



## JAUHARABAD

Jauharabad is named after Maulana Muhammad Ali Jauhar, a prominent figure from the Pakistan independence movement. Jauharabad was developed in 1953 under a master plan. Because of its planned design, open spaces and wide avenues, the district headquarters of Khushab District was shifted to Jauharabad from Khushab city. Jauharabad lies at the confluence of the Thal Desert and the Pothohar in flat agricultural territory immediately south of the Salt Range, marking the end of the Pothohar Plateau and the start of the Punjab plains. The Jhelum River passes Seven km southeast of Jauharabad, while canals from Indus River irrigate much of its plains. On the west of Jauharabad lies the Thal Desert and on the east of Jauharabad is the Khushab Reserve Forest.

## KHUSBAB DISTRICT

Khushab is a combination of two Persian words "Khush" meaning sweet or tasty and "aab" meaning water. A common belief is that the Persian invaders, from the west, first used the word "Khush-aab" in admiration of the sweet and tasty water found in the historical city situated on the bank of Jhelum River. With time the city started to be known as Khushab.

Khushab is a District of Punjab, situated between Sargodha and Mianwali, near river Jhelum. Khushab owns mountains, deserts, luxuriant green harvesting land, lakes and river. People of Khushab are very hardworking and most of them are associated with farming and agriculture.



## **GEOGRAPHICAL LOCATION**

Jauharabad Sugar Mills Limited is the only sugar mill located in Khushab District of Sargodha Division, in Western North Punjab. Mills is renamed as Jauharabad Sugar Mills after its hometown.

# 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

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

## Bankers of The Company

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

## Audit Committee

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

## Human Resource Committee

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

## CHIEF FINANCIAL OFFICER

Mr. Imran Ilyas

## Company Secretary

Mr. Al-Yousuf

## Head of Internal Audit

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 Bar 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 Lakh Pat, Lahore, Pakistan

## 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](http://www.jsml.com.pk)

## CORPORATE PROFILE

Jauharabad Sugar Mills Limited is a Public Limited Company, and has a privilege of being one of the pioneer sugar mills of Pakistan. Initially it was setup by THAL Development Corporation of Pakistan which was later privatized and was listed as on December, 1973 at Pakistan Stock Exchange Limited and has been in operation for the last sixty-seven years. Further in March 2013 the current management acquired major shareholding of the Company by taking over its assets and liabilities, paying-off old sponsors and renaming it as Jauharabad Sugar Mills Limited from Kohinoor Sugar Mills Limited.

This takeover enabled the Company to settle previous bank /grower/creditor debts. A major Balancing, Modernization and Replacement of Machinery has been carried out thus enabling the Company to achieve stated capacity to 7,000 TCD of its currently operating crushing line-II, in addition to non-operating crushing line -I having stated capacity to 5,500 TCD. The new sponsors have shown their commitment by conducting this BMR and repair works through their own resources. The Company has successfully consolidated its Sugar Mills operations and financially strengthened its position over period of seven crushing seasons.

The Company in June 2016 following its vision and strategy of diversification has opted to install biomass based 15MW Co-generation Power Plant, under Captive Power Plant regime with upfront determined tariff, to export electricity. Power project is currently in finalization stage with expected commencement of commercial operations by upcoming financial year. The Company is playing its role for developing regional agronomy, generating employment and bringing happiness among the people directly and indirectly associated with it.

# VISION AND MISSION

## VISION STATEMENT

Sustainably produce green energy and chemicals by exploiting locally available raw materials and resources.

## MISSION STATEMENT

To Continuously help, rise, self-worth of all the associated entities and stake holders.



# CALENDAR OF MAJOR EVENTS

1

## First Quarter Results

Monday, January 25, 2021

2

## Second Quarter Results

Tuesday, May 25, 2021

3

## Third Quarter Results

Friday, July 16, 2021

4

## Appointment of Chief Executive

Thursday, September 23, 2021

## Annual Results

Tuesday, December 28, 2021

## 53rd Annual General Meeting

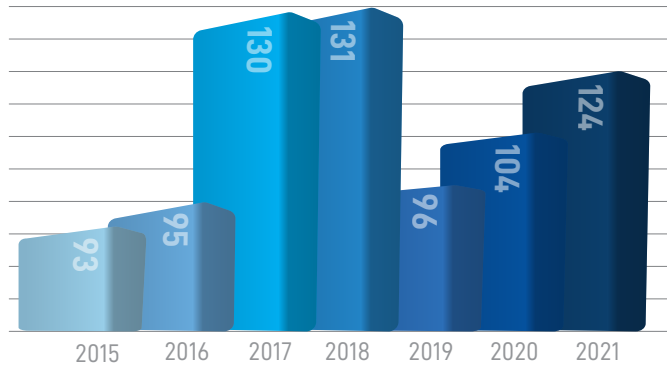
Friday, January 28, 2022

# GRAPHICAL REPRESENTATION

## Operational

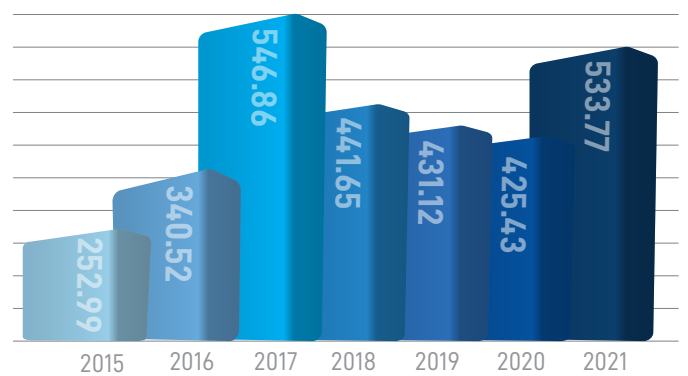
Operating Days

In days



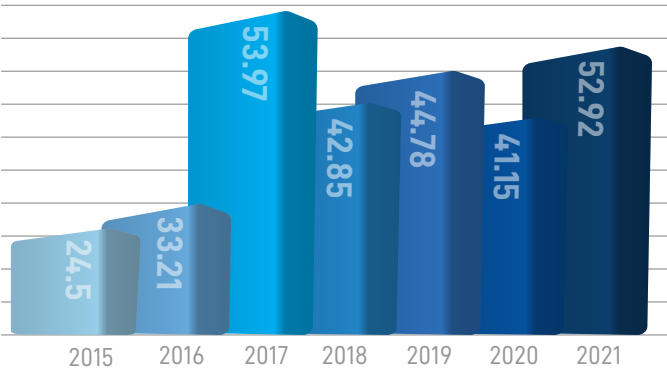
Cane Crushed

In metric tons in 000



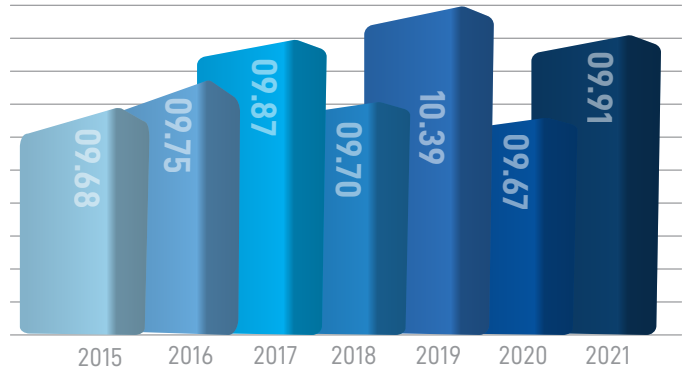
Sugar Produced

In metric tons in 000



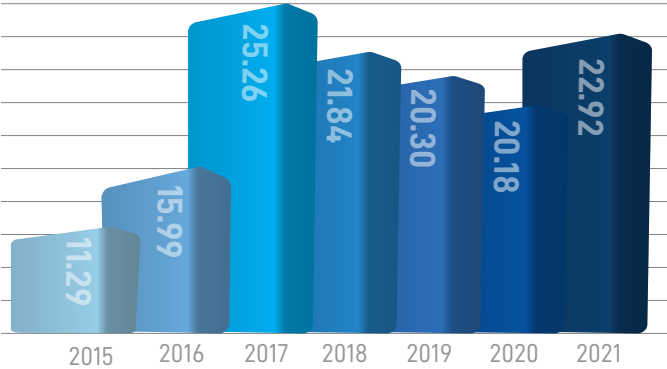
Sugar Recovery

in Percentage



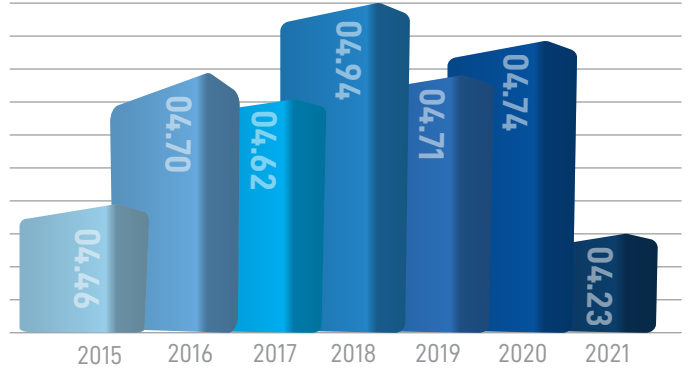
Molasses Produced

In metric tons in 000



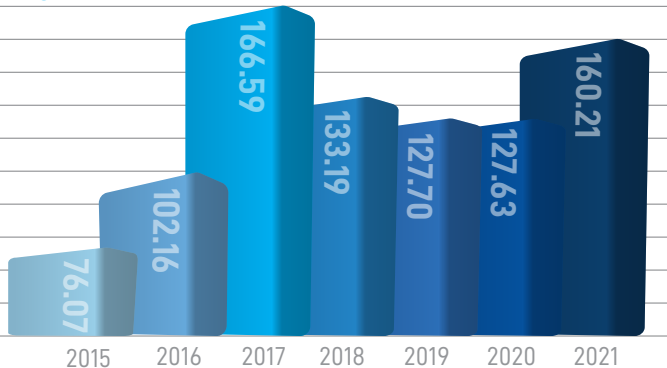
Molasses Recovery

in Percentage

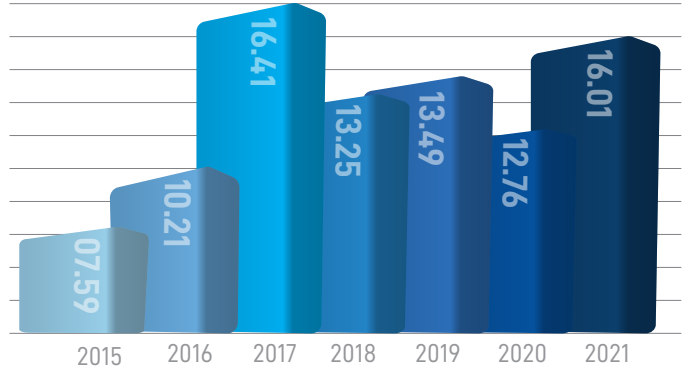


Bagasse Produced

In metric tons in 000



VF Cake Produced



# NOTICE OF 53<sup>rd</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the Fifty Third Annual General Meeting (AGM) of the members of Jauharabad Sugar Mills Limited (the "Company") will be held on Friday, January 28, 2022 at 11:00 a.m., at its Register Office 125-B, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore to transact the following business:

MONDAY JANUARY 28<sup>TH</sup>

2022

## ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on January 28, 2021.
2. To receive, consider and adopt the audited annual financial statements of the Company for the year ended September 30, 2021 together with Auditors' Reports and Directors' and Chairman's Review Report thereon.
3. To consider and approve, as recommended by the Board of Directors, the payment of final cash dividend for the year ended September 30, 2021 @ 10% i.e., Re.1/- per ordinary share.
4. To appoint Auditors for the next financial year ending September 30, 2022 and to fix their remunerations. M/S UHY Hassan Naeem & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
5. Corporate Briefing Session as per requirement of PSX.
6. To transact any other business with the permission of the chair.

