Mar 31 2022 Rupees in thousand	Audited Sep 30 2021
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		613,720	594,462
Loan from sponsors		629,047	610,097
Revaluation surplus on property, plant and equipment - net of tax	6	2,822,304	2,843,928
Total Equity		4,778,759	4,762,175
Non-current liabilities			
Long term loans from banking companies - secured	7	-	20,748
Liability against assets subject to finance lease		5,657	-
Deferred liabilities		364,222	360,478
		369,879	381,226
Current liabilities			
Trade and other payables		998,033	232,536
Unclaimed dividend		1,899	1,510
<i>Current portion of:</i>			
- Long term loans from banking companies - secured	7	71,249	94,886
- Liability against assets subject to finance lease		1,144	-
- Deferred liabilities		3,564	4,733
Accrued mark-up		73,769	3,681
Short term borrowings - secured	8	3,523,916	190,166
Provision for taxation		85,142	61,619
		4,758,716	589,131
Contingencies and commitments	9	9,907,354	5,732,532

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

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

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

For the half year ended March 31, 2022

		Six month period ended March 31		Three month period ended March 31	
	Note	2022	2021	2022	2021
Rupees in thousand					
Sales - net	10	1,880,060	692,811	1,130,218	534,024
Cost of sales	11	(1,605,539)	(454,564)	(947,714)	(347,897)
Gross profit		274,521	238,247	182,504	186,127
Operating expenses:					
Administrative Expenses		(113,512)	(97,314)	(70,194)	(59,710)
Distribution Cost		(4,008)	(4,296)	(391)	(2,151)
		(117,520)	(101,610)	(70,585)	(61,861)
Operating profit		157,001	136,637	111,919	124,266
Finance cost		(95,406)	(88,900)	(82,332)	(81,441)
Other (expense) / income		(1,376)	1,737	(1,231)	2,028
Profit before taxation		60,219	49,474	28,356	44,853
Taxation	12	(28,457)	(31,136)	(21,769)	(33,547)
Profit after taxation		31,762	18,338	6,587	11,306
Earnings per share (Rupees)					
Basic & diluted		0.93	0.54	0.19	0.33

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

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended March 31, 2022

	Six month period ended March 31		Three month period ended March 31	
	2022	2021	2022	2021
	Rupees in thousand			
Profit after taxation	31,762	18,338	6,587	11,306
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	31,762	18,338	6,587	11,306

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

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended March 31, 2022


	Six month period ended March 31	
	2022	2021
	Rupees in thousand	
Cash flow from operating activities		
Profit before taxation	60,219	49,474
Adjustments for:		
Depreciation	67,947	68,023
Amortization	19	29
Loss/(gain) on disposal of property, plant and equipment	29	134
Provision for WPPF	3,232	2,604
Government grant	(2,360)	-
Finance cost	95,406	88,900
	164,273	159,690
Profit before working capital changes	224,492	209,164
Working capital changes		
Stores, spare parts and loose tools	(58,966)	4,424
Stock in trade	(3,722,296)	(3,629,976)
Loans and advances	36,521	(30,214)
Trade debts- unsecured considered good	(193,272)	(22,918)
Trade deposits and short term prepayments	(5,028)	(5,474)
Other receivables	-	9,121
Trade and other payables	762,265	(150,027)
	(3,180,776)	(3,825,064)
Cash used in operations	(2,956,284)	(3,615,900)
Finance cost paid	(24,955)	(29,002)
Taxes paid	(28,023)	(7,203)
Dividend paid	(33,739)	(33,760)
Net cash used in operating activities	(3,043,001)	(3,685,865)

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

Lahore:
May 27, 2022


Syed Anwar Hussain
Chief Executive


Ghias-ul-Hasan
Director


Imran Ilyas
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-audited)

For the half year ended March 31, 2022

	Six month period ended March 31	
	2022	2021
	Rupees in thousand	
Cash flow from investing activities		
Addition to fixed assets	(198,887)	(38,257)
Long term deposits	-	(13)
Proceeds from sale of fixed assets	34	35
Net cash generated (used in) investing activities	(198,853)	(38,235)
Cash flow from financing activities		
Long term finances	(44,385)	(57,192)
Lease rentals paid	(1,618)	-
Loan from associates	18,950	(58,251)
Net cash generated from financing activities	(27,053)	(115,443)
Net increase in cash and cash equivalents	(3,268,907)	(3,839,542)
Cash and cash equivalents at beginning of the period	(104,037)	42,642
Cash and cash equivalents at the end of the period	(3,372,944)	(3,796,900)
Cash and cash equivalents comprise of following statement of financial position amounts:		
- Short term investments	18,038	17,659
- Cash and bank balances	132,934	274,045
- Short term borrowings	(3,523,916)	(4,088,604)
	(3,372,944)	(3,796,900)

