Annual Report
for the year ended 30 September 2014

Continued Excellence

Corporate Social Responsibility

Innovative Farming

Bond with Growers

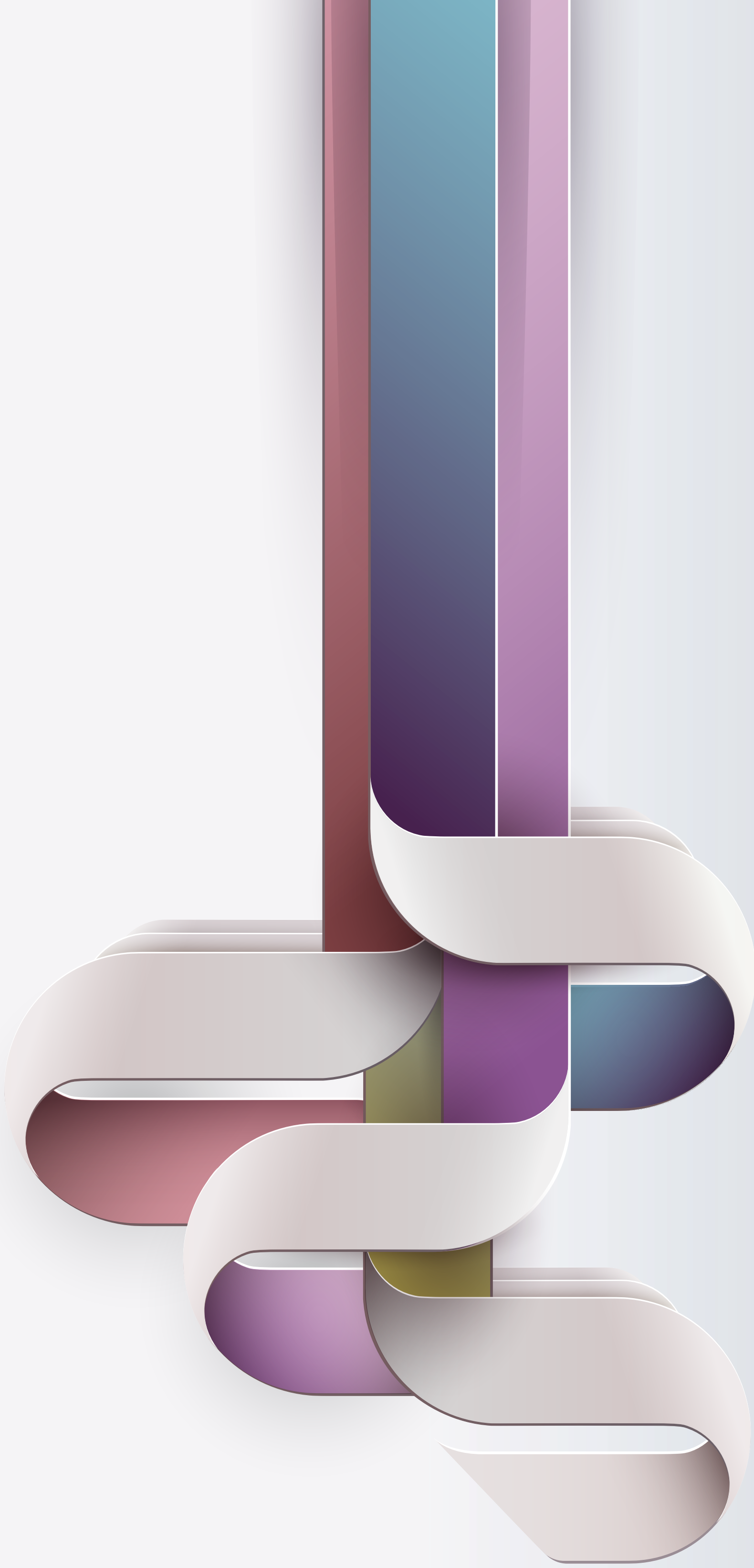
Community Empowerment

JDW

JDW Sugar Mills Limited

Before bringing life to a vision we have to see it first. And for that we need people who specialize in seeing the impossible. Here at JDW, we are proud of the visionary men we have who take up the responsibility of creating opportunities for the future, not only for our company but for the whole community we operate in.