By order of the Board



Al Yousuf  
Company Secretary

Lahore  
Dated: January 06, 2022

**NOTE:**

1. The share transfer books of the Company will remain closed from January 21, 2022 to January 28, 2022 (both days inclusive). Transfer received in order by the Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town; Lahore up to the close of business on January 20, 2022 will be treated in time for entitlement to attend the Meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form of the Company. Proxies, in order to be affective, must be received at the registered office of the Company 48 hours before the time of holding of the meeting.
3. Those members who have deposited their shares with the Central Depository Company of Pakistan Limited (CDC) are requested to bring their original CNIC, Account and Participation's Numbers. Such members will further have to follow the guidelines as laid down in the Securities and Exchange Commission of Pakistan's Circular No. 1 dated January 26, 2000.
4. The members should quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.
5. Members are requested to notify the change of their registered addresses, Zakat Declaration, and tax exemption status, if any, duly accompanied with its valid certificates, immediately to Company's Share Registrar.
6. As per provisions of Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled members. Accordingly, all members are requested to provide Dividend Mandate Information to the Company's Share Registrar, member broker, participant/CDC investor Account Services. In case of shares held in CDC, the same information should be provided directly to the CDS. A notice of the foregoing seeking information from the members was sent earlier. Standard Request form has also been placed on the Company's website [www.jsml.com.pk](http://www.jsml.com.pk). In case of failure to provide the information, the Company will be unable to pay the dividend.
7. The current withholding tax rates on dividend payments as prescribed by the Income Tax Ordinance, 2001 (the Ordinance) are 15% for persons whose names are appearing in the active taxpayers' list (ATL) and 30% for persons whose names are not appearing in the ATL. To enable the Company to make tax deduction on the amount of Cash Dividend @ 15% instead of 30%, all the shareholders whose names are not entered into the ATL available on the website of the Federal Board of Revenue, are advised to make sure that their names are entered into ATL before the date of dividend payment, otherwise they shall not be treated as Active Taxpayers (despite the fact that they are filers of income tax return) and tax on their Cash Dividend will be deducted @ 30%.
8. The Corporate members having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical members should send a copy of their NTN certificate to the Company's Share Registrar.
9. As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to the Company's Share Registrar; otherwise, tax will be deducted on dividend amount as per prescribed rates.
10. The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Company's Share Registrar latest by the AGM date.
11. Section 244 of the Companies Act 2017 requires that any shares that remain unclaimed for a period of three years (or more) are to vest with Federal Government. The law requires the Company to deposit any unclaimed or unpaid amount to the credit of the Federal Government, if no claim is made before the Company after giving due notices to the shareholders. Through this notice all shareholders who by any reason could not claim their dividend or shares are advised to immediately collect / enquire about their unclaimed dividend or pending shares, if any, with Company's Share Registrar.
12. Corporate Analyst Briefing Session as mandated by the Pakistan Stock Exchange according to its notification PSX/N-92 dated January 28, 2019 of Jauharabad Sugar Mills Limited will also be held at its Register Office 125-B, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore on Friday, January 28, 2022 shortly after the completion of AGM in which performance and results for the year ended September 30, 2021 will be provided.
13. Transmission of Annual Financial Statements through email  
The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditor's and Directors' reports and Chairman's Review Report along with notice of annual general meeting to its members through email. Members who have provided their email addresses are being sent the same by email. Members who have not provided their email addresses and wish to avail this facility may send their consent along with email address to the Company. Hard copies of the annual audited accounts will be provided on demand.
14. In accordance with section 132(2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate to such shareholder's information regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting to enable them to access to such facility.
15. Members can exercise their right to demand a poll subject to meeting requirements of section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.
16. Deposit of Physical Share into CDC Account:  
As per Section 72 of the Companies Act, 2017, the Company is required to replace its physical shares into book-entry form. In order to ensure full compliance with the provisions of Section 72 of the Companies Act, 2017 and to be benefitted of the facility of holding shares in the Book-Entry-Form, all such members/ shareholders who still hold shares in physical form, requiring them to convert their shares in the Book-Entry-Form.
17. Precautionary Measures to attend Meeting:  
The health of the members, staff and stakeholders of the Company (the attendees) is of paramount importance to us. In view of the ongoing COVID-19 pandemic, the Company will implement the following measures at the Annual General Meeting to safeguard the health and safety of the attendees:
  - a) Compulsory body temperature will be conducted for every attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.5 degrees Celsius will be denied entry into the AGM venue or be required to leave AGM venue.
  - b) Each attendee would be provided with and wear a surgical face mask throughout the AGM and inside the AGM venue.
  - c) The Company will maintain safe distance between seats and attendees are advised to avoid any contacts, stay in your accommodation, at least one meter away from others and try to minimize the spread of the virus by covering coughs, cleaning surfaces, and washing or sanitizing your hands regularly.
18. The Annual Audited Financial Statements of the Company for the year ended September 30, 2021 along with Auditors' and Directors' Report and Chairman's Review Report thereon have been placed on the Company's website: [www.jsml.com.pk](http://www.jsml.com.pk).
19. The Company has placed the notice of AGM along with form of proxy in English and Urdu languages on its website: [www.jsml.com.pk](http://www.jsml.com.pk).

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total	Principal/Joint Shareholder



# Chairman's Review

It is a great honor and I feel privileged on being entrusted with the Chairmanship of Jauharabad Sugar Mills Limited's Board of Directors. I pledge all my faculties to contribute immensely towards the growth of the Company.

I am pleased to present the 67th annual report of the Company for the year ended September 30, 2021. During the year under consideration, economic activity in Pakistan has normalized and overall business environment has improved backed by various fiscal and monetary measures of the government. Further it is anticipated that relaxation in Covid-19 restrictions and aggressive vaccination drive will result in revival of economic activities.

Sugar industry remains a key driver of economic empowerment in rural belt of our country. Having been at cross-roads for the last few years, it has got traction and positive cues to emerge as a value-accretive industry across its value-chain of system. Amidst these fundamental changes in the industry, our financial performance this year demonstrates the resilience within our company's business model. Our total revenues grew by around 40.57% to Rs. 4,924 million, whereas our EBITDA was recorded at Rs. 389 million, driven by growth in sales.

Despite the challenges in the sugar industry, your Company's capital and financial resources are well-positioned. In fact, next year will be marked as turnaround year for our Company with an increase in crushing capacity utilization mainly aligning power plant with mills.

JSML under its brand name 'Kohinoor' has continued its growth journey during FY 2020-21. We expanded our footprint in different parts of the country during this year. Our mid-term objective has always been on educating and encouraging consumers to switch hygienically packed sugar i.e., "Kohinoor" with minimum human interaction, by ISO 9001:2015 and FSSC 22000 certificated manufacturer. Moving forward, we further aim to strengthen our business through our association with the e-commerce platforms and increasing the presence of "Kohinoor" across the length and breadth of the country.

In such challenging times, we have emerged out stronger than ever. Since reopening of economy in the second half, our team has demonstrated exemplary abilities to ensure we bounce back faster. We also implemented 'work from home' model, prioritizing the safety of our employees and their families.

I am pleased to report that the performance of the Board of Directors of the Company remained par excellence throughout the year. The composition of Board reflects mix of seasoned portfolio, contributing regular strategic guidance, creating new benchmarks, approving budgets, ensuring competent team, evolving risk mitigation strategies, implementing diversification strategy, while maintaining its reputation for good governance besides providing steady value addition to its shareholders. All significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision-making process, which led to a harmonious partnership with management.

Lastly, I would like to express my heartfelt appreciation to everyone at JSML for their commitment, passion and hard work. Our business is positioned to grow from the sustained investments we have made in recent past. Favorable regulatory policies and growing consumer demand for products across our sugar value-chain make us optimistic for sustained business performance. I would also like to thank our valued shareholders, employees, customers, suppliers, distributors and bankers for their constant support and belief in us.



Mr. Muhammad Aamir Beg  
Chairman  
Lahore  
December 28, 2021



Mr. Anwar Hussaain  
Chief Executive

# DIRECTOR REVIEW REPORT

In the name of Allah, the most Gracious, the most Merciful. The Directors of the Company are pleased to present their report together with audited financial statements for the year ended September 30, 2021 along with the Auditors' Report thereon

## GLOBAL ECONOMY

The outbreak of COVID-19 pandemic in the beginning of year 2020 has acutely impacted global socio - economic fabric. Global trade first witnessed supply shocks due to abrupt closure of businesses which has subsequently resulted into demand side shocks; both creating uncertainties for businesses. Social and economic activities witnessed unprecedented restrictions.

Health care system across the globe remained under immense pressure and to counter this health and economic crises, world governments took multiple measures including fiscal and monetary interventions to mainly focus on ensuring employment continuity and providing assistance to businesses. Recent global indicators suggest commencement of economic revival. However, the speed of recovery depends on measures including financial coordination of economies and country specific characteristics.

## DOMESTIC ECONOMY

Despite the fact that economy was already volatile caused by frequent boom and bust cycles, structural discrepancies, long outstanding energy sector inconsistencies and loss-making state-owned entities. Government responded through business incentivization schemes including reduction in policy rate and construction stimulus package etc. to minimize adverse impacts of economic and business restrictions.

State Bank of Pakistan (SBP) has adopted a market-based exchange rate policy which has benefited exporters, and helped the sectors to revive its economic activities, reduced markup rates on loans are also allowed to corporate sectors with few restrictions. During the last couple of years, inflation has been a challenge for the business, devaluation of rupee and increased fuel prices in international market has contributed to the production cost to all time high. Current year, food inflation was main contributor to CPI triggered by extended monsoon season as well as rise in prices of agrarian products internationally.

## SUGAR INDUSTRY

Agricultural sector is indispensable to the country's economic growth, food security, employment generation and poverty alleviation particularly at the rural level. It contributes 19.2 percent to the GDP and provides employment to around 38.5 percent of the labor force. More than 65-70 percent of the population depends on agriculture for its livelihood.

Sugarcane production accounts for 3.4 percent in agriculture's value addition and 0.7 percent in GDP. During 2020-21, the crop was cultivated on 1,165 thousand hectares, an increase of 12.0 percent compared to last year's sown area of 1,040 thousand hectares. Production increased by 14.49 percent to 76 million tons against 66.380 million last year. The crop experienced a significant increase in area under cultivation and yield. It was mainly due to favorable weather conditions, better management, timely availability of quality inputs and higher economic returns.

Sugar production for this year remained close to 5.8 million tons, roughly equating historical demand for the year after incorporating annual increase in demand of sugar within the Country. Current year turned to be a challenging one as the Government had increased support price of sugarcane to Rs. 200 per maund (CY2019/20: 190 per maund). Sugarcane price disparity among provinces coupled with intense competition between the millers to ensure availability of sugarcane for optimal crushing, led to an aggregate sugarcane procurement price hike of approximately forty-five (45) percent over the minimum support price. Higher cost of production, lack of high yield variety of sugarcane and inadequacy of working capital with majority players in the industry were the major hurdles and causes for increased sugar prices in the market.

## OPERATIONAL REVIEW

JSML started crushing on 15 November 2020 in compliance with the directives as issued by Govt of Pakistan. The comparative summarized operating result of your mills for season 2020-21 is as follows:

Description	Units	FY 2020/21	FY 2019/20	YOY Change
Working Days	Days	124	104	19.23%
Sugarcane Crushed	M. Tons	533,772	425,433	25.46%
Sugar Produced	M. Tons	52,925	41,150	28.61%
Sugar Recovery	Percentage	9.91%	9.67%	2.48%
Sugar Sold - Domestic	M. Tons	55,550	44,649	24.49%
Sugar Sold - International	M. Tons	-	-	-
Sugar Sold - Total	M. Tons	55,550	44,649	24.49%
Sugar Closing Stock	M. Tons	-	2,624	(100%)
Molasses Produced	M. Tons	22,923	20,180	13.59%

Molasses Recovery	Percentage	4.23%	4.74%	(10.75%)
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This crushing year Company had started the season 15 days earlier and operated around 124 days, 20 days more than the corresponding period last year. During this crushing period the Company has crushed 533,772 M. Tons of sugarcane [ FY2019/20 : 425,433 M. Tons ] and produced 52,925 M. Tons of white sugar [ FY2019/20 : 44,649 M. Tons ] as compared to last year. Despite the challenges and rigorous competition between the surrounding mills the Company through its sustained effort and timely payments to growers has managed to crush 25.46% more cane in comparison to same period last year. The Company has also produced 22,923 M. Tons of molasses [ FY2019/20: 20,180 ].

During the current financial year Company has invested heavily to improve its operational efficiency, that includes evaporator, spray ponds to improve the steam efficiency by reduced consumption of bagasse, to reduce the power consumption, replacement of old mill gears was carried out thus resulting in improved output of bagasse. i.e., dried and lessor contents of sugar. In line with management vision of maximizing shareholders' equity, focus is shifted to automation of plant and few improvements in mill machinery was carried out that included automation of Conti pans and upgradation of refine batch pans to improve the quality of our finished good.

## FINANCIAL PERFORMANCE

The Comparison of the key financial results of your organization for the year ended as at 30 September 2021 is as follows:

Description	FY2020/21	FY2019/20	YOY Change
Sales – Net	4,924,089	3,502,836	40.57%
Cost of Sales	4,342,510	2,898,771	49.80%
Gross Profit	581,579	604,065	-3.72%
Selling and Distribution Expenses	15,442	14,141	9.20%
Administrative and General Expenses	176,701	157,059	12.50%
Operating Profit	389,437	432,865	-10.03%
Other Operating income	(5,099)	(5,296)	-3.72%
Financial Cost	212,316	231,178	-8.16%
Profit Before Tax	172,021	196,391	-12.40%
Taxation	67,628	16,937	499.29%
Profit After Tax	104,393	213,329	-50.59%
Earnings Per Share (Rs. /Share)	3.06	6.25	-51.04%

The company registered topline of Rs. 4,924 million against Rs. 3,503 million in the corresponding financial year showing YOY increase of 40.57%. Cost of sales of the Company increased due to high prices of sugar cane i.e. to Rs. 4,343 million against Rs. 2,899 million reflecting YOY change of 49.80%. Even though the unprecedented increase in COS, Gross Profit (GP) only decreased by 3.72% due to management strategy of holding sugar holding and reaping maximum advantage of sugar prices in the last quarter of the financial year, posting GP of Rs. 582 million as compared to Rs. 604 million to corresponding period last year. Due to efficient monitoring of operating procedures, administration, distribution and other operating expenses are kept in check. The company recorded bottom line of Rs. 104 million during current year against net profit of Rs. 213 million in the corresponding year. Earnings per share for the current financial year remained Rs. 3.06 against Rs. 6.25 in last financial year.

## CREDIT RATING

Pakistan Credit Rating Agency (PACRA) - a Credit Rating Agency, has maintained the Credit Rating of the Company to "BBB+" with respect to long-term bank facilities whereas short-term bank facilities rating was maintained at "A2"

## DIVIDEND

Your Company had adopted a dividend distribution policy that balances the dual objectives of appropriately rewarding members through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support long term growth of your Company. There has been no change in this policy during the year under review. The Company does not intend to carry any amount to special reserve. Consistent with this policy, your Board has recommended a dividend of Re. 1/- on Equity Shares and 10% bonus share for the financial year 2020-21 to the Members of your Company. The proposal is subject to the approval of the Members at the 53rd Annual General Meeting (AGM) of your Company scheduled to be held on January 28, 2022. The dividend together with implication of taxes will entail a cash outflow of Rs. 34.12 million.

## HOLDING COMPANY

Cane Processing Company (Pvt) Limited, incorporated under the laws of Pakistan having its registered office at Lahore is the holding Company of Jauharabad Sugar Mills Limited with 63.66 percent of shares.

