



Third Quarter Report June 30, 2022 (Un-audited)

FY2022 | GROWTH & PROGRESSION ►

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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

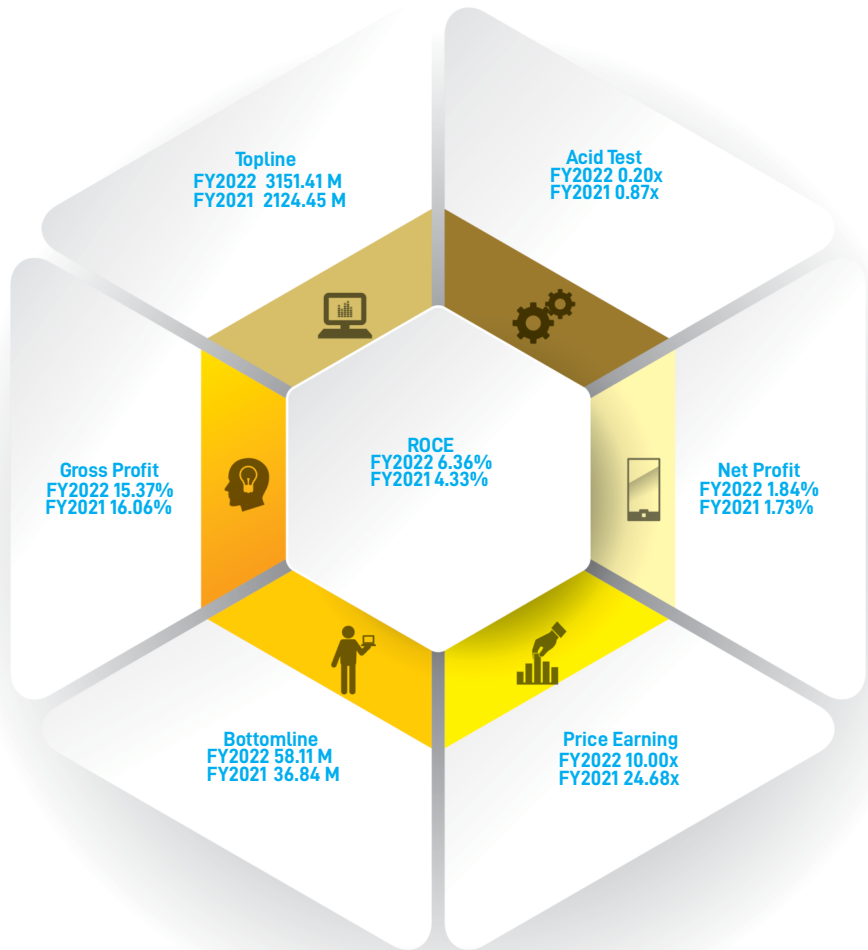
Sales Tax Registration Number

0409170300137

Company Website

www.jsml.com.pk

Financial Highlights



Directors' Report

For the nine month ended June 30, 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 financial statements of the Company for the nine-months ended June 30, 2022.

Sector Overview

The current year turned-out to be more challenging as, for the third year in a row, Government of Punjab had increased the support price of sugarcane to Rs. 225 per maund [CY2020/21: Rs. 200 per maund) and implemented strict administrative policies related to payment to growers. This, ultimately, resulted in higher cost of production of sugar in the country. Moreover, sugar production for the current season is estimated to be in surplus by 0.500 million tons above historical demand. Sugar prices during the ensuing period has remained depressed mainly due to surplus produce available within the country coupled with continuous Government intervention through controlled sugar pricing and supply management policies. The government, in principle, has approved the industry's proposal to export this surplus stock and, in return, to fetch valuable foreign exchange. However, the current political uncertainty within the country may result in further delay in issuance of formal export policy by the government. The company is closely monitoring the whole situation and is hopeful to successfully manage through the present scenario.

Operational Performance

Your Company had started crushing season 2021/22 on November 18, 2021 [CY2020/21: November 15, 2020]. The plant operated for 146 days in comparison to 124 days during last year and total effective crushing hours utilization has increased to 77.95% [FY2020: 77.3%]. During the current crushing season, BMR and maintenance impact was evident due to which stoppage hours other than no cane was reduced to 10% in comparison to last year which was approximately 12%. Intense competition was witnessed between the regional mills right from the start of the season. Despite this, your company has managed to crush 63.43% of additional cane in comparison to last year crushing.