We believe life is about the betterment of the human condition; it's about social awareness, and random acts of kindness that weave the soul of humanity. Together, we all participate in weaving the social fabric; we should all therefore be patching the fabric when it develops holes. The change has begun, here at JDW, as we have started to unpack the challenges that encounter us, realizing that we each have a role that requires us to change and become more responsible for shaping our community and creating magic under JDW's vision. A vision in which everyone is benefited, be it our shareholders, the farmers or you.



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Board of Directors

Mukhdoom Syed Ahmed Mahmud
Director / Chairman

Mr. Jahangir Khan Tareen
Director / Chief Executive

Syeda Sameera Mahmud

Mr. Ijaz Ahmed

Mr. Raheal Masud

Mr. Asim Nisar Bajwa

Mr. Zafar Iqbal

Chief Operating Officer

Rana Nasim Ahmed

Group Director (Finance), CFO & Company Secretary

Mr. Muhammad Rafique

Audit Committee

Mr. Asim Nisar Bajwa
Chairman / Member

Mr. Raheal Masud
Member

Mr. Zafar Iqbal
Member

HR & R Committee

Mr. Ijaz Ahmed
Chairman / Member

Mr. Raheal Masud
Member

Mr. Zafar Iqbal
Member

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Corplink (Pvt.) Ltd.

Legal Advisor

Cornelius, Lane & Mufti

Bankers / Financial Institutions

Faysal Bank Limited
The Bank of Punjab
United Bank Limited
MCB Bank Limited
Allied Bank Limited
Askari Bank Limited
BankIslami (Pakistan) Limited
Barclays Bank Plc.
Habib Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
Saudi Pak Industrial & Agricultural Investment Company Limited
Dubai Islamic Bank Pakistan Limited
Pak Oman Investment Company Limited
Pak Brunei Investment Company Limited
Pakistan Kuwait Investment Company (Private) Limited
Pair Investment Company Limited
JS Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
Pak Libya Holding Company (Private) Limited
National Bank of Pakistan

Registered Office

17-Abid Majeed Road,
Lahore Cantonment, Lahore.

Mills

Unit-I
Mauza Shirin, Jamal Din Wali,
Distt. Rahim Yar Khan.

Unit-II
Machi Goth, Sadiqabad.
Distt. Rahim Yar Khan.

Unit-III
Mauza Laluwali, Near Village
Islamabad, Distt. Ghotki.

Web Presence

www.jdw-group.com

Mission & Strategy

MISSION

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

STRATEGY

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfil social commitments.

Notice of Annual General Meeting

25TH Annual General Meeting

Notice is hereby given that 25th Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Summit Hall, Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore on Saturday, January 31, 2015 at 9:00 a.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extra Ordinary General Meeting held on March 22, 2014.

2. To receive, consider and adopt the annual audited unconsolidated and consolidated financial information of the company for the financial year ended on September 30, 2014 together with Directors' and Auditors' Reports thereon.

3. To approve a final cash dividend of Rs. 5.00 (50 %) per share as recommended by the Board of Directors on January 3, 2015 along with an interim cash dividend of Rs. 2.00 (20%) per share, which was paid on August 18, 2014, the total dividend for the financial year ended on September 30, 2014 will amount to Rs. 7.00 (70%) per share.

4. To appoint Auditors of the Company for the next financial year 2014-15 and fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for re-appointment as Auditors of the Company.

5. To transact any other business with the permission of the Chair.

By Order of the Board

Dated: January 10, 2015
Lahore

(Muhammad Rafique)
Company Secretary

NOTES:

1. **Closure of Share Transfer Books:**

The share transfer books of the company will remain closed from 24th January, 2015 to 31st January, 2015 (both days inclusive). Transfers received in order at the Company's Office or Shares Registrar's Office; Messers Corplink (Private) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by close of business on 23rd January, 2015, will be treated in time for payment of the final cash dividend to the transferees.