## **STATUTORY AUDITORS AND THEIR AUDIT REPORT:**

UHY Hassan Naeem and Chartered Accountants are Auditors of the Company and shall continue to be Statutory Auditors till the conclusion of Fifty fourth Annual General Meeting to be held in the year 2023. The report given by the Auditors on the Financial Statements of the Company for the year ended September 30, 2021 forms part of this Annual Report and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their reports.

## **HUMAN RESOURCES**

The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes, fair transparent performance evaluation and taking new initiatives to further align its Human Resource policies to meet the growing needs of its business.

## **CHANGE IN THE NATURE OF BUSINESS**

During the year, there was no material change in the nature of business of the Company.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT**

Details of Loans, Guarantees and Investments covered under the provisions of the Companies Act, 2017 are given in the notes to Financial Statements forming part of this annual report.

## **INTERNAL FINANCIAL CONTROL**

The Company's Internal Control system with reference to the financial statements are adequate and commensurate with the nature of its business and the size and complexity of its operations. Periodic Audits and checks are conducted and the controls to prevent, detect and correct irregularities in the operations have been laid down by the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report on the operations of the Company, as required under SECP (Listing Obligations and Disclosure Requirements) is provided in a separate section and forms an integral part of this report.

## **RISK MANAGEMENT**

The Company has a Risk Management Committee to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

## **GOING CONCERN**

These financial statements are prepared on going concern basis and there is no concern on Company's ability to continue as Going Concern.

## **STATEMENT OF COMPLIANCE**

There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations of Pakistan Stock Exchange, applicable to the Company for the year ended September 30, 2021.

## **PATTERN OF SHAREHOLDINGS**

Pattern of Shareholding of the Company in accordance with the Companies Act, 2017 and Code of Corporate Governance as at September 30, 2021 is annexed

## **QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT**

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the code of Corporate Governance.

## **INSIDER TRADINGS**

The board has developed the policy that no person shall indulge in insider trading as per listing regulation applicable in Pakistan. During the financial year none of the director, CEO, CFO, Head of internal audit and Company Secretary traded in the share of the Company.

## **RISK ANALYSIS AND MITIGATION TECHNIQUES**

As an agricultural industry, sugar mills face additional risks affecting the performance of production processes derived from raw materials due to their seasonal, perishable, bulky, and diverse quality. Therefore, risk management becomes very important. The purpose of this study was to identify, analyze, and define risk mitigation strategies.

## AVAILABILITY OF CANE

The major risks faced by sugar business are the availability of cane, regulatory risks, price of sugar and competition within the surrounding mills. Sugar cane is the key raw material for sugar and any difficulty in getting cane at right time will have impact on the business. The key factors that influence cane availability are climatic condition, availability of cane harvesting labor and farmers opting for competitive crops.

Jauharabad Sugars strongly believes that the availability of sugar cane is ensured by fostering good relationship with the cane growers. This is done by undertaking various measures in supporting them in cultivating cane besides making payment for their supplies in time. These are in the form of providing assistance in drip irrigation, mechanical and manual harvesting and improved cane varieties. Apart from that financial assistance and mill transport also provided to the growers for bringing the cane crop in mill yard.

## TECHNOLOGICAL OBSOLESCENCE

JAUHARABAD SUGARS's philosophy is to 'Modernize, Indigenize. Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best of the prevailing technology. Jauharabad Sugars spent considerable amount of investment in Capital Goods bring efficiency in steam saving resulting lesser consumption of Bagasse and also made capital investment in evaporation and spray ponds to reduce to ZERO pollution in production. Jauharabad Sugars policies also include a favorable dispensation for replacement of Machinery and Equipment on a constant basis to take advantage of such technological movements.

## REVENUE CONCENTRATION

High concentration in any single business segment exposes the company to the risks inherent in that segment. The quest for diversified activities within the existing realm of overall management after due consideration of the advantages and disadvantages of each activity is consistent with company policy of increasing business volumes with minimum exposure to undue risks.

## INFLATION AND COST STRUCTURE

The cost of revenues consists primarily of raw materials including Sugar cane, Chemicals, Stores, Repairs and maintenance and finance cost. The cost of revenues has a very high degree of inflationary certainty. To de-risk, the Company has established specific policies for procurement of cane and allied store required for manufacturing.

Jauharabad Sugars at organizational level, cost optimization and cost reduction initiatives are implemented and are closely monitored. The Company controls costs through budgetary mechanism and its review against actual performance with the key objective of aligning them to the financial model. The focus on these initiatives has inculcated across the organization the importance of cost reduction and control.

## LEGAL RISK

Legal risk is the risk in which the Company is exposed to legal action As the Company is governed by various laws and the Company has to do its business within four walls of law, where the Company is exposed to legal risk exposure.

JSML have an experienced team of professionals, advisors who focus on evaluating the risks involved in a contract, ascertaining our responsibilities under the applicable law of the contract, restricting our liabilities under the contract, and covering the risks involved so that they can ensure adherence to all contractual commitments.

The Audit Committee, number of meeting held, attendance, among others are given separately in the attached Corporate Governance Report.

## BOARD OF DIRECTORS AND ITS COMMITTEES

The Board of Directors of the Company as at September 30, 2021 consists of:

Total	Number of Directors:
Male	06
Female	01
<b>COMPOSITION</b>	
Executive Directors	02
Independent Directors	03
Non-Executive Directors	05
Female Directors	01

The names of the directors as at September 30, 2021 are as follows.

Sr.No.	Director	Category	Meetings Attended
1	Mr. Jamal Ahmed (Late)	Chief Executive	04
2	Mr. Syed Anwar Hussain Shahid	Chief Executive	-

3	Mr. Muhammad Aamir Beg	Chairman	05
4	Mr. Farhan Ilyas	Independent/Non-Executive	04
5	Ms. Ayesha Rasheed (Resigned)	Independent/Non-Executive	01
6	Mr. Amjad Bashir Hussain (Resigned)	CPL Nominee/Non-Executive	02
7	Mr. Ghias Ul Hassan	CPL Nominee/Non-Executive	05
8	Mr. Saif Ur Rehman	CPL Nominee/Executive	05
9	Ms. Nazia Waheed (Resigned)	Independent/Non-Executive	01
10	Mr. Kamran Zahoor	CPL Nominee/Non-Executive	03
11	Ms. Faiza Iftikhar	Independent/Non-Executive	01

The Directors who could not attend the Board Meeting and requested for leave were duly granted leave for absence from the meeting by the Board with the law.

## PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The evaluation of Board's role of oversight and its effectiveness is appraised by the Board itself. The main areas of focus are:

- Achieving corporate goals and objectives as defined in the Company's vision and mission statements.
- Strategy formulation and dissemination of directions to the management for sustainable planning and operation; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities as per defined TOR's.

## AUDIT COMMITTEE

As on date of this report, the Audit Committee comprises of three Directors, two of whom are independent directors, and one of them is non-executive director viz., Mr. Farhan Ilyas as Chairman, and Mr. Kamran Zahoor and Mr. Muhammad Aamir Beg as Members. The details of terms of reference of the Audit Committee, number and dates of meeting held, attendance, among others are given separately in the attached Corporate Governance Report.

## HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&R) COMMITTEE

The committee consists of three members; consisting of non-executive directors including an independent director. The terms of reference of this Committee have been determined in accordance with guidelines provided in the Code of Corporate Governance, 2019, "the Code". The Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. The committee held one meeting during 2020-2021.


## RELATED PARTY TRANSACTIONS

All the transactions carried out with related parties for the year under review were on arm's length basis, which were duly approved by the Audit Committee and are in compliance with the applicable provisions of the Companies Act, 2017 and SECP Listing Regulations. There are no material significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at [www.jsml.com.pk](http://www.jsml.com.pk).

## REMUNERATION POLICY

The Company has adopted a Remuneration Policy for executive and non-executive directors and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration as approved by the Board of Directors on the recommendation of Nomination and Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders and such other authorities as the case may be. The remuneration policy is also placed on the Company's website.

On behalf of the Board



Syed Anwar Hussain  
Chief Executive

Lahore: December 28, 2021

# PATTERN OF SHAREHOLDING

As on September 30, 2021

1.1 Name of the Company

Jauharabad Sugar Mills Limited

2.1 Pattern of holding of the shares held by the shareholders as at

September 30, 2021

2.2 No. of Shareholders	From	To	Total Shares Held
626	1	100	16,423
235	101	500	59,285
93	501	1,000	69,563
146	1,001	5,000	371,552
28	5,001	10,000	198,907
13	10,001	15,000	176,052
5	15,001	20,000	86,944
7	20,001	25,000	162,039
2	30,001	35,000	64,651
1	35,001	40,000	40,000
1	40,001	45,000	43,500
1	45,001	50,000	50,000
1	50,001	55,000	54,000
2	55,001	60,000	119,500
1	65,001	70,000	65,170
2	85,001	90,000	173,308
2	95,001	100,000	196,485
1	105,001	110,000	107,103
1	150,001	155,000	152,000
1	195,001	200,000	200,000
1	200,001	205,000	200,300
1	230,001	235,000	230,626
1	240,001	245,000	244,000
1	260,001	265,000	264,000
1	325,001	330,000	329,000
1	330,001	335,000	332,000
1	390,001	395,000	392,897
1	1,025,001	1,030,000	1,028,582
1	1,045,001	1,050,000	1,047,530
1	1,150,001	1,155,000	1,151,335
1	1,595,001	1,600,000	1,600,000
1	3,175,001	3,180,000	3,175,816
1	21,725,001	21,730,000	21,725,885
1182			34,128,453

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	5,000	0.0147%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	21,725,885	63.6592%
2.3.3 NIT and ICP	1,033,239	3.0275%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,871	0.0172%
2.3.5 Insurance Companies	231,357	0.6779%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Shareholders holding 10% or more	21,725,885	63.6592%
2.3.8 General Public		
a. Local	6,849,082	20.0685%
b. Foreign	690	0.0020%
2.3.9 Others (to be specified)		
- Investment Companies	2,425	0.0071%
- Joint Stock Companies	4,148,874	12.1566%
- Pension Funds	99,459	0.2914%
- Others	26,571	0.0779%

# CATEGORIES OF SHAREHOLDING

Required under Code of Corporate Governance (CCG)

As on September 30, 2021

S. No.	Name	No. of Shares Held	Percentage
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## Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1	CANE PROCESSING (PVT) LTD. (CDC)	21,725,885	63.6592%
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## Mutual Funds (Name Wise Detail)

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## Directors and their Spouse and Minor Children (Name Wise Detail):

1	MR. SYED ANWAR HUSSAIN SHAHID (CPL Nominee)	--	--
2	MR. MUHAMMAD AAMIR BEG	500	0.0015%
3	MR. KAMRAN ZAHOOR (CPL Nominee)	--	--
4	MR. GYAS-UL-HASAN (CPL Nominee)	2,500	0.0073%
5	MR. SAIF UR REHMAN (CPL Nominee)	--	--
6	MR. FARHAN ILYAS	1,500	0.0044%
7	MS. FAIZA IFTIKHAR	500	0.0015%

## Executives:

1,603 0.0047%

## Public Sector Companies & Corporations:

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## Banks, Development Finance Institutions, Non Banking Finance

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	336,687	0.9865%
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## Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	Name	Holding	Percentage
1	CANE PROCESSING (PVT) LTD. (CDC)	21,725,885	63.6592%
2	MRS. GHAZALA AMJAD (CDC)	3,175,816	9.3055%

## All trades in the shares of the listed company, carried out by its Directors, Executives and their

spouses and minor children shall also be disclosed:

S. No.	NAME	SALE	PURCHASE
1	MR. IMRAN ILYAS	125,082	-
2	MR. FARHAN ILYAS	1,000	-
3	MR. MUHAMMAD AAMIR BEG	-	500
4	MS. FAIZA IFTIKHAR	-	500

# STATEMENT OF COMPLIANCE

As on September 30, 2021

The Company has complied with the requirements of the Regulations in the following manner:

- The total number of directors are seven as per the following:

Gender	Number
Male	6
Female	1

- The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Muhammad Aamir Beg
	Mr. Farhan Ilyas
	Ms. Faiza Iftikhar
Non-Executive Directors	Mr. Ghias-Ul-Hassan
	Mr. Kamran Zahoor
Executive Director	Mr. Syed Anwar Hussain Shahid
	Mr. Saif-Ur-Rehman
Female Director	Ms. Faiza Iftikhar

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
- The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of Companies Act 2017 (the Act) and CCG Regulations.
- The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- In terms of Regulation 19 of Chapter VI of the Code of Corporate Governance, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2022. Presently, six (6) directors of the Company have already completed this program. The remaining one (1) director shall obtain certification under the DTP in due course of time.
- The Board has approved appointment of Chief Financial Officer

(CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

- Chief Financial Officer and Chief Executive duly endorsed the financial statements before approval of the Board.
- The Board has formed committees comprising of members given below:

Audit Committee	Chairman: Mr. Farhan Ilyas Member: Mr. Muhammad Aamir Beg Member: Mr. Kamran Zahoor
HR & Remuneration Committee	Chairman: Mr. Muhammad Aamir Beg Member: Mr. Syed Anwar Hussain Shahid Member: Mr. Ghias-Ul-Hasan

- The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
- The frequency of meetings of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended September 30, 2021
HR & Remuneration Committee	One meeting was held during the financial year ended September 30, 2021

- The Board has set up an effective internal audit function.
- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
- The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, CCG Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- We confirm that all the mandatory requirements of the Regulations have been complied with.



Mr. Muhammad Aamir Beg  
Chairman

Dated: December 28, 2021

# INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Jauharabad Sugar Mills Limited

Review Report on the statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Jauharabad Sugar Mills Limited ("the Company") for the year ended September 30, 2021 to comply with the requirements of regulation 36 of the regulations.


The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight the any non-compliance with the requirements of the regulations. A review is limited primarily to inquiries of the Company's personnel and review of the various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Director upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2021.