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

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

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

For the half year ended March 31, 2022

	Share capital	Share premium	Accumulated profits	Revaluation surplus	Loan from sponsors	Total
	Rupees in thousand					
Balance as on October 01, 2020	341,285	372,403	481,288	2,889,479	611,828	4,696,283
Profit after taxation	-	-	18,338	-	-	18,338
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	18,338	-	-	18,338
Transactions made during the period	-	-	-	-	(58,251)	(58,251)
Incremental depreciation for the period	-	-	23,527	(23,527)	-	-
Final dividend paid for the year ended September 30, 2020 (Rs. 1 per share)	-	-	(34,128)	-	-	(34,128)
Balance as on March 31, 2021	341,285	372,403	489,025	2,865,952	553,577	4,622,242
Balance as on October 01, 2021	341,285	372,403	594,462	2,843,928	610,097	4,762,175
Profit after taxation	-	-	31,762	-	-	31,762
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	31,762	-	-	31,762
Transactions made during the period	-	-	-	-	18,950	18,950
Transfer of incremental depreciation (net of tax)	-	-	21,624	(21,624)	-	-
Final dividend paid for the year ended September 30, 2021 (Rs. 1 per share)	-	-	(34,128)	-	-	(34,128)
Balance as on March 31, 2022	341,285	372,403	613,720	2,822,304	629,047	4,778,759

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

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

Notes to the Condensed Interim Financial Statements

For the half year ended March 31, 2022

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 comprise the condensed interim statement of financial position of the company as at March 31, 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, 2021. 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 Six month period ended March 30, 2021.

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, 2021.

Notes to the Condensed Interim Financial Statements

For the half year ended March 31, 2022

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, 2021.
- 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 Mar 31 2022 Rupees in thousand	Audited Sep 30 2021
5 Property, plant and equipment			
Property, plant and equipment	5.1	4,645,964	4,580,857
Capital work-in-progress		615,326	541,502
		<u>5,261,290</u>	<u>5,122,359</u>
5.1 Property, plant and equipment			
Balance at beginning of the period / year		4,580,857	4,630,507
Add: Additions during the period / year		133,118	92,137
Less: Book value of operating assets disposed - off during the period / year		(64)	(6,085)
		<u>4,713,911</u>	<u>4,716,559</u>
Depreciation charged during the period / year		<u>(67,947)</u>	<u>(135,702)</u>
		<u>4,645,964</u>	<u>4,580,857</u>
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		1,350,552	1,350,552
		<u>3,542,055</u>	<u>3,542,055</u>
Less: Accumulated incremental depreciation		<u>(404,078)</u>	<u>(373,621)</u>
		<u>3,137,977</u>	<u>3,168,434</u>
Less: Deferred tax liability			
Opening balance		324,506	343,112
Incremental depreciation for the period		<u>(8,833)</u>	<u>(18,606)</u>
		<u>315,673</u>	<u>324,506</u>
		<u>2,822,304</u>	<u>2,843,928</u>
7 Long term loans from banking companies - secured			
Al Baraka Bank Pakistan Limited	7.1	43,256	70,023
Faysal Bank Limited	7.2	27,993	45,611
		<u>71,249</u>	<u>115,634</u>
Less: Current portion		<u>(71,249)</u>	<u>(94,886)</u>
		<u>-</u>	<u>20,748</u>

Notes to the Condensed Interim Financial Statements

For the half year ended March 31, 2022

7.1 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 3 month KIBOR plus 3.00 % 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.

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

This represents long term loan obtained from SBP through Faisal 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.

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 3.00 % per annum and applicable rental is payable without any grace period.

Security

This loan is secured by charged 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.

The Loan from sponsors of the Company are subordinated under subordination agreement.

	Sanction limit 'Rupees in thousand'	Note	Un-audited Mar 31 2022 Rupees in thousand	Audited Sep 30 2021
8 Short term borrowings - secured				
Mark-up based borrowings from Conventional Banks				
Running finance	250,000	8.1	186,674	190,166
Cash finance	2,200,000	8.1	1,847,527	-
	2,450,000		2,034,201	190,166
Islamic mode of financing				
Murabaha finance	690,000	8.2	689,825	-
Bai salam / Istisna	1,350,000	8.2	799,890	-
	2,040,000		1,489,715	-
	4,490,000		3,523,916	190,166

Notes to the Condensed Interim Financial Statements

For the half year ended March 31, 2022

- 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 + 2.50% to 3 months KIBOR + 2.00% / 2.50% per annum payable quarterly.

The aggregate available short term funded facilities amounts to Rs. 2.45 billion (2021: 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 shares 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.2.04 billion (2021: Rs. 1.85 billion).

9 Contingencies and commitments

9.1 Contingencies

The following are known contingencies as on March 31, 2022.