2. **Participation in the Annual General Meeting:**

All members, entitled to attend and vote at the general meeting, are entitled to appoint another member in writing as their proxy to attend and vote on their behalf. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the company along with completed proxy form. The proxy holders are required to produce their original CNICs or original passports at the time of the meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at least 48 hours before the time fixed for the meeting.

3. **Submission of copy of CNIC (Mandatory):**

As directed by the SECP through its Notification No. S.R.O. 779 (I)/2011 of August 18, 2011, dividend warrants cannot be issued without valid CNICs. Through the Company's letter dated May 09, 2012 and advertisement in newspapers dated May 09, 2012, all shareholders were advised to submit copies of their valid CNICs. In the absence of a shareholder's valid CNIC, the company will be constrained to withhold dispatch of dividend to such shareholders. Those shareholders who have not yet submitted their valid CNICs are once again advised to provide attested copies of their valid CNICs with their folio numbers to the Company's Share Registrar if they hold physical shares, to ensure timely disbursement of dividend.

4. **Revision of Withholding Tax on dividend income under Section 150 of Income Tax Ordinance, 2001 through Finance Act, 2014:**

It is further being informed that pursuant to the provisions of Finance Act, 2014, effective from July 1, 2014 a new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR), as per this criteria, 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 10% and 15% respectively.

You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available at FBR website http://www.fbr.gov.pk as well as ensure that your CNIC / Passport number has been recorded by your Participant / Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar Messers Corplink (Private) Limited (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in Active Tax Payer List at FBR website and recorded by Participant / Investor Account Services or by Company's Share Registrar (in case of physical shareholding).

5. **Payment of Dividend Electronically (Optional):**

In order to enable a more efficient method of cash dividend, through its Circular No. 8(4) SM/CDC 2008 of April 05, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to electronically credit their dividend to their accounts. Accordingly, all non CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with CDC or Participants/ Stock Brokers, are advised to provide the mandate to CDC or their Participants/ Stock Brokers.

6. **Change of Address**

Physical shareholders are requested to notify any change in their addresses to the Company or its Shares' Registrar, Messers Corplink (Private) Limited. Furthermore, if not provided earlier, members holding shares in CDC/Participants accounts are also requested to update their addresses to CDC or their Participants/ Stock Brokers.

7. **Audited Financial Statements through e-mail (Optional):**

SECP through its Notification SRO No. 787 (I)/2014 dated September 8, 2014 has allowed the circulation of Audited Financial Statements along with Notice of Annual General Meeting to the members of the Company through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The Consent Form for electronic transmission could be downloaded from Company's website: www.jdw-group.com.

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

8. Further guidelines for CDC Account Holders:

CDC Account holders will have to follow the guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) through its Circular 1 of January 26, 2000, stated herein below:

A. For Attending the Meetings:

In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per Regulations, shall authenticates his/her original valid CNIC or original passport at the time of attending the meeting.

In case of Corporate Entity, a resolution of the Board of Directors/Power of attorney with specimen signature of the nominee shall be produced (unless the same has been provided earlier) at the time of meeting.

B. For Appointing Proxies:

i. In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per Regulations shall submit the proxy form as per requirement.

ii. The Proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be stated on the proxy form.

iii. Attested copies of CNICs or passports of the beneficiary owner and the proxy shall be attached with the proxy form.

iv. The Proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, a resolution of the Board of Directors/Power of attorney with specimen signature should be submitted along with the proxy form to the Company.