Lahore December 28, 2021

  
UHY Hassan Naeem & Co.  
Chartered Accountant

# AUDITOR'S REPORT TO MEMBERS

# INDEPENDENT AUDITOR'S REPORT

To the members of Jauharabad Sugar Mills Limited  
Report on the Audit of the Financial Statements

## Opinion

We have audited the annexed financial statements of Jauharabad Sugar Mills Limited (the Company), which comprise the statement of financial position as at September 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1	<p><b>Revenue</b></p> <p>Refer to the statement of profit or loss and note 4.12 and 28 to the financial statements.</p> <p>The Company generates revenue from sale of sugar and its by-products to both local and export customers.</p> <p>We identified recognition of sales as a key audit matter because sales are one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue;</li><li>• Assessed the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards;</li><li>• Compared, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue has been recognized in the appropriate financial period;</li><li>• Performed scanning analytics to identify any manual journal entries relating to sales during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation;</li><li>• Performed test of details over a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; and</li><li>• Assessed the adequacy of disclosures in the financial statements to be in accordance with the applicable accounting standards.</li></ul>

## 2 Borrowings and finance costs

Refer to notes 4.13, 19, 20 and 32 to the financial statements.

The Company has obtained a range of financing facilities from different financial institutions with varying terms and tenure. Further, compliance with debt covenants is a key requirement of these financing arrangements.

This was considered to be a key audit matter as this affects Company's gearing, liquidity and solvency.

- Inspected financing arrangement and relevant supporting documents to identify terms and conditions of the facilities.
- Circularized confirmations to financial institutions for verification of borrowings as at September 30, 2021;
- Re-calculated the mark-up recognized during the year;
- Inquired and recalculated mark-up capitalized on qualifying assets;
- Identified and assessed whether these facilities were accounted for in accordance with approved accounting standards as applicable in Pakistan; and
- Assessed the adequacy of the disclosures in the financial statements.

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended September 30, 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue

as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.


## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Place: Lahore  
Date: December 28, 2021

  
UHY Hassan Naeem & Co.  
Chartered Accountants

# FINANCIAL STATEMENTS

# Jauharabad Sugar Mills Limited


Statement of Financial Position

As at September 30, 2021


	Note	2021 Rupees	2020 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	5	5,122,358,505	5,125,094,780
Intangible assets	6	116,153	173,363
Long-term deposits	7	2,800,300	2,786,800
		<u>5,125,274,958</u>	<u>5,128,054,943</u>
<b>Current assets</b>			
Stores, spare parts and loose tools	8	95,464,679	91,673,389
Stock-in-trade	9	93,460,919	193,621,434
Loans and advances	10	214,563,613	69,597,556
Trade debts	11	573,125	1,345,521
Trade deposits and short term prepayments	12	8,697,401	3,102,985
Other receivables-unsecured considered good	13	22,220,756	31,340,756
Tax refunds due from the Government	14	86,147,455	116,665,800
Short term investments	15	17,686,738	17,128,849
Cash and bank balances	16	68,442,035	223,833,689
		<u>607,256,721</u>	<u>748,309,979</u>
<b>Current liabilities</b>			
Trade and other payables	17	232,536,031	345,925,065
Unclaimed dividend		1,509,621	1,156,796
Accrued mark-up	18	3,680,582	3,054,333
Short term borrowings	19	190,166,362	198,320,645
Current portion of:			
-Long term loans from banking companies-secured	20	94,886,345	74,183,077
Provision for taxation	22	61,619,284	55,205,499
		<u>584,398,225</u>	<u>677,845,415</u>
<b>Working capital employed</b>		<u>22,858,496</u>	<u>70,464,564</u>
		<u>5,148,133,454</u>	<u>5,198,519,507</u>
<b>Contingencies and commitments</b>			
	23		
<b>Non-current liabilities</b>			
Long term loans from banking companies-secured	20	20,747,754	147,932,831
Deferred taxation	24	365,211,617	354,304,212
		<u>385,959,371</u>	<u>502,237,043</u>
<b>Net capital employed</b>		<u>4,762,174,083</u>	<u>4,696,282,464</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Share capital	25	341,284,530	341,284,530
Capital reserve - share premium		372,402,633	372,402,633
Loan from sponsors	26	610,096,898	611,827,898
Revenue reserve - Accumulated profits		594,462,438	481,288,027
Revaluation surplus on property, plant and equipment - net of tax	27	2,843,927,584	2,889,479,376
		<u>4,762,174,083</u>	<u>4,696,282,464</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore:  
December 28, 2021

  
Syed Anwar Hussain  
Chief Executive Officer

  
Ghias Ul Hasan  
Director

  
Imran Ilyas  
Chief Financial Officer

## Jauharabad Sugar Mills Limited


Statement of Profit or Loss

For the year ended September 30, 2021


	Note	2021 Rupees	2020 Rupees
Sales - net	28	4,924,089,175	3,502,836,509
Cost of sales	29	4,345,577,879	2,898,771,289
<b>Gross profit</b>		<b>578,511,296</b>	<b>604,065,220</b>
<b>Operating expenses:</b>			
Distribution cost	30	15,441,560	14,140,541
Administrative expenses	31	175,750,510	157,059,000
		(191,192,070)	(171,199,541)
<b>Operating profit</b>		<b>387,319,226</b>	<b>432,865,679</b>
Finance cost	32	(219,555,138)	(231,178,175)
Other income	33	12,379,767	7,911,244
Other expenses	34	(11,854,666)	(13,207,530)
<b>Profit before taxation</b>		<b>168,289,189</b>	<b>196,391,218</b>
Taxation	35	(66,538,117)	16,937,529
<b>Profit after taxation</b>		<b>101,751,072</b>	<b>213,328,747</b>
<b>Earning per share - basic and diluted</b>	36	<b>2.98</b>	<b>6.25</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore:  
December 28, 2021

  
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Chief Executive Officer

  
Ghias Ul Hasan  
Director

  
Imran Ilyas  
Chief Financial Officer


## Jauharabad Sugar Mills Limited

Statement of Other Comprehensive Income  
For the year ended September 30, 2021


	2021 Rupees	2020 Rupees
Profit after taxation	101,751,072	213,328,747
Other comprehensive income for the year		
Items that will not be reclassified subsequently to profit or loss account		
Gain on revaluation of land, building and plant & machinery - net of tax	-	1,615,997,304
Total comprehensive income for the year	101,751,072	1,829,326,051

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore:  
December 28, 2021

  
Syed Anwar Hussain  
Chief Executive Officer

  
Ghias Ul Hasan  
Director

  
Imran Ilyas  
Chief Financial Officer

# Jauharabad Sugar Mills Limited


## Statement of Cash Flows

For the year ended September 30, 2021


	Note	2021 Rupees	2020 Rupees
<b>Cash flow from operating activities</b>			
Profit before taxation		168,289,189	196,391,218
<b>Adjustments for:</b>			
Depreciation	5.1.1	135,701,609	110,973,001
Amortization	6.3	57,210	85,388
Balances written-off		47,691	-
Gain on foreign currency transaction	33	-	(342,634)
Provision for Workers' Profit Participation Fund	34	8,857,326	10,336,380
Finance cost	32	219,555,138	231,178,175
Government grant		(4,733,836)	-
Loss/(Gain) on disposal of property, plant and equipment	5.1.5	2,081,725	(1,035,674)
		<u>361,566,863</u>	<u>351,194,636</u>
<b>Operating profit before working capital changes</b>		<b>529,856,052</b>	<b>547,585,854</b>
<b>Working capital changes</b>			
Stores, spare parts and loose tools		(3,791,290)	(13,885,032)
Stock-in-trade		100,160,515	196,380,975
Loans and advances		(144,966,057)	55,237,293
Trade debts		772,396	269,263,440
Trade deposits and short term prepayments		(5,594,416)	(1,077,751)
Other receivables-unsecured considered good		9,120,000	1,395,161
Trade and other payables		(111,957,667)	(263,146,513)
Unclaimed dividend		352,825	34,401
Short term loan from sponsors		-	111,750,000
		<u>(155,903,694)</u>	<u>355,951,974</u>
<b>Cash generated from operations</b>		<b>373,952,358</b>	<b>903,537,828</b>
Tax paid		(24,623,469)	(19,669,310)
WPPF paid		(10,336,380)	(13,540,480)
Finance cost paid		(212,187,225)	(272,526,934)
		<u>(247,147,074)</u>	<u>(305,736,724)</u>
<b>Net cash generated from operating activities</b>		<b>126,805,284</b>	<b>597,801,104</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore:  
December 28, 2021

  
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Chief Executive Officer

  
Ghias Ul Hasan  
Director

  
Imran Ilyas  
Chief Financial Officer

# Jauharabad Sugar Mills Limited


## Statement of Cash Flows

For the year ended September 30, 2021


	Note	2021 Rupees	2020 Rupees
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(139,049,813)	(167,968,779)
Sale proceeds from disposal of property, plant and equipment		4,002,754	2,053,741
Long term deposits		(13,500)	(400,000)
<b>Net cash used in from investing activities</b>		<b>(135,060,559)</b>	<b>(166,315,038)</b>
<b>Cash flow from financing activities</b>			
Repayment of long term finances - net		(102,564,754)	(5,656,696)
Lease rentals paid - net		-	(139,357)
Dividend paid		(34,128,453)	(34,128,469)
Proceeds from sponsors' loan - net		(1,731,000)	1,150,748
<b>Net cash used in financing activities</b>		<b>(138,424,207)</b>	<b>(38,773,774)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(146,679,482)</b>	<b>392,712,292</b>
Cash and cash equivalents at the beginning of the year		42,641,893	(350,070,399)
<b>Cash and cash equivalents at the end of the year</b>		<b>(104,037,589)</b>	<b>42,641,893</b>
<b>Cash and cash equivalents comprise of following statement of financial position amounts:</b>			
- Short term investments	15	17,686,738	17,128,849
- Cash and bank balances	16	68,442,035	223,833,689
- Short term borrowings	19	(190,166,362)	(198,320,645)
		<b>(104,037,589)</b>	<b>42,641,893</b>

The annexed notes 1 to 45 form an integral part of these financial statements.

Lahore:  
December 28, 2021

  
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Chief Executive Officer

  
Ghias Ul Hasan  
Director

  
Imran Ilyas  
Chief Financial Officer



# Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2021

## 1 Reporting entity

1.1 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.

### 1.2 Summary of significant events and transactions in the current reporting period

The Company's financial position and performance were particularly affected by the following events and transactions during the reporting period:

a) The Company is in the process of installation of a power plant with generation capacity of 15 MW /hour, which will significantly affect the business volume and profitability of the Company. Refer to note 5.2 for capital expenditures and advances against the same incurred till September 30, 2021. In this regard, the Company has arranged long term finance facilities aggregating Rs. 350 million (note 20 ).

## 2 Basis of preparation

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provision of and directives issued under the Companies Act, 2017

Where provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for the certain property, plant and equipment that are at revalued amounts.

Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

- Estimation of net realizable value
- Computation of deferred taxation
- Disclosure of contingencies

## 3 Use of estimates and judgements

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the

revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

### 3.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

### 3.2 Revaluation of property, plant and equipment

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

### 3.3 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, spare parts and loose tools with a corresponding effect on the provision.

### 3.4 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable represents the estimated selling price less cost necessarily to be incurred for such sale

### 3.5 Impairment

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

### 3.6 Taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

### 3.7 Impairment of trade debts, advances and other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

### 3.8 Provisions and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims affect the carrying amounts of the liabilities recognized at the balance sheet date.

### 3.9 Expected credit loss

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information

that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Company limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a good credit rating. The Company monitors changes in credit risk by tracking published external credit ratings. 12-month and lifetime probabilities of default are based on historical credit ratings of the issuer.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

## 4 Significant accounting policies

### 4.1 IFRS 15 - Revenue from Contracts with Customers

"IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those promised goods or services."

Based on the assessment performed by the management, there is no significant impact of the changes laid down by IFRS 15 on these financial statements of the Company.

### 4.2 IFRS 16 - Leases

"IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognized in the condensed interim statement of financial position, as the distinction between operating and finance leases has now been eliminated. Under the new standard, an asset and a lease liability to pay rentals are required to be recognized. The only exceptions are short term and low value leases."

Impact on financial position of the company

The company has adopted IFRS 16 and it has no material impact on the company's financial position as the only lease appearing is finance lease.

### 4.3 IFRS 9 - Financial instruments

IFRS 9 'Financial instruments' - This standard replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It also includes an expected credit losses model that replaces the incurred loss impairment model included in IAS 39. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below

#### 4.3.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans, receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through Other Comprehensive Income (FVOCI), or through profit or loss (FVTPL); and

- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain on derecognition is recognized in profit or loss.

Equity investments at fair value through other comprehensive income are measured at fair value. Net gains and losses are recognized in statement of other comprehensive income and dividend income is recognized in statement of profit or loss account.

#### 4.3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following revised International Financial Reporting Standards (IFRS), amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretations:

Standards or Interpretation	Effective date (beginning on or after)
Amendments to IFRS 7, IFRS 4 and IFRS 16 for interest rate benchmark (IBOR) reform	July 1, 2021
Classification of Liabilities - Amendments to IAS 1	July 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	July 1, 2023

#### 4.4 Staff retirement benefits

##### Defined contribution plan

The Company operates a defined contribution provident fund scheme (the Fund) for its permanent employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10% of basic salary. The Company's contribution is charged to the statement of comprehensive income.

#### 4.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

##### Current

Provision for current taxation is based on taxable income, as adjusted for tax purposes, at the current rate of tax after taking into account all tax credits, rebates and available tax losses determined in accordance with prevailing tax laws. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments made during the year for such years.

##### Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

#### 4.6 Earnings per share ("EPS")

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

#### 4.7 Property, plant and equipment

##### 4.7.1 Owned

###### Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is stated at revalued amount, building and plant & machinery which is stated at revalued amount less subsequent accumulated depreciation and subsequent impairment losses, if any. Cost includes purchase cost together with any incidental expenses of acquisition. Depreciation on additions is charged from the month when the asset is available for use, while no depreciation is charged for the month in which the asset is disposed off. Depreciation is charged to profit or loss account at the rates specified in Note 5.1 to these financial statements using the reducing balance method unless specifically stated otherwise. Estimate of useful life of depreciable assets is based on assessment of industry trends, technical obsolescence and past experiences. Residual value and useful life of assets are reviewed, at each date of statement of financial position and adjusted expectations differ significantly from previous estimates.