Jauharabad Sugar Mills Limited, driven by the organization commitment and corporate responsibility, maintained its stance of timely payment to its growers and the same has been published in local newspaper after closure of the crushing season.

Financial Performance

The Company has posted top line of Rs. 3,151 million (FY2021: 2,124 million) with an overall increase of 48% mainly due to sale of by-products. Bottom line has shown significant improvement of approximately 57% despite increase of financial expense by more than 61% in comparison to corresponding period last season. Sale price is currently in lower spectrum and is anticipated to escalate to compensate for the manufacturing cost. Government is also intervening to stabilize the market rate that is acceptable to both the consumer and manufacturers. The Company has fulfilled all its financial commitments and has a healthy relationship with all financial institutions.

The credit rating, issued by PACRA, dated April 05, 2022, has been upgraded to Stable, depicting your Company's ability to provide optimal return on investment.

Acknowledgement

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

For & Behalf of Board



Syed Anwar Hussain Shahid

Chief Executive

ڈائریکٹرز کی جائزہ رپورٹ

برائے نو ماہی مختتمہ مدت 30 جون 2022ء

محترم اراکین، اسلام و علیکم

بورڈ آف ڈائریکٹرز اور خود اپنی طرف سے، میں آپ کو 30 جون 2022 کو ختم ہونے والی نو ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالی حسابات پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

شعبہ وارجائزہ

موجودہ سال زیادہ چیلنجنگ سال ثابت ہوا کیوں کہ حکومت پنجاب نے مسلسل تیسرے سال بھی گنے کی امدادی قیمت 225 روپے فی من (200:CY2020/21) روپے فی من) تک بڑھادی اور کاشتکاروں کو ادائیگی سے متعلقہ سخت انتظامی پالیسیاں نافذ کی ہیں۔ مجموعی طور پر اس کے نتیجے میں چینی کی پیداواری لاگت زیادہ رہی ہے۔ مزید برآں، حالیہ سیزن کے لئے چینی کی پیداوار کا تخمینہ تاریخی طلب سے زیادہ 0.500 ملین ٹن تک سرپلس میں لگایا گیا ہے۔ ختم ہونے والی مدت کے دوران چینی کی قیمتیں کنٹرول شدہ چینی کی قیمت اور سپلائی مینجمنٹ پالیسیوں کے ذریعے مسلسل گورنمنٹ انٹرویشن کے ساتھ ساتھ ملک کے اندر دستیاب سرپلس پیداوار کی وجہ سے دباؤ میں رہی ہیں۔ دراصل، حکومت نے اس سرپلس اسٹاک کو برآمد کرنے اور، نتیجہ میں قابل قدر غیر ملکی زرمبادلہ کمائی کی صنعت کی توجہ بڑھانے کی کوشش کی۔ تاہم، ملک کے اندر موجودہ سیاسی غیر یقینی کے نتیجے میں حکومت کی طرف سے زرعی برآمد پالیسی کے اجراء میں مزید تاخیر ہو سکتی ہے۔ کمپنی تمام حالات کی گہری نگرانی کر رہی ہے اور امید ہے کہ موجودہ منظر نامہ میں کامیابی کے ساتھ انتظام کیا جائے گا۔

آپریٹیشنل کارکردگی

آپ کی کمپنی نے کرشنگ سیزن 2021/22 کا آغاز 18 نومبر 2021 [15:CY2020/21 نومبر 2020] کو کیا تھا پلانٹ کو گزشتہ سال کے دوران 127 دنوں تک کے مقابلے میں 146 دنوں تک آپریٹ کیا گیا اور کل موثر کرشنگ اوقات کا استعمال %77.95 تک زیادہ [77.3%:FY2020] کیا گیا۔ موجودہ کرشنگ سیزن کے دوران، BMR اور دیکھ بھال کا اثر واضح تھا جس کی وجہ سے گنے کے علاوہ کسی بھی وقت رکنے کے اوقات پچھلے سال کے مقابلے میں %10 تک کم کیے گئے جو تقریباً %12 تھے۔ سیزن کے آغاز سے ہی علاقائی ملوں کے درمیان شدید مقابلہ دیکھنے میں آیا۔ اس کے باوجود، آپ کی کمپنی گزشتہ سال کی کرشنگ کے مقابلے میں %63.43 فیصد اضافی گنے کی کرشنگ کرنے میں کامیاب رہی ہے۔ جو ہر آبادیو گرو ملز ٹیڈ نے، تنظیم کے عزم اور کارپوریٹ ذمہ داری کے تحت، اپنے کاشتکاروں کو بروقت ادائیگی کا اپنا موقف برقرار رکھا اور کرشنگ سیزن کے اختتام کے بعد اسے مقامی اخبار میں بھی شائع کیا گیا۔