Operating Highlights

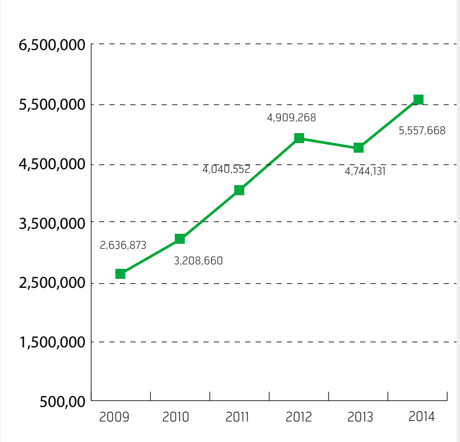
Operating Results		2014	2013	2012	2011	(Rupees in thousand) 2010	2009
Gross sales		32,327,134	28,516,197	24,491,645	26,467,626	21,386,484	11,253,261
Net sales		30,534,864	27,183,282	22,749,880	24,729,491	20,380,684	9,898,459
Cost of sales		27,306,099	23,981,411	20,387,895	20,594,228	16,744,651	7,510,054
Administrative & selling expenses		651,128	769,318	486,429	445,618	356,151	242,381
Interest expenses		1,880,761	1,118,578	1,334,999	1,375,701	1,168,440	1,127,468
Other expenses		63,028	137,650	119,204	156,975	212,051	115,553
Other income		(344,544)	(134,507)	(126,044)	(66,439)	(58,066)	(24,439)
Profit before taxation		978,394	1,310,832	548,281	2,223,409	1,957,457	927,036
Profit after taxation		979,706	924,523	687,275	1,372,430	1,245,984	587,654
Basic earnings per share	Rs.	16.39	15.47	11.52	24.95	22.89	13.50
Interim Dividend - cash	%	20	-	-	-	-	-
Final Dividend - cash	%	50	60	60	90	70	40
- bonus	%	-	-	-	-	10	-

Production Data		2014	2013	2012	2011	2010	2009
Unit - I							
Season started	Date	24-Nov-13	30-Nov-12	18-Nov-11	25-Nov-10	15-Nov-09	23-Nov-08
Season closed	Date	21-Apr-14	11-Apr-13	7-Apr-12	31-Mar-11	5-Mar-10	9-Mar-09
Days worked	Days	149	133	142	127	111	107
Average daily crushing	M. Tons	19,239	19,066	19,095	16,703	15,469	13,911
Sugarcane crushed	M. Tons	2,866,631	2,535,822	2,711,463	2,121,232	1,717,041	1,488,463
Sucrose recovery	% age	10.91	11.40	10.04	10.42	8.84	11.15
Sugar production	M. Tons	312,746	289,147	272,226	221,079	151,850	165,968
Molasses recovery	% age	4.30	3.90	4.40	3.84	4.48	4.03
Molasses production	M. Tons	123,377	99,001	119,229	81,466	77,006	60,021
Unit - II							
Season started	Date	24-Nov-13	30-Nov-12	18-Nov-11	25-Nov-10	15-Nov-09	23-Nov-08
Season closed	Date	17-Apr-14	7-Apr-13	31-Mar-12	30-Mar-11	1-Mar-10	5-Mar-09
Days worked	Days	145	129	135	126	107	103
Average daily crushing	M.Tons	8,181	7,811	7,872	6,887	6,592	5,784
Sugar cane crushed	M.Tons	1,186,269	1,007,658	1,062,742	867,796	705,363	595,765
Sugar recovery	% age	10.83	11.36	10.24	10.67	9.69	11.25
Sugar production	M.Tons	128,421	114,516	108,864	92,595	68,352	67,044
Molasses recovery	% age	4.41	4.11	4.21	4.17	4.35	4.21
Molasses production	M.Tons	52,304	41,384	44,783	36,222	30,677	25,083
Unit - III							
Season started	Date	20-Nov-13	3-Dec-12	25-Nov-11	1-Dec-10	9-Nov-09	1-Dec-08
Season closed	Date	7-Apr-14	27-Mar-13	20-Mar-12	31-Mar-11	5-Mar-10	4-Mar-09
Days worked	Days	139	115	117	121	117	94
Average daily crushing	M.Tons	10,826	10,440	9,701	8,690	6,720	5,879
Sugar cane crushed	M.Tons	1,504,768	1,200,650	1,135,063	1,051,525	786,256	552,646
Sugar recovery	% age	10.81	11.22	10.64	10.94	10.65	11.30
Sugar production	M.Tons	162,668	134,718	120,721	115,033	83,697	62,484
Molasses recovery	% age	4.16	4.01	4.38	4.27	4.41	4.02
Molasses production	M.Tons	62,572	48,155	49,675	44,936	34,685	22,250