Surplus on revaluation is booked by restating gross carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the asset and the depreciation based on the assets' original cost is transferred annually to retained earnings net of related deferred tax. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of fixed assets account are net of applicable deferred income tax.

###### Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

###### De-recognition

Gain or loss arising from de-recognition of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of an asset and is charged to the profit or loss account.

### Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

## 4.7.2 Leased

### Right of use Asset

The Company assesses whether a contract is or contains a lease at the inception of the contract. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

### Lease liability

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 4.8 Intangibles

### Recognition and measurement

Intangibles, with finite useful lives, are measured at cost less accumulated amortization and impairment losses, if any. Amortization is charged to profit or loss account using the reducing balance method over its useful life.

### Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is charged to profit or loss account as incurred.

### De-recognition

Gains or losses arising from de-recognition of intangibles are measured as the difference between the net disposal proceeds and the carrying amount of assets and are charged to the profit or loss account.

## 4.9 Impairment

### Financial assets

The Company records impairment based on lifetime expected credit loss at the time of initial recognition of financial instrument at a default rate calculated using own historical credit loss experience and forward looking factors. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

### Non-financial assets

The carrying amount of the Company's non-financial assets is reviewed at each year end to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be value in use. Impairment losses are recognized as an expense in the statement of other comprehensive income.

#### 4.10 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined at average running cost. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Cost is determined at average running cost.

#### 4.11 Stock in trade

These are valued at lower of cost and net realizable value (NRV) except molasses, bagasse and VF cake which is valued at NRV. Cost in relation to raw material, work in process and finished goods represents average cost comprising direct material, labour and appropriate manufacturing overheads. NRV represents the estimated selling price less cost necessarily to be incurred for such sale. Cost is determined as follows:

Work-in-process:	At estimated cost.
Finished goods - sugar:	Lower of weighted average cost and net realizable value

#### 4.12 Revenue recognition

According to the core principle of IFRS 15, the Company recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those good and services. The Company recognizes revenue in accordance with that core principle by applying the following steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognize revenue when the entity satisfies a performance obligation.

Revenue is measured at the fair value of consideration received or receivable, and represents amount receivable for goods supplied. Revenue from sale of goods is recognized when the Company satisfies a performance obligation (at a point of time) by transferring promised goods to customer being when the goods are invoiced and delivered to customers. This criteria of revenue recognition for its timing and amount is consistent with the previously adopted accounting standard therefore, the management concludes that the adoption of IFRS 15 does not have impact on the timing and amount of revenue recognition of the Company.

#### 4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

#### 4.14 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### 4.15 Trade debts and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

#### 4.16 Trade and other payables

Liabilities of trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

#### 4.17 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the board of directors.

#### 4.18 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit or loss for the year. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. The particular measurement methods adopted are disclosed in individual policy statement associated with each item.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

#### 4.19 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, cheques in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, running finance under mark-up arrangements and short term loans which form an integral part of the Company's cash management.

#### 4.20 Foreign currencies transactions

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupees on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

#### 4.21 Related party transactions

All transactions with related parties are carried out as arms' length transactions by the Company using the methods prescribed under the Companies Act, 2017.

#### 4.22 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

	Note	2021 Rupees	2020 Rupees
5	Property, plant and equipment		
	Property, plant and equipment	4,580,856,118	4,630,504,304
	Capital work-in-progress	541,502,387	494,590,476
		<u>5,122,358,505</u>	<u>5,125,094,780</u>

## Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2021

### 5.1 Property, plant and equipment

Particulars	Owned assets					Leased Assets			Grand Total
	Freehold Land	Building on freehold land	Plant and machinery	Service and other equipment	Furniture and fixture	Office equipment	Vehicles	Vehicles	
------(Rupees)-----									
<b>Cost</b>									
Balance at October 01, 2019	817,868,000	337,922,218	2,709,854,473	10,177,778	9,945,277	11,807,631	68,879,564	1,853,223	3,968,308,164
Revaluation surplus	1,238,468,000	36,222,160	495,509,253	-	-	-	-	-	1,770,199,413
Additions	-	21,284,185	114,676,873	-	443,475	472,300	5,789,800	-	142,666,633
Disposal	-	-	-	-	-	(78,535)	(63,500)	(1,853,223)	(1,995,258)
Balance at September 30, 2020	2,056,336,000	395,428,563	3,320,040,599	10,177,778	10,388,752	12,201,396	74,605,864	-	5,879,178,952
Balance at October 01, 2020	2,056,336,000	395,428,563	3,320,040,599	10,177,778	10,388,752	12,201,396	74,605,864	-	5,879,178,952
Additions	27,766,000	9,245,269	53,341,492	-	474,003	459,949	851,189	-	92,137,902
Disposal	-	-	-	-	-	(392,670)	(12,653,917)	-	(13,046,587)
Balance at September 30, 2021	2,084,102,000	404,673,832	3,373,382,091	10,177,778	10,862,755	12,268,675	62,803,136	-	5,958,270,267
<b>Depreciation</b>									
Balance at October 01, 2019	-	138,850,878	947,638,813	8,576,781	5,992,784	5,165,407	31,588,362	865,813	1,138,678,838
For the year	-	10,787,947	90,820,931	160,100	420,041	699,875	8,034,736	49,371	110,973,001
Disposal	-	-	-	-	-	(29,348)	(32,659)	(915,184)	(977,191)
Balance at September 30, 2020	-	149,638,825	1,038,459,744	8,736,881	6,412,825	5,835,934	39,590,439	-	1,248,674,648
Balance at October 01, 2020	-	149,638,825	1,038,459,744	8,736,881	6,412,825	5,835,934	39,590,439	-	1,248,674,648
For the year	-	12,573,530	114,975,918	144,090	419,959	631,286	6,956,826	-	135,701,609
Disposal	-	-	-	-	-	(107,847)	(6,854,261)	-	(6,962,108)
Balance at September 30, 2021	-	162,212,355	1,153,435,662	8,880,971	6,832,784	6,359,373	39,693,004	-	1,377,414,149
Carrying value 2020	2,056,336,000	245,789,738	2,281,580,855	1,440,897	3,975,927	6,365,462	35,015,425	-	4,630,504,304
Carrying value 2021	2,084,102,000	242,461,477	2,219,946,429	1,296,807	4,029,971	5,909,302	23,110,132	-	4,580,856,118
Rates of depreciation	0%	5%	5%	10%	10%	10%	20%	20%	20%

## Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2021

### 5.1.1 Depreciation for the year has been allocated as under:

	Note	2021 Rupees	2020 Rupees
Cost of sales	29	132,987,577	108,753,541
Administrative expenses	31	2,714,032	2,219,460
		<u>135,701,609</u>	<u>110,973,001</u>

5.1.2 All assets are acquired with the funds of the Company and are held by and in the possession and control of the Company.

5.1.3 The latest valuation of the Company's assets was carried out by Tristar International Consultant (Private) Limited as at September 30, 2020 and the forced sale value as at that date is given below:

	Amount in Rupees
Freehold land	1,645,068,800
Building on freehold land	184,342,303
Plant, machinery and equipment	1,825,379,065
	<u>3,654,790,168</u>

5.1.4 Buildings, plant and machinery are located at freehold land measuring 497.68 Kanals located at industrial area Jauharabad City District Khushab.

5.1.5 Disposal of property, plant and equipment

Particulars	Cost	Net Book Value	Sale proceeds	Gain/ (loss) on proceeds	Mode of Disposal	Name of purchaser
-----2021-----						
Amount in Rupees						
Vehicles						
Suzuki Cultus LED-17-8015	1,418,510	590,675	347,750	(242,925)	Sale	Tariq Mahmood- Employee
Suzuki Cultus LED-18-7522	1,556,830	742,357	504,240	(238,117)	Sale	Amanat Ali- Employee
Toyota Corolla LEB-17A-8717	2,031,490	918,432	496,750	(421,682)	Sale	Saif ur Rehman- Employee
Honda City LED-18-6687	1,776,167	846,551	597,570	(248,981)	Sale	Usman Afzaal- Employee
Honda City LE-18-7075	1,970,777	1,033,871	787,914	(245,957)	Sale	Arsalan Ahmed- Employee
Suzuki Mehran LEH-17-5315	753,295	291,819	183,000	(108,819)	Sale	Kazim Ali- Employee
Suzuki Mehran LEH-17-5701	752,495	291,501	183,000	(108,501)	Sale	Al Yousuf- Employee
Honda BRV LEB-18-7375	2,394,360	1,084,450	843,630	(240,820)	Sale	Amjad Mahmood- Employee
Sub total	12,653,917	5,799,656	3,943,854	(1,855,802)		

Office equipment						
Having book value less than Rs. 500,000	392,670	284,823	58,900	(225,923)	Sale	Employees
Total- 2021	13,046,587	6,084,479	4,002,754	(2,081,725)		

Particulars	Cost	Net Book Value	Sale proceeds	Gain/ (loss) on proceeds	Mode of Disposal	Name of purchaser
Honda City Aspire	1,853,223	938,039	2,010,461	1,072,422	Sale	Mr. Amjad Mahmood Employee
Having book value less than Rs. 500,000	63,500	30,841	31,500	659	Sale	Employees
Sub total	1,916,723	968,880	2,041,961	1,073,081		

Office equipment						
Having book value less than Rs. 500,000	78,535	49,187	11,780	(37,407)	Sale	Employees
Total- 2020	1,995,258	1,018,067	2,053,741	1,035,674		

5.1.6 If the freehold land, building and plant and machinery were measured using the cost model, the carrying amount would be as follows:

Particulars	Cost	"Accumulated depreciation"	"Net book value"
<b>2021</b>	------(Rupees)-----		
Freehold land	1,648,310	-	1,648,310
Building on freehold land	263,751,761	116,189,794	147,561,967
Plant and machinery	1,902,474,646	845,588,729	1,056,885,917
	<b>2,167,874,717</b>	<b>961,778,523</b>	<b>1,206,096,194</b>
<b>2020</b>			
Freehold land	1,648,310	-	1,648,310
Building on freehold land	254,506,492	108,423,375	146,083,117
Plant and machinery	1,849,133,154	789,963,154	1,059,170,000
	<b>2,105,287,956</b>	<b>898,386,529</b>	<b>1,206,901,427</b>

## 5.2 Capital work-in-progress

This cost incurred at Balancing Modernization and Replacement Program (BMR) of the Company in previous year and transferred to fixed assets is follows:

Particulars	Opening Balance	Additions during the year	Transferred to/ (from)	Closing balance
<b>2021</b>	------(Rupees)-----			
Plant and machinery	487,958,046	45,303,160	-	533,261,206
Advances for capital expenditure	6,632,430	1,608,751	-	8,241,181
	<b>494,590,476</b>	<b>46,911,911</b>	<b>-</b>	<b>541,502,387</b>

2020

Plant and machinery	437,112,928	50,465,588	379,530	487,958,046
Advances for capital expenditure	7,011,960	-	(379,530)	6,632,430
	<u>444,124,888</u>	<u>50,465,588</u>	<u>-</u>	<u>494,590,476</u>

5.2.1 Capital work in progress includes mark-up capitalized amounting to Rs. Nil in plant and machinery (2020: Rs. 25,163,443).

5.2.2 Advances for capital expenditure relates to the purchase for Power Plant.

	Note	2021 Rupees	2020 Rupees
<b>6 Intangible assets</b>			
Software	6.1	116,153	173,363
<b>6.1 Software</b>			
Cost		1,100,000	1,100,000
Additions during the year		-	-
Disposal during the year		-	-
Accumulated amortization	6.2	(983,847)	(926,637)
At the end of the year		116,153	173,363
<b>6.2 Accumulated Amortization</b>			
At beginning of the year		926,637	841,249
Amortization for the year	6.3	57,210	85,388
At the end of the year		983,847	926,637
Amortization rate - % per annum		33%	33%
<b>6.3 Amortization for the year has been allocated as under:</b>			
Cost of sales	29	56,066	83,680
Administrative expenses	31	1,144	1,708
		57,210	85,388
<b>7 Long-term deposits</b>			
This represents interest free deposits to sub division canal officer for provision of utilities at plant and are refundable on disconnection of services.			
<b>8 Stores, spare parts and loose tools</b>			
Stores		55,388,236	54,264,127
Spare parts		37,402,035	34,569,778
Loose tools		2,674,408	2,839,484
		95,464,679	91,673,389
<b>9 Stock-in-trade</b>			
Work-in-process		3,751,911	3,810,289
Finished goods		89,709,008	189,811,145
		93,460,919	193,621,434
<b>10 Loans and advances</b>			
Advances-considered good-unsecured			
-Suppliers		152,196,561	30,906,763
-Employees		12,569,854	5,647,985
-Agricultural loan	10.1	33,109,570	28,131,008
		197,875,985	64,685,756
L.C Deposit	10.2	16,687,628	4,911,800
		214,563,613	69,597,556

- 10.1 This represents interest free advances to sugarcane growers, which are adjustable against supply of sugarcane.  
 10.2 This comprises deposits against letter of credits for consumables.