مالیاتی کارکردگی


کمپنی نے بائی پراڈکٹس کی فروخت کی بدولت بنیادی طور پر %48 کے مجموعی اضافہ کے ساتھ 3,151 ملین روپے (2,124:FY2021 ملین روپے) کی ٹاپ لائن درج کی۔ %61 سے زیادہ مالی اخراجات کے اضافہ کے باوجود گزشتہ سیزن کی اسی مدت کے مقابلہ میں چلنی لائن تقریباً %57 نمایاں بہتری کی عکاسی کرتی ہے۔ فروخت قیمت فی الحال لوئر پیکٹرم میں ہے اور مینوفیکچرنگ لاگت کی تلافی کے لیے اس میں اضافہ متوقع ہے۔ حکومت مارکیٹ ریٹ کو مستحکم کرنے کے لیے بھی مداخلت کر رہی ہے جو صارفین اور مینوفیکچررز دونوں کے لیے قابل قبول ہے۔ کمپنی نے اپنے تمام مالی وعدوں کو پورا کیا ہے اور تمام مالیاتی اداروں کے ساتھ صحت مندانہ تعلقات ہیں۔

105 اپریل 2022 کو PACRA کی طرف سے جاری کردہ کریڈٹ ریٹنگ کو مستحکم میں اپ گریڈ کر دیا گیا ہے، جو آپ کی کمپنی کی سرمایہ کاری پر بہترین منافع فراہم کرنے کی صلاحیت کو ظاہر کرتی ہے۔

اظہار تشکر

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 آف ڈائریکٹرز


سید انوار حسین شاہد
چیف ایگزیکٹو


Condensed Interim Statement of Financial Position (Un-audited)

As at June 30, 2022


	Note	Un-audited Jun 30 2022 Rupees in thousand	Audited Sep 30 2021
Assets			
Non-current assets			
Property, plant and equipment	5	5,239,018	5,122,359
Intangible assets		87	116
Long term deposits		2,800	2,800
		<u>5,241,905</u>	<u>5,125,275</u>
Current assets			
Stores, spare parts and loose tools		120,660	95,465
Stock-in-trade		3,160,500	93,461
Loans and advances		279,842	214,564
Trade debts- unsecured considered good		198,532	573
Trade deposits and short term prepayments		11,064	8,697
Other receivables		22,220	22,221
Tax refunds due from the government		123,957	86,147
Short term investments		18,220	17,687
Cash and bank balances		31,484	68,442
		<u>3,966,479</u>	<u>607,257</u>
		<u>9,208,384</u>	<u>5,732,532</u>

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

Lahore:
July 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 June 30, 2022

	Note	Un-audited Jun 30 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		654,066	594,462
Loan from sponsors		629,047	610,097
Revaluation surplus on property, plant and equipment - net of tax	6	2,808,304	2,843,928
Total Equity		4,805,105	4,762,175
Non-current liabilities			
Long term loans from banking companies - secured	7	-	20,748
Liability against assets subject to finance lease		5,492	-
Deferred liabilities		356,816	360,478
		362,308	381,226
Current liabilities			
Trade and other payables		446,673	232,536
Unclaimed dividend		1,899	1,510
<i>Current portion of:</i>			
- Long term loans from banking companies - secured	7	48,194	94,886
- Liability against assets subject to finance lease		1,144	-
- Deferred liabilities		2,384	4,733
Accrued mark-up		140,936	3,681
Short term borrowings - secured	8	3,298,688	190,166
Provision for taxation		101,053	61,619
		4,040,971	589,131
Contingencies and commitments	9	9,208,384	5,732,532

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

Lahore:
July 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 nine month ended June 30, 2022

	Note	Nine month period ended June 30		Three month period ended June 30	
		2022	2021	2022	2021
Rupees in thousand					
Sales - net	10	3,151,409	2,124,451	1,271,349	1,431,640
Cost of sales	11	(2,667,154)	(1,783,278)	(1,061,615)	(1,328,714)
Gross profit		484,255	341,173	209,734	102,926
Operating expenses:					
Administrative Expenses		(147,809)	(116,436)	(34,297)	(19,122)
Distribution Cost		(7,134)	(7,045)	(3,126)	(2,749)
		(154,943)	(123,481)	(37,423)	(21,871)
Operating profit		329,312	217,692	172,311	81,055
Finance cost		(233,823)	(145,109)	(138,417)	(56,209)
Other (expense) / income		(418)	2,842	958	1,105
Profit before taxation		95,071	75,425	34,852	25,951
Taxation	12	(36,963)	(38,586)	(8,506)	(7,450)
Profit after taxation		58,108	36,839	26,346	18,501
Earnings per share (Rupees)					
Basic & diluted		1.70	1.08	0.77	0.54