- 9.1.1 Since Federal Excise Duty (FED) is leviable on goods produced or manufactured, therefore, FED is not leviable on sale of sugar produced prior to the Finance Bill, 2011. Hence, FED amounting to Rs. 58.88 million has not been accounted for in these financial statements. The Company has filed a writ petition in the Honorable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of Rs. 58.88 million.
- 9.1.2 The Income Tax Department raised a demand of Rs. 197.07 million on account of non-deduction of tax while making payment to sugar cane suppliers. The demand was deleted by the Commissioner appeals except for Rs. 5.9 million which was confirmed under section 34(5) of the Income Tax Ordinance, 2001. However, the Department has filed an appeal against the Commissioner's order. The Company is hopeful that the tribunal's decision will be in its favour.
- 9.1.3 The Company has filed a writ petition against the amendments of Finance Act 2014 on "Alternate Corporate Taxes", implication on Tax Year 2013 of Company against which a demand of Rs.50.26 million has been established, the said amendments would not be implemented as the income realized was before the said amendments, amendments become applicable after July 1, 2014.
- 9.1.4 The Company has filed an appeal and stay application before Commissioner Inland Revenue (Appeals-I) against demand of Rs. 82.16 million created by Assistant Commissioner Inland Revenue vide order under section 161(1A)/205(3) which is decided in favour of the Company creating the demand of Rs.1.37 million. The Department has filed an appeal before ATIR against the decision.
- 9.1.5 Assessment proceedings against notice under section 177 were concluded by DCIR creating demand of Rs. 133 million. The Company being aggrieved filed an appeal before CIR(A). CIR(A) confirmed the action of DCIR. The Company filed an appeal before ATIR. The order of which is still awaited. The Company is hopeful that decision will be in its favour.

Notes to the Condensed Interim Financial Statements

For the half year ended March 31, 2022

9.1.6 Demand was raised by ADCIR under section 122 (5A) amounting to Rs. 237 million. The Company filed an appeal before CIR(A). The CIR(A) remanded back the case to the ADCIR. The Company filed an appeal before ATIR. The appeal is pending for adjudication.

9.1.7 The DCIR levied penalty amounting to Rs. 1 million under section 33(25) read with rule 150 ZQT(2) of the Sales Tax Act, 1990. The Company filed an appeal before CIR(A) which is pending for adjudication.

9.2 Commitments

Commitments in respect of irrevocable letter of credits for stores and spares at the period end is Nil (September 30, 2021: Rs. 100.00 million).

	Un-audited Six month period ended March 31		Un-audited Three month period ended March 31	
	2022	2021	2022	2021
	Rupees in thousand			
10 Sales - net				
Local	2,157,761	773,262	1,297,173	587,241
Export	-	-	-	-
	2,157,761	773,262	1,297,173	587,241
Less:				
Sales tax	(275,942)	(80,029)	(166,080)	(53,000)
Commission	(1,759)	(422)	(875)	(217)
	1,880,060	692,811	1,130,218	534,024
11 Cost of sales				
Raw material cane purchased and consumed	4,977,430	3,789,649	3,545,984	3,049,189
Salaries, wages and other benefits	95,068	81,851	58,460	50,665
Chemicals, fuel, lubes and packing material	109,336	65,630	86,041	55,163
Manufacturing expenses	79,393	80,719	40,862	50,081
Depreciation	66,588	66,663	33,531	33,626
Amortization	19	28	9	14
	5,327,834	4,084,540	3,764,887	3,238,738
Opening work-in-process	3,752	3,810	35,884	49,055
Closing work-in-process	(76,146)	(3,847)	(76,146)	(3,847)
Cost of goods manufactured	5,255,440	4,084,503	3,724,625	3,283,946
Opening stock of finished goods	89,709	189,811	962,699	883,701
	5,345,149	4,274,314	4,687,324	4,167,647
Closing stock of finished goods	(3,739,610)	(3,819,750)	(3,739,610)	(3,819,750)
	1,605,539	454,564	947,714	347,897

12 Taxation

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

Notes to the Condensed Interim Financial Statements

For the half year ended March 31, 2022

13 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:

Relationship	Nature of transaction	Un-audited Mar 31 2022 Rupees in thousand	Audited Sep 30 2021
Post employment benefit plan	Provident fund contribution paid	(2,154)	(3,088)
Cane Processing (Pvt) Limited	Received/(Paid) during the period/year	(1,050)	(6,531)
Loan from sponsors	Received/(Paid) during the period/year	20,000	430,300
	Loan repaid during the period / year	-	(425,500)

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 2021.

15 Date of authorization

These un-audited condensed interim financial statements were authorized for issue on May 27, 2022 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.

Lahore:
May 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

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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.

Jauharabad Sugar Mills Limited

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