		2021 Rupees	2020 Rupees
11	<b>Trade debts</b>		
	Local Debtors		
	Local debtors considered good - unsecured	573,125	1,345,521
	Export debtors considered good - secured	-	-
		<u>573,125</u>	<u>1,345,521</u>
12	<b>Trade deposits and short term prepayments</b>		
	Prepaid expenses	5,096,867	2,818,167
	Others	3,600,534	284,818
		<u>8,697,401</u>	<u>3,102,985</u>
12.1	This mainly includes insurance premiums.		
13	<b>Other receivables - unsecured considered good</b>		
	Excise duty recoverable	10,500,922	10,500,922
	Export fund refund	2,746,250	2,746,250
	Special excise duty refundable	505,200	505,200
	Rebate receivable on export of sugar	8,323,540	8,323,540
	Sales tax refundable	144,844	9,264,844
		<u>22,220,756</u>	<u>31,340,756</u>

13.1 This represents refund allowed by the Central Excise Appellate Tribunal, Lahore, in the light of criteria set up by the Supreme Court of Pakistan against Central Excise Duty paid during the season 1988-89. The Company's legal counsel expects that case to be decided in the favour of the company.

13.2 This represents relief granted by the Lahore High Court against previous years' demand. However the same is still pending for final adjudication. The Company's legal counsel expects that case to be decided in the favor of the company.

13.3 This represents an amount paid under protest as 1% Special Excise Duty on the goods manufactured prior to Finance Bill 2007, whereas it was leviable on goods manufactured/ imported from July 01, 2007, vide Circular No. 1(3) Fed 2007 dated 28th August, 2007. The Company's legal counsel expects that case to be decided in the favour of the company.

13.4 This represents rebate receivable from Government against export of sugar.

13.5 This represents sales tax amount recoverable against purchase/sale of goods.

		2021 Rupees	2020 Rupees
14	<b>Tax refunds due from the Government</b>		
	Opening balance	116,665,800	128,183,170
	Add: Tax deducted during the year	24,623,469	19,669,310
	Less: Adjusted against prior year taxes	(55,141,814)	(31,186,680)
		<u>86,147,455</u>	<u>116,665,800</u>
14.1	This represents income tax refundable from government. The assessments of the Company have been completed for and up to financial year ended on September 30, 2020.		
15	<b>Short term investments</b>		
	Investment at fair value through profit or loss	17,686,738	17,128,849
		<u>17,686,738</u>	<u>17,128,849</u>

15.1 This represents the investment made in Securities of JS Investment Limited.

	Note	2021 Rupees	2020 Rupees
<b>16</b>	<b>Cash and bank balances</b>		
	Cash in hand	18,680	320,703
	Cash at banks - current accounts	67,626,186	183,476,300
	Cash at banks - saving accounts	797,169	40,036,686
		<u>68,442,035</u>	<u>223,833,689</u>

16.1 The balances in saving accounts carry mark-up at 3% to 5.5% per annum (2020: 1.1% to 1.8%).

<b>17</b>	<b>Trade and other payables</b>		
	Trade Creditors	46,763,074	84,028,467
	Salaries and wages payable	24,300,495	19,580,287
	Accrued liabilities	22,934,382	14,095,647
	Advances from customers	1,101,081	55,001,804
	Income tax deducted at source	212,788	118,024
	Sugarcane cess payable	3,001,109	3,001,109
	Provident fund payable	617,731	551,935
	Sales tax payable	5,797,889	41,063,705
	Security deposit	5,845,630	5,043,181
	Workers' Profit Participation Fund (WPPF)	8,902,852	10,381,906
	Other payable	1,309,000	1,309,000
	Short term loan from sponsors	111,750,000	111,750,000
		<u>232,536,031</u>	<u>345,925,065</u>

17.1 This represents advances received from customers for sale of sugar.

17.2 This represents sugarcane cess demanded by Cane Commissioner, Lahore against sugarcane purchased from Khyber Pakhtunkhwa

17.3 This represents provision against pending cases of sales tax for the year 1999-2000 amounting to Rs. 3.44 million (2020: 3.44 million) and sales tax payable for the month of September 2021 amounting to Rs. 1.31 million (2020: Rs. 37.62 million).

17.4 Workers' Profit Participation Fund (WPPF)

Balance at beginning of the year	10,381,906	13,586,006
Add: Charge for the year	8,857,326	10,336,380
	<u>19,239,232</u>	<u>23,922,386</u>
Less: Payments made to the fund during the year	(10,336,380)	(13,540,480)
Balance at end of the year	<u>8,902,852</u>	<u>10,381,906</u>

17.5 This represents labor colony land at Jauharabad against which a case is pending with Housing and Physical Planning Department (PHATA), Jauharabad. On account of legal proceedings the management expects that the payment against this liability shall arise after September 30, 2021.

17.6 This represents interest free loans provided to the Company by its Sponsors. These loan have been agreed to be repayable at the Sponsor's discretion.

<b>18</b>	<b>Accrued mark-up</b>		
	Accrued mark-up on:		
	- Long term finances from banking companies-secured	708,760	2,076,939
	- Short term borrowings	2,971,822	977,394
		<u>3,680,582</u>	<u>3,054,333</u>

	Sanction limit 'Rupees in Million'	Note	2021 Rupees	2020 Rupees
19	<b>Short term borrowings</b>			
	<b>Mark-up based borrowings from Conventional Banks</b>			
	Running finance	19.1	190,166,362	198,320,645
	Cash finance	19.1	-	-
	<b>Islamic mode of financing</b>			
	Murabaha/Istisna	19.2	-	-
	Bai Salam/Istisna	19.2	-	-
			<u>190,166,362</u>	<u>198,320,645</u>

**19.1** "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)."

**19.2** "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)."

**19.3** The loans from sponsors of the Company are subordinated under subordination agreement.

	Note	2021 Rupees	2020 Rupees
20	<b>Long term loans from banking companies-secured</b>		
	<b>Mark up bearing finance from conventional bank:</b>		
	Soneri Bank Limited - Term Finance	20.1	-
	<b>Islamic mode of financing:</b>		
	Al Baraka Bank (Pakistan) Limited - Diminishing Musharaka - II	20.2	70,023,042
			<u>70,023,042</u>
	Faysal Bank Limited - DM I + II	20.3	45,611,057
			<u>115,634,099</u>
	Less: Current portion		<u>(94,886,345)</u>
			<u>20,747,754</u>
			<u>147,932,831</u>

**20.1 Soneri Bank Limited - Term Finance**

This includes long term loan against sanctioned term finance facility of Rs. 200 million obtained from Soneri Bank Limited to finance procurement/installation of 15+5MW second hand power plant in terms of arrangement auxiliary equipment, completion of erection and civil work and interconnecting fees.

Total estimated cost of project is Rs. 500 million out of which 30% shall be incurred from equity resources and rest of Rs. 350 million shall be arranged from bank's borrowing (Rs. 200 million from Soneri Bank Limited and Rs. 150 million from Al Baraka Bank (Pakistan) Limited).

**Principal repayment**

The said loan has been repaid.

**Rate of return**

It carries mark-up at the rate of three months KIBOR plus 2.75 % per annum and mark-up is payable on quarterly basis.

**Security**

This loan is secured by way of Soneri Bank charge amounting to Rs. 267 million over fixed assets of the Company

(land, building, plant and machinery including but not limited to sugar mill and power plant) duly registered with SECP. The facility shall also be secured against charge of Rs. 267 million on receivables of the Company specifically generated from power outlay 15+5 MW power plant. Further corporate guarantee of Cane Processing Private Limited (Holding Company) and personal guarantees of the directors/sponsors of the Company.

#### 20.2 Al Baraka Bank (Pakistan) Limited - Diminishing Musharaka - II

This represents long term loan against sanctioned limit of Rs. 150 million obtained to finance procurement/ installation of 15+5MW second hand power plant as referred in note 20.1 above.

##### Principal repayment

The loan is to be repaid in 12 quarterly instalments within 3 years after installation of power plant commencing from March 2019 and ending in December 2022.

##### Rate of return

It carries profit at the rate of matching 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.

#### 20.3 Faisal 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."

	2021 Rupees	2020 Rupees
<b>21 Liabilities against assets subject to lease-secured</b>		
Opening balance	-	135,805
Add: Assets acquired during the year	-	-
	-	135,805
Less: Payments/adjustments	-	(135,805)
	-	-
Less: Current portion	-	-
Closing balance	-	-

21.1 The Company had entered into lease agreement with JS Bank for vehicle. Lease rentals were payable on monthly basis and includes finance cost at the rate of 3 months KIBOR plus 2.25 % (2020: 3 months KIBOR plus 2.25 %), which has been used as discounting factor. The Company had exercised the option and disposed the assets upon completion of lease period.

	Note	2021 Rupees	2020 Rupees
22	<b>Provision for taxation</b>		
	Balance at beginning of the year	55,205,499	42,451,685
	Add: Provision for the year	35 61,619,284	55,205,499
		116,824,783	97,657,184
	Less: Prior year adjustments/ payments	(55,205,500)	(42,451,685)
	Balance at end of the year	22.1 61,619,284	55,205,499

22.1 Provision for current tax is calculated as per provisions of Income Tax Ordinance, 2001 at the applicable rates.

## 23 Contingencies and commitments

### 23.1 Contingencies

The following are known contingencies as on September 30, 2021.

23.1.1 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.

23.1.2 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.

23.1.3 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.

23.1.4 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.

### 23.2 Commitments

23.2.1 In respect of:

	2021 Rupees	2020 Rupees
-irrevocable letter of credits for stores and spares	100,007,492	46,921,021
	100,007,492	46,921,021
24 <b>Deferred taxation</b>		
Deferred grant from Government	5,924,886	-
Deferred Taxation	359,286,731	354,304,212
	365,211,617	354,304,212
<b>Deferred tax liability on taxable temporary differences arising in respect of:</b>		
Surplus on revaluation of related assets	324,506,096	343,111,758
Accelerated depreciation / amortization	183,553,210	169,780,930
Leased assets	-	-
<b>Deferred tax asset on deductible temporary differences arising in respect of:</b>		
Liabilities against assets subject to finance lease	-	-
Tax credits / Unused tax losses	(148,772,575)	(158,588,476)
	359,286,731	354,304,212

	Note	2021 Rupees	2020 Rupees
24.1	Movement in deferred tax balances is as follows:		
	At beginning of the year	354,304,212	260,980,126
	Deferred tax liability on addition in revaluation surplus	-	154,202,109
	Recognized in statement of profit or loss:		
	Accelerated tax depreciation/amortization on fixed assets	13,772,280	19,937,069
	Incremental depreciation	(18,605,662)	(11,416,733)
	Liabilities against assets subject to finance lease	-	(217,330)
	Tax credits / unused tax losses	9,815,901	(69,181,029)
		4,982,519	(60,878,023)
	At end of the year	359,286,731	354,304,212

## 25 Share capital

2021	2020		2021 Rupees	2020 Rupees
25.1	Authorized share capital			
70,000,000	70,000,000	Ordinary shares of Rs. 10/- each	700,000,000	700,000,000
25.2	Issued, subscribed and paid-up capital			
873,180	873,180	Shares allotted on reorganization of Kohinoor Industries Limited of Rs.10/- each	8,731,800	8,731,800
125,008	125,008	Shares issued for cash of Rs. 10 each	1,250,080	1,250,080
13,651,899	13,651,899	Shares issued as fully paid bonus shares of Rs. 10/ -each	136,518,990	136,518,990
7,905,650	7,905,650	Right shares of Rs. 10/- each	79,056,500	79,056,500
11,572,716	11,572,716	Issue of shares against loan from sponsors	115,727,160	115,727,160
34,128,453	34,128,453		341,284,530	341,284,530

## 26 Loan from sponsors

Loan from sponsors	26.1	610,096,898	611,827,898
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26.1 This represents interest free loan provided to the Company by its sponsors. These loans have been agreed to be repayable at the Company's discretion/to be converted into equity. Loan was repaid and received during the year to abridge the working capital requirements of the Company.

## 27 Revaluation surplus on property, plant and equipment - net of tax

Land	2,054,687,690	816,219,690
Buildings	136,815,158	100,592,998
Plant and machinery	1,350,551,657	855,042,404
	3,542,054,505	1,771,855,092
Add: Addition in revaluation surplus		
Land	-	1,238,468,000
Buildings	-	36,222,160
Plant and machinery	-	495,509,253
	-	1,770,199,413
Less: Accumulated incremental depreciation	(373,620,825)	(309,463,371)
	3,168,433,680	3,232,591,134
Less: Deferred tax liability		

	Opening balance		343,111,758	200,326,382
	Deferred tax liability on addition in revaluation surplus		-	154,202,109
	Tax on Incremental depreciation for the year		(18,605,662)	(11,416,733)
			324,506,096	343,111,758
			2,843,927,584	2,889,479,376
			2021	2020
		Note	Rupees	Rupees
28	<b>Sales - net</b>			
	Sugar - local		5,190,746,163	3,596,765,002
	Sugar - export		-	-
			5,190,746,163	3,596,765,002
	By-products:			
	-Molasses		439,390,515	330,780,002
	-Bagasse		90,530,691	131,187,037
	-Mud		9,250,488	5,768,130
			539,171,694	467,735,169
			5,729,917,857	4,064,500,171
	Less:			
	Sales tax		800,375,137	557,418,012
	Commission on sale		5,453,545	4,245,650
			805,828,682	561,663,662
			4,924,089,175	3,502,836,509
29	<b>Cost of sales</b>			
	Sugarcane purchased and consumed		3,786,668,085	2,326,990,669
	Salaries, wages and other benefits	29.1	150,221,389	130,033,314
	Chemicals and stores consumed		39,658,406	32,782,199
	Packing material consumed		26,271,788	20,850,481
	Fuel		756,272	733,228
	Power		20,740,970	19,883,760
	Repairs and maintenance		65,227,955	43,952,061
	Workers' welfare expense		1,585,042	1,315,423
	Insurance		5,385,744	2,807,218
	Vehicle running and maintenance		7,435,112	5,720,927
	Travelling and conveyance		2,302,821	2,153,917
	Carriage and freight		2,690,029	2,542,670
	Rent rate and taxes		1,894,527	517,403
	Printing and stationery		578,493	651,914
	Depreciation	5.11	132,987,577	108,753,541
	Amortization	6.3	56,066	83,680
	Other factory expenses		957,088	2,617,909
			4,245,417,364	2,702,390,314
	Opening work-in-process		3,810,289	2,674,488
	Closing work-in-process	9	(3,751,911)	(3,810,289)
			58,378	(1,135,801)
	Cost of goods manufactured		4,245,475,742	2,701,254,513
	Opening stock of finished goods		189,811,145	387,327,921
	Closing stock of finished goods	9	(89,709,008)	(189,811,145)
			100,102,137	197,516,776
			4,345,577,879	2,898,771,289
	29.1	This includes Company's contributions to provident fund amounts to Rs. 1,750,482 (2020: Rs. 1,514,312).		
30	<b>Distribution cost</b>			
	Salaries, wages and other benefits	30.1	10,744,172	10,250,601
	Communication		128,398	122,622
	Vehicles running and maintenance		35,598	76,481
	Miscellaneous	30.2	4,533,392	3,690,837
			15,441,560	14,140,541