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

Lahore:
July 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 nine month ended June 30, 2022

	Nine month period ended June 30		Three month period ended June 30	
	2022	2021	2022	2021
	Rupees in thousand			
Profit after taxation	58,108	36,839	26,346	18,501
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	58,108	36,839	26,346	18,501

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

Lahore:
July 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 nine month ended June 30, 2022

	Nine month period ended June 30	
	2022	2021
	Rupees in thousand	
Cash flow from operating activities		
Profit before taxation	95,071	75,425
Adjustments for:		
Depreciation	108,893	101,869
Amortization	29	29
Loss/(gain) on disposal of property, plant and equipment	29	(238)
Provision for WPPF	5,004	2,604
Government grant	(3,541)	-
Finance cost	233,823	145,109
	<u>344,237</u>	<u>249,373</u>
Profit before working capital changes	439,308	324,798
Working capital changes		
Stores, spare parts and loose tools	(25,195)	6,455
Stock in trade	(3,067,039)	(2,369,929)
Loans and advances	(65,278)	(68,830)
Trade debts- unsecured considered good	(197,956)	(129,485)
Trade deposits and short term prepayments	(2,367)	(4,799)
Other receivables	-	9,121
Trade and other payables	209,138	(54,606)
	<u>(3,148,697)</u>	<u>(2,612,073)</u>
Cash used in operations	(2,709,389)	(2,287,275)
Finance cost paid	(95,844)	(78,793)
Taxes paid	(37,810)	(22,754)
Dividend paid	(33,739)	(33,761)
Net cash used in operating activities	(2,876,782)	(2,422,583)

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

Lahore:
July 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 nine month ended June 30, 2022

	Nine month period ended	
	2022	2021
	June 30	
	Rupees in thousand	
Cash flow from investing activities		
Addition to fixed assets	(217,561)	(42,994)
Long term deposits	-	(13)
Proceeds from sale of fixed assets	34	407
Net cash generated (used in) investing activities	(217,527)	(42,600)
Cash flow from financing activities		
Long term finances	(67,440)	(79,707)
Lease rentals paid	(2,148)	-
Loan from associates	18,950	(13,250)
Net cash generated from financing activities	(50,638)	(92,957)
Net increase in cash and cash equivalents	(3,144,947)	(2,558,139)
Cash and cash equivalents at beginning of the period	(104,037)	42,642
Cash and cash equivalents at the end of the period	(3,248,984)	(2,515,497)
Cash and cash equivalents comprise of following statement of financial position amounts:		
- Short term investments	18,220	17,915
- Cash and bank balances	31,484	416,919
- Short term borrowings	(3,298,688)	(2,950,331)
	(3,248,984)	(2,515,497)

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

Lahore:
July 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 nine month ended June 30, 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	-	-	36,839	-	-	36,839
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	36,839	-	-	36,839
Transactions made during the period	-	-	-	-	(13,250)	(13,250)
Incremental depreciation for the period	-	-	35,181	(35,181)	-	-
Final dividend paid for the year ended September 30, 2020 (Rs. 1 per share)	-	-	(34,128)	-	-	(34,128)
Balance as on June 30, 2021	341,285	372,403	519,180	2,854,298	598,578	4,685,744
Balance as on October 01, 2021	341,285	372,403	594,462	2,843,928	610,097	4,762,175
Profit after taxation	-	-	58,108	-	-	58,108
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	58,108	-	-	58,108
Transactions made during the period	-	-	-	-	18,950	18,950
Transfer of incremental depreciation (net of tax)	-	-	35,624	(35,624)	-	-
Final dividend paid for the year ended September 30, 2021 (Rs. 1 per share)	-	-	(34,128)	-	-	(34,128)
Balance as on June 30, 2022	341,285	372,403	654,066	2,808,304	629,047	4,805,105

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

Lahore:
July 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 nine month ended June 30, 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 June 30, 2022 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, 2021, 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, 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 nine month ended June 30, 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 Jun 30 2022 Rupees in thousand	Audited Sep 30 2021
5 Property, plant and equipment			
Property, plant and equipment	5.1	4,617,051	4,580,857
Capital work-in-progress		621,967	541,502
		<u>5,239,018</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		145,151	92,137
Less: Book value of operating assets disposed - off during the period / year		(64)	(6,085)
		<u>4,725,944</u>	<u>4,716,559</u>
Depreciation charged during the period / year		<u>(108,893)</u>	<u>(135,702)</u>
		<u>4,617,051</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>(423,795)</u>	<u>(373,621)</u>
		<u>3,118,260</u>	<u>3,168,434</u>
Less: Deferred tax liability			
Opening balance		324,506	343,112
Incremental depreciation for the period		<u>(14,550)</u>	<u>(18,606)</u>
		<u>309,956</u>	<u>324,506</u>
		<u>2,808,304</u>	<u>2,843,928</u>
7 Long term loans from banking companies - secured			
Al Baraka Bank (Pakistan) Limited	7.1	29,364	70,023
Faysal Bank Limited	7.2	18,830	45,611
		<u>48,194</u>	<u>115,634</u>
Less: Current portion		<u>(48,194)</u>	<u>(94,886)</u>
		<u>-</u>	<u>20,748</u>

Notes to the Condensed Interim Financial Statements

For the nine month ended June 30, 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 Jun 30 2022 Rupees in thousand	Audited Sep 30 2021
8 Short term borrowings - secured				
Mark-up based borrowings from Conventional Banks				
Running finance	300,000	8.1	211,222	190,166
Cash finance	2,400,000	8.1	1,597,690	-
	2,700,000		1,808,912	190,166
Islamic mode of financing				
Murabaha finance	690,000	8.2	689,886	-
Bai salam / Istisna	1,350,000	8.2	799,890	-
	2,040,000		1,489,776	-
	4,740,000		3,298,688	190,166

Notes to the Condensed Interim Financial Statements

For the nine month ended June 30, 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. 2.70 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 June 30, 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 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.
- 9.1.3 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.
- 9.1.4 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.
- 9.1.5 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.
- 9.1.6 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.

Notes to the Condensed Interim Financial Statements

For the nine month ended June 30, 2022

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 Nine month period ended June 30		Un-audited Three month period ended June 30	
	2022	2021	2022	2021
Rupees in thousand				
10 Sales - net				
Local	3,656,363	2,448,204	1,498,602	1,674,942
Export	-	-	-	-
	3,656,363	2,448,204	1,498,602	1,674,942
Less:				
Sales tax	(501,648)	(323,331)	(225,706)	(243,302)
Commission	(3,306)	(422)	(1,547)	-
	3,151,409	2,124,451	1,271,349	1,431,640
11 Cost of sales				
Raw material cane purchased and consumed	5,265,830	3,789,666	288,400	17
Salaries, wages and benefits	134,921	104,626	39,853	22,775
Chemicals, fuel, lubes and packing material	133,130	65,868	23,794	238
Manufacturing expenses	93,569	93,188	14,176	12,469
Depreciation	106,715	99,832	40,127	33,169
Amortization	28	28	9	-
	5,734,193	4,153,208	406,359	68,668
Opening work-in-process	3,752	3,810	76,146	3,847
Closing work-in-process	(3,077)	(3,847)	(3,077)	(3,847)
Cost of goods manufactured	5,734,868	4,153,171	479,428	68,668
Opening stock of finished goods	89,709	189,811	3,739,610	3,819,750
	5,824,577	4,342,982	4,219,038	3,888,418
Closing stock of finished goods	(3,157,423)	(2,559,704)	(3,157,423)	(2,559,704)
	2,667,154	1,783,278	1,061,615	1,328,714
12 Taxation				
Provision for taxation for the period has been calculated as per the requirements of Section 113 of Income Tax Ordinance, 2001.				
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:				

Notes to the Condensed Interim Financial Statements

For the nine month ended June 30, 2022

Relationship	Nature of transaction	Un-audited Jun 30 2022 Rupees in thousand	Audited Sep 30 2021 Rupees in thousand
Post employment benefit plan	Provident fund contribution paid	(3,287)	(3,088)
Cane Processing (Pvt) Limited	Received during the period /year	(1,050)	(6,531)
Loan from sponsors	Received 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 July 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:
July 27, 2022



Syed Anwar Hussain
Chief Executive



Ghias-ul-Hasan
Director



Imran Ilyas
Chief Financial Officer

Jama Punji Information

www.jamapunji.pk

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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.

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