30.1 This includes Company's contributions to provident fund amounts to Rs. 106,971 (2020: Rs. 105,098).

30.2 This includes the penalty paid by the Company on Export quota .

	Note	2021 Rupees	2020 Rupees	
<b>31</b>	<b>Administrative expenses</b>			
	Salaries, wages and other benefits	31.1	123,544,872	117,565,915
	Staff welfare		5,114,841	4,266,879
	Legal and professional charges		20,048,927	9,122,789
	Rent, rate and taxes		2,830,265	3,974,723
	Fuel and power		1,769,537	2,020,849
	Vehicles running and maintenance		5,246,605	4,881,985
	Travelling and conveyance		1,134,460	880,622
	Printing and stationery		935,003	827,494
	Telecommunication		427,170	427,366
	Repair and maintenance		251,373	394,952
	Postage and telegrams		338,575	237,235
	Advertisement		253,400	423,500
	Auditors' remuneration	31.2	655,000	613,000
	Charity and donations	31.3	1,802,933	2,184,595
	Depreciation	5.1.1	2,714,032	2,219,460
	Amortization	6.3	1,144	1,708
	Insurance		7,715,244	5,502,694
	Miscellaneous		967,129	1,513,234
			<u>175,750,510</u>	<u>157,059,000</u>

31.1 This includes Company's contributions to provident fund amounts to Rs. 1,230,167 (2020: Rs. 1,208,633).

**31.2 Auditors' remuneration**

Annual audit fee		550,000	550,000
Half yearly review		105,000	63,000
		<u>655,000</u>	<u>613,000</u>

31.3 None of the Directors of the Company or any of their spouse have any interest in charity and donations.

**32 Finance cost**

Mark-up on long term loan from banking companies-secured	32.1	18,650,650	768,919
Mark-up on short term borrowings		193,521,545	226,556,119
Bank Commission on exports		-	1,228,939
Bank charges		7,382,943	2,624,198
		<u>219,555,138</u>	<u>231,178,175</u>

32.1 Finance cost amounting to Rs. Nil (2020: Rs.25.16 million) relating to installation of a power plant with generation capacity of 15 WM/hour has been capitalized.

**33 Other income**

Gain on foreign currency transactions		-	342,634
Miscellaneous	33.1	7,645,931	6,532,936
Government grant		4,733,836	-
Gain on disposal of property, plant and equipment	5.1.5	-	1,035,674
		<u>12,379,767</u>	<u>7,911,244</u>

33.1 This mainly include interest received on saving accounts maintained with banks.

**34 Other expenses**

Trade parties balance written-off		47,691	-
Loss on disposal of property, plant and equipment	5.1.5	2,081,725	-
Fair value loss on investment		867,924	2,871,150
Provision for Workers' Profit Participation Fund (WPPF)		8,857,326	10,336,380
		<u>11,854,666</u>	<u>13,207,530</u>

	Note	2021 Rupees	2020 Rupees
35			
Taxation			
Income tax			
Current year	35.1	61,619,284	55,205,499
Prior year		(63,686)	(11,265,005)
		61,555,598	43,940,494
Deferred tax		4,982,519	(60,878,023)
		66,538,117	(16,937,529)

35.1 Provision for current taxation is based on minimum tax at the rate of 1.5% of net revenue under section 113 of Income Tax Ordinance, 2001, excess of minimum tax over tax liability shall be carry forward for next five years and adjust against tax liability. However, the tax credit for the year 2016 has lapsed.

35.2 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001, and the deferred tax asset was also recorded on unadjusted tax credit under section of 113.

35.3 The provision for current year tax represents tax on taxable income, net of tax credits. As per management's assessment the provision for tax made in the financial statements is sufficient. Tax assessment for the year 2020 is finalized, a comparison of income tax provision of last three years with tax assessment is presented below:

Years	Tax provision as per financial statements	Tax as per assessment
2019	42,451,685	31,186,680
2020	55,205,499	55,141,814
2021	61,619,284	-

		2021 Rupees	2020 Rupees
36	Earnings per share		
36.1	Earnings per share - basic		
	Profit after taxation attributable to members	Rupees 101,751,072	213,328,747
	Weighted average number of ordinary shares	Number 34,128,453	34,128,453
	Earnings per share - basic	Rupees 2.98	6.25

#### 36.2 Earning per share - diluted

There is no dilutive effect on the basic earnings per share as the Company does not have any convertible instruments in issue as at 30 September 2021 and 30 September 2020.

#### 37 Remuneration of Chief Executive, Director and Executives

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company is as follows

	Directors						Executives	
	Chief Executive		Executive Directors		Non Executive Directors		2021	2020
	2021	2020	2021	2020	2021	2020		
Managerial remuneration	2,611,785	2,590,200	-	-	2,688,000	2,367,000	14,143,704	10,933,704
Utilities	-	-	-	-	-	-	-	-
	2,611,785	2,590,200	-	-	2,688,000	2,367,000	14,143,704	10,933,704
No. of key Executives/ non executive	1	1	1	2	6	5	6	6

37.1 The Chief Executive does not hold any shares in the Company.

37.2 Executives are employees whose basic salaries exceed Rs. 1.2 million (2020: 1.2 million) in a financial year.

### 38 Operating segments

- 38.1 These financial statements have been prepared on the basis of single reportable segment.  
 38.2 Revenue from sale of sugar represents 90.59 % (2020: 87.64 %) of the total revenue of the Company.  
 38.3 The Company sold sugar only in Pakistan (2020 : Pakistan).  
 38.4 Sale of sugar includes 100.00% (2020: 100.00%) that relates to customers in Pakistan.  
 38.5 All assets of the Company as at September 30, 2021 are located in Pakistan.

### 39 Financial risk management

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in note 39.5. The main types of risks are credit risk, liquidity risk and market risk. The Company's risk management is conducted by the Board of Directors. The Company focuses on securing its cash flows & minimizing its exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the company is exposed are described below:

#### 39.1 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021 Rupees	2020 Rupees
Long term deposits	2,800,300	2,786,800
Trade debts	573,125	1,345,521
Loans and advances	214,563,613	69,597,556
Trade deposits and short term prepayments	8,697,401	3,102,985
Short term investments	17,686,738	17,128,849
Bank balances	68,423,355	223,512,986

#### Counterparties with external credit ratings

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating Agency	2021	2020
	Short Term	Long Term		Rupees	Rupees
Al Baraka Bank Pakistan Limited	A1	A	PACRA	482,544	33,573,600
Allied Bank Limited	A1+	AAA	PACRA	39,380	7,492,790
Bank Alfalah Limited	A1+	AA+	PACRA	439,049	165,347
Dubai Islamic Bank	A1+	AA	JCR-VIS	292,121	66,664
Faysal Bank Limited	A1+	AA	PACRA	14,213,442	110,644,907
Habib Bank Limited	A1+	AAA	JCR-VIS	1,846	1,816
JS Bank Limited	A1+	AA-	PACRA	309,445	243,334
MCB Bank Limited	A1+	AAA	PACRA	3,172,808	8,930,566
MCB Islamic Bank Limited	A1	A	PACRA	30,334,078	49,363,663
Meezan Bank Limited	A1+	AA+	JCR-VIS	536,619	177,175
National Bank Of Pakistan	A1+	AAA	PACRA	327,082	300,335
Soneri Bank Limited	A1+	AA-	PACRA	396,406	10,327,012
United Bank Limited	A1+	AAA	JCR-VIS	304,083	1,336,893
Askari Bank Limited	A1+	AA+	PACRA	10,235,901	225,901
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,492,920	662,953
Samba Bank Limited	A-1	AA	JCR-VIS	5,845,631	-
				68,423,355	223,512,986

## 39.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### 39.2.1 Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at year end.

	2021			
	"Carrying amount"	Contractual cash flows	"Less than 1 year"	"More than 1 year but less than 5 year"
	'-----Amount in Rupees-----'			
Long-term finances	115,634,099	119,314,681	98,566,927	20,747,754
Unclaimed dividend	1,509,621	1,509,621	1,509,621	-
Trade and other payables	201,123,778	201,123,778	201,123,778	-
Mark-up accrued	3,680,582	3,680,582	3,680,582	-
Short term borrowings	190,166,362	190,166,362	190,166,362	-
	2020			
Long-term finances	222,115,908	225,170,241	77,237,410	147,932,831
Unclaimed dividend	1,156,796	1,156,796	1,156,796	-
Trade and other payables	230,161,245	230,161,245	230,161,245	-
Mark-up accrued	3,054,333	3,054,333	3,054,333	-
Short term borrowings	198,320,645	198,320,645	198,320,645	-

The Company's current ratio is 1.05 (2020: 1.11). The Company arranged facility from different conventional and Islamic financial institutions to meet its working capital requirements.

## 39.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Market risk comprises of currency risk, interest rate risk and other price risk.

### 39.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company's potential currency exposure comprises of:

- Transactional exposure in respect of non-functional currency monetary items.
- Transactional exposure in respect of non-functional currency revenues.

The potential currency exposures are discussed below:

#### Transactional exposure in respect of non-functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

### Transactional exposure in respect of non-functional currency revenues

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to rupee equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

### Exposure to currency risk

The Company's exposure to currency risk at the reporting date was as follows:

	2021 USD		2020 USD
Export debtors considered good - secured		-	-
Exchange rates applied during the year			
The following exchange rate has been applied during the year on transactions involving foreign currency.			
	Reporting date rate		Average Rate for the year
	Buying	Selling	
	----- USD -----		
Exchange rate during the year on transactions involving foreign currency	170.40	170.9	170.65
Exchange rate during the year on transactions involving foreign currency	155.4	156.21	155.81

### Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of export debtors.

	2021 Rupees	2020 Rupees
Effect on Profit or Loss	-	-

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profit.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit/(loss) for the year and assets/ liabilities of the Company.

### 39.3.2 Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at variable interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	Effective interest rate		Carrying amount	
	2021	2020	2021	2020
	Percentage	Percentage	Rupees	Rupees
<b>Financial assets</b>				
<b>Fixed rate instruments</b>				
Bank balances - saving accounts	3.0% to 5.5%	1.1% to 1.8%	797,169	40,036,686
<b>Financial liabilities</b>				
<b>Floating rate instrument</b>				
"Long term loans from banking companies - secured"	3% to 10.25%	10.00% to 16.60%	115,634,099	222,115,908
Short term borrowings	9.25% to 10.75%	10.25% to 16.85%	190,166,362	198,320,645

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss account.

#### Cash flow sensitivity analysis for floating rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit or (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss 100 bp	
	Increase	Decrease
-----Amount in Rupees-----		
<b>As at 30 September 2021</b>		
-Cash flow sensitivity-Variable rate financial liabilities	(3,058,005)	3,058,005
<b>As at 30 September 2020</b>		
-Cash flow sensitivity-Variable rate financial liabilities	(4,204,366)	4,204,366

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Company.

#### Interest rate risk management

The Company manages interest rate risk through risk management strategies where significant changes in gap position can be adjusted. The short term borrowings and loans and advances by the Company have variable rate pricing that is mostly dependent on KIBOR as indicated in respective notes.

#### 39.3.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

#### 39.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company believes that it is not exposed to other price risk.

#### 39.4 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitor the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitor the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) to provide an adequate return to shareholders.

The Company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of long term debt to equity.

The gearing ratio as at 30 September were as follows:

	2021 Rupees	2020 Rupees
Debt	119,314,681	225,170,241
Equity	4,762,174,083	4,696,282,464
Total capital employed	4,881,488,764	4,921,452,705
Gearing ratio	2%	5%

The Company is less geared as compared to previous year.

### 39.5 Accounting classifications and fair values

September 30, 2021	Carrying amount			Fair Value				
	Fair value through profit or loss	Fair value through OCI	At amortized cost	Total	Level 1	Level 2	Level 3	Level 4
-----Amount in Rupees-----								
<b>Financial assets</b>								
Investment	17,686,738	-	-	17,686,738	17,686,738	-	-	17,686,738
Long term deposits	-	-	2,800,300	2,800,300	-	-	-	-
Trade debts	-	-	573,125	573,125	-	-	-	-
Loan and advances	-	-	214,563,613	214,563,613	-	-	-	-
Trade deposit and short term prepayments	-	-	3,600,534	3,600,534	-	-	-	-
Other receivables	-	-	22,220,756	22,220,756	-	-	-	-
Cash and bank balances	-	-	68,442,035	68,442,035	-	-	-	-
	17,686,738	-	312,200,363	329,887,101	17,686,738	-	-	17,686,738
<b>Financial liabilities</b>								
Long term finances	-	-	115,634,099	115,634,099	-	-	-	-
Finance lease	-	-	-	-	-	-	-	-
Trade and other payables	-	-	87,447,047	87,447,047	-	-	-	-
Unclaimed dividened	-	-	1,509,621	1,509,621	-	-	-	-
Accrued mark-up	-	-	3,680,582	3,680,582	-	-	-	-
Short term borrowings	-	-	190,166,362	190,166,362	-	-	-	-
	-	-	398,437,711	398,437,711	-	-	-	-

#### September 30, 2020

<b>Financial assets</b>								
Investment	17,128,849	-	-	17,128,849	17,128,849	-	-	17,128,849
Long term deposits	-	-	2,786,800	2,786,800	-	-	-	-
Trade debts	-	-	1,345,521	1,345,521	-	-	-	-
Loan and advances	-	-	69,597,556	69,597,556	-	-	-	-
Trade deposit and short term prepayments	-	-	31,340,756	31,340,756	-	-	-	-
Other receivables	-	-	284,818	284,818	-	-	-	-
Cash and bank balances	-	-	223,833,689	223,833,689	-	-	-	-
	17,128,849	-	329,189,140	346,317,989	17,128,849	-	-	17,128,849

## Financial liabilities

Long term finances	-	-	222,115,908	222,115,908	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-
Trade and other payables	-	-	116,550,310	116,550,310	-	-	-	-
Unclaimed dividened	-	-	1,156,796	1,156,796	-	-	-	-
Accrued mark-up	-	-	3,054,333	3,054,333	-	-	-	-
Short term borrowings	-	-	198,320,645	198,320,645	-	-	-	-
	-	-	541,197,992	541,197,992	-	-	-	-

The aforementioned table presents assets and liabilities carried at fair value by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data.

		2021 Number	2020 Number
<b>40</b>	<b>Number of employees</b>		
	Average number of employees for the year		
	Plant	785	778
	Head Office	11	11
		<b>796</b>	<b>789</b>
	Total number of employees at year end		
	Plant	657	624
	Head Office	11	11
		<b>668</b>	<b>635</b>
		"2021" M.Ton	"2020" M.Ton
<b>41</b>	<b>Plant capacity and production</b>		
	Cane crushing capacity	12,500	12,500
	- Line-I (Non-operational)		
	- Line-II (Operational)		
		5,500	7,000
	Cane crushed	533,772	425,433
	Sugar production	52,925	41,150
	Recovery ratio	9.91%	9.67%

**41.1** Shortage in capacity utilization is due to the fact that in current year previously non-functional mills have become operational in the region and low yield of sugarcane crop with lesser sucrose content caused by adverse climatic conditions.

## 42 Related party transactions / balances

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 and percentage of shareholding	Transaction during the year and year end balances	2021 Rupees	2020 Rupees
Cane Processing Private Limited	Holding company holds 63.63 % (2020: 63.63 %) share capital	Loan received during the year	-	-
		Loan repaid during the year	6,531,000	176,000
		Amount payable at year end	134,062,488	140,593,488
		Dividend paid	21,725,885	21,725,885
Mrs. Ghazala Amjad	Chief Executive officer of holding company (Cane Processing Private Limited)	Loan received during the year	430,300,000	13,250,000
		Loan repaid during the year	425,500,000	-
		Amount payable at year end	476,034,410	471,234,410
		Dividend paid	3,175,816	3,175,816
Employee benefit Provident Fund Trust	Employee benefit fund	Provident fund contribution	3,087,620	2,828,043
Chief Executive	Key management personnel	Remuneration paid	2,611,785	2,590,200
Mis. Shahida Mazhar	Immediate family member of sponsor	Amount payable at year end	111,750,000	111,750,000
Executive Director	Key management personnel	Remuneration paid	2,688,000	2,367,000
Non-executive Director	Key management personnel	Dividend paid	2,500	18,954

All transactions with related parties have been carried out on commercial terms and conditions.

Unit	2021 Rupees	2020 Rupees
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#### 43 Employees Provident Fund Trust

The following information is based on the financial statements of Provident Fund Trust.

Size of fund - total assets	Rupees	39,156,907	34,577,941
Cost of investments made	Rupees	26,050,000	26,050,000
Percentage of investments made	Percentage	66.53%	75.34%
Fair value of investment	Rupees	26,050,000	26,050,000

The breakup of fair value of investments is as follows:

	2021		2020	
	Rupees	Percentage	Rupees	Percentage
Defence Saving Certificates	26,050,000	66.53%	26,050,000	75.34%
	26,050,000	66.53%	26,050,000	75.34%

The investments of the Provident Fund Trust are in compliance with the provision of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

#### 44 Date of authorization for issue


These financial statements have been authorized for issue on December 28, 2021 by the Board of Directors of the Company.

45 General

45.1 Figures have been rounded off to the nearest Rupee.

45.2 Corresponding figures have been re-classified and re-arranged where necessary, for the purpose of comparison, the effects of which are not material.

Lahore:  
December 28, 2021



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Syed Anwar Hussain  
Chief Executive Officer



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Ghias Ul Hasan  
Director



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Imran Ilyas  
Chief Financial Officer

## چیئر مین کا جائزہ

میں جو ہر آبدشوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی چیئر مین شپ سونپے جانے کو ایک امتیاز اور بہت بڑا اعزاز خیال کرتا ہوں۔  
میں اپنی تمام صلاحیتوں کو کمپنی کی ترقی میں بھرپور تعاون کے لئے وقف کرتا ہوں۔

مجھے 30 ستمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کی 67 ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ زیر جائزہ سال کے دوران، پاکستان میں معاشی سرگرمیاں معمول پر آگئی ہیں اور حکومت کے مختلف مالیاتی اور مانیٹری اقدامات کی مدد سے مجموعی کاروباری ماحول بہتر ہوا ہے۔ مزید یہ کہ COVID-19 کی پابندیوں میں نرمی اور جارحانہ ویکسینیشن مہم کے نتیجے میں معاشی سرگرمیوں کی بحالی ہوگی۔

چیئر مین کی صنعت کے ہمارے ملک کی دیہی علاقہ میں اقتصادی طور پر بااختیار بنانے کا ایک اہم محرک رہا ہے۔ پچھلے کچھ سالوں سے کراس روڈز پر رہنے کے بعد، اسے اپنے ویلیو چین آف سسٹم میں ایک قدر بڑھانے والی صنعت کے طور پر ابھرنے کے لیے ٹریڈیشن اور مثبت اشارے ملے ہیں۔ صنعت میں ان بنیادی تبدیلیوں کے درمیان، اس سال ہماری مالی کارکردگی ہماری کمپنی کے کاروباری ماڈل کے اندر چلک کو ظاہر کرتی ہے۔ ہماری کل آمدنی تقریباً 40.57 فیصد بڑھ کر 4,924 ملین روپے ہوگئی، جبکہ ہمارا EBITDA، سبز میں اضافہ سے 389 ملین روپے ریکارڈ کیا گیا۔

شوگر انڈسٹری میں چیلنجز کے باوجود، آپ کی کمپنی کا سرمایہ اور مالی وسائل اچھی پوزیشن میں ہیں۔ درحقیقت، اگلا سال ہماری کمپنی کے لیے بنیادی طور پر پاور پلانٹ کو ملوں کے ساتھ منسلک کرنے کے باعث تبدیلی کا سال ہوگا جس میں کرشنگ کی صلاحیت کے استعمال میں اضافہ ہو جائے گا۔

JSML نے اپنے برانڈ نام کو نوڑ کے تحت مالی سال 2020-21 کے دوران ترقی کا سفر جاری رکھا ہے۔ ہم نے اس سال کے دوران ملک کے مختلف حصوں میں اپنے قدموں کے نشان کو بڑھایا۔ ہمارا اوسط مدتی مقصد ہمیشہ صارفین کو تعلیم دینا اور حوصلہ افزائی کرنا رہا ہے کہ وہ ISO 9001:2015 اور FSSC 22000 سرٹیفیکیشن کے ذریعے اپنی وابستگی کے ذریعے اور ملک کے طول و عرض میں "کوہ نور" استعمال کریں۔ آگے بڑھتے ہوئے، ہمارا مقصد ای کامرس پلیٹ فارمز کے ساتھ اپنی وابستگی کے ذریعے اور ملک کے طول و عرض میں "کوہ نور" کی موجودگی کو بڑھانا ہے۔

ایسے مشکل اوقات میں، ہم پہلے سے کہیں زیادہ مضبوط رہے ہیں۔ دوسری ششماہی میں معیشت کے دوبارہ کھلنے کے بعد سے، ہماری ٹیم نے مثالی صلاحیتوں کا مظاہرہ کیا ہے تاکہ یہ یقینی بنایا جاسکے کہ ہم تیزی سے واپس لوٹ رہے ہیں۔ ہم نے اپنے ملازمین اور ان کے اہل خانہ کی حفاظت کو ترجیح دیتے ہوئے 'گھر سے کام' ماڈل بھی نافذ کیا۔

مجھے یہ بیان کرتے ہوئے خوشی ہو رہی ہے کہ کمپنی کے بورڈ آف ڈائریکٹرز کی کارکردگی پورے سال کے دوران بہترین رہی۔ بورڈ کی تشکیل تجربہ کار پورٹ فولیو کے امتزاج، باقاعدہ اسٹریٹجک رہنمائی فراہم کرنا، نئے معیارات کی تشکیل، بجٹ کی منظوری، قابل ٹیم کو یقینی بنانا، خطرے میں کمی کی حکمت عملی تیار کرنا، تنوع کی حکمت عملی کو نافذ کرنا، اچھی حکمرانی کے لیے اپنی سادھ کو برقرار رکھنے کے ساتھ ساتھ اپنے شیئر ہولڈرز کو مستحکم ویلیو ایڈیشن فراہم کرنے کی عکاسی کرتی ہے۔ کارپوریٹ فیصلہ سازی کے عمل کو مضبوط اور باضابطہ بنانے کے لیے سال بھر کے تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیے گئے، جس کی وجہ سے انتظامیہ کے ساتھ ہم آہنگی کی شراکت رہی۔

آخر پر، میں JSML میں ہر ایک کو ان کے عزم، جذبے اور محنت کے لیے دلی طور پر سراہتا ہوں۔ ہمارا کاروبار ماضی قریب میں کی گئی مستحکم سرمایہ کاری سے ترقی کرنے کی پوزیشن میں ہے۔ سازگار ریگولیٹری پالیسیاں اور ہماری شوگر ویلیو چین میں مصنوعات کے لیے صارفین کی بڑھتی ہوئی طلب ہمیں پائیدار کاروباری کارکردگی کے لیے پُر امید بناتی ہے۔ میں اپنے قابل قدر شیئر ہولڈرز، ملازمین، صارفین، سپلائرز، ڈسٹری بیوٹرز اور بینکرز کے مسلسل تعاون اور یقین کا بھی شکر گزار ہوں۔

  
محمد امیر  
چیئر مین





# JAUHARABAD SUGAR MILLS LIMITED

125-B, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore-Pakistan.

## PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of **JAUHARABAD SUGAR MILLS LIMITED** hereby appoint \_\_\_\_\_

\_\_\_\_\_  
Name (Folio/CDC A/C No. if Member)

of \_\_\_\_\_

or failing him /her \_\_\_\_\_

\_\_\_\_\_  
Name (Folio/CDC A/C No. if Member)

of \_\_\_\_\_

as my/our proxy to attend, speak and vote for and on my/our behalf at the Annual General Meeting of the Company to be held at its Registered Office, 125-B, Quaid-e-Azam Industrial Estate, Kot Lakh Pat, Lahore, Pakistan, on **Friday, January 28, 2022 at 11:00 AM** and any adjournment thereof:

As witnessed given under my/our hand(s) \_\_\_\_\_ day of January, 2022.

### 1. Witness:

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

CNIC No. : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

Affix Revenue Stamp of Rs. 15/-

### 2. Witness:

Signature : \_\_\_\_\_

Name : \_\_\_\_\_

CNIC No. : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
**SIGNATURE OF MEMBER / ATTORNEY**

**SHARE HELD:** \_\_\_\_\_

Folio No.	CDC Account No.	
	Participant ID	Account No.

### Notes:

**CNIC No.**

- Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- CDC Shareholders, entitled to attend, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) /Passports in original to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport.
- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form.

AFFIX  
CORRECT  
POSTAGE

The Company Secretary

**Jauharabad Sugar Mills Limited**

125-B, Quaid-e-Azam Industrial Estate,  
Kot Lakh Pat, Lahore, Pakistan.  
Tel : 042 35213491

تشکیل نیابت داری (پراکسی فارم)

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_

بجائیت حصہ دار جوہر آباد شوگر ملز لمیٹڈ \_\_\_\_\_  
ساکن \_\_\_\_\_ یا بصورت دیگر \_\_\_\_\_  
نام (فولیواری ڈی سی اکاؤنٹ نمبر گمبھرو) \_\_\_\_\_  
نام (فولیواری ڈی سی اکاؤنٹ نمبر گمبھرو) \_\_\_\_\_

ساکن \_\_\_\_\_ کو اپنی جگہ بروز جمعہ 28 جنوری 2022

کو بوقت 11:00 بجے دن B - 125، قائد اعظم انڈسٹریل اسٹیٹ، کوٹ لکھپت، لاہور پاکستان۔ میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ \_\_\_\_\_ جنوری 2022 کو دی گئی۔

۱۵ روپے کارسیدی ٹکٹ  
چسپاں کر کے دستخط کریں

۱- گواہ

دستخط \_\_\_\_\_  
(ممبر اجازت فر)

دستخط \_\_\_\_\_ :  
نام \_\_\_\_\_ :  
شناختی کارڈ نمبر \_\_\_\_\_ :  
پتہ \_\_\_\_\_ :

۲- گواہ

حامل عام حصص

دستخط \_\_\_\_\_ :  
نام \_\_\_\_\_ :  
شناختی کارڈ نمبر \_\_\_\_\_ :  
پتہ \_\_\_\_\_ :

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
اکاؤنٹ نمبر	شراکتی آئی ڈی	

کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

نوٹس:

- (۱) پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے ۴۸ گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔
- (۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔
- (۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعہ نمائندہ کے دستخط پراکسی فارم کے ساتھ لطف کرنے ہونگے۔

درست رسیدی  
ٹکٹ چسپاں کریں

کمپنی سیکرٹری

جوہر آباد شوگر ملز لمیٹڈ

125 - B، قائد اعظم انڈسٹریل اسٹیٹ،

کوٹ لکھپت، لاہور پاکستان۔








فون: 042 35213491










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