Operating Highlights

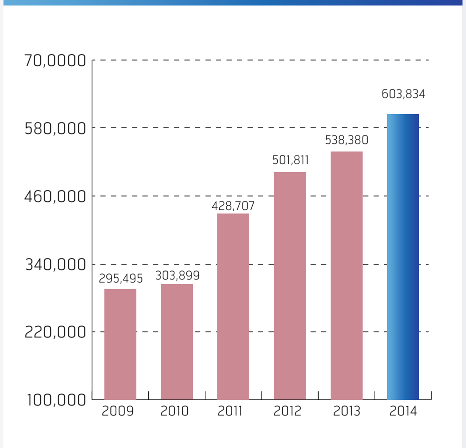
Graphical Presentation

Sugar Cane Crushed (M. Tons)

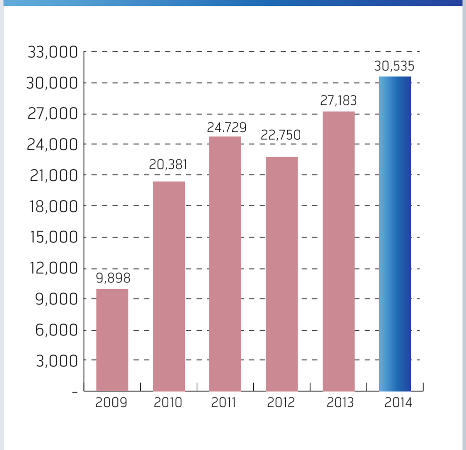


Sucrose Recovery (% age)

Sugar Production (M. Tons)

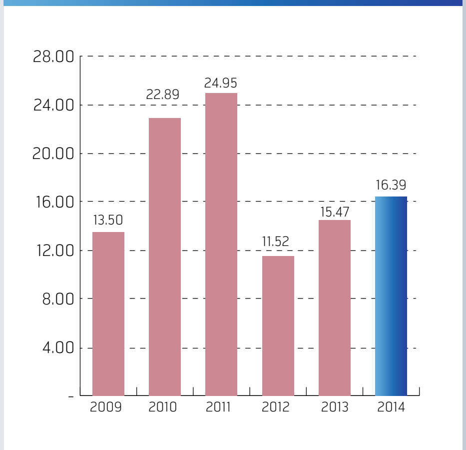


Net Sales (Rupees in Million)



Profitability (Rupees in Million)

Earnings Per Share (Rupees)



Financial Highlights

Year 2014

Earnings Per Share
Rs 16.39

Sugar Production
604
Thousand Tonnes

Dividend Per Share
Rs 7.00

Sales Revenue
Rs 32.33
Billion

Profit After Tax
Rs 980
Million

Contribution to National Exchequer
Rs 2.05
Billion

It gives me pleasure in presenting you the Company's 25th Annual Report and Audited Accounts for the year ended 30th September 2014.

The operating and financial results for the year under review are summarized below:

Operating Results

		2013-14				2012-13			
Description	**Unit**	**JDW-I**	**JDW-II**	**JDW-III**	**COMBINED**	**JDW-I**	**JDW-II**	**JDW-III**	**COMBINED**
Starting	Date	24.11.13	24.11.13	20.11.13	--	30.11.12	30.11.12	03.12.12	--
Ending	Date	21.04.13	17.04.13	07.04.13	--	11.04.13	07.04.13	27.03.13	--
Working	Days	149	145	139	144	133	129	115	126
Sugarcane crushed	M.Tons	2,866,631	1,186,269	1,504,768	5,557,668	2,535,822	1,007,658	1,200,650	4,744,130
Sugar production	M.Tons	312,746	128,421	162,668	603,834	289,147	114,516	134,718	538,380
Sugar recovery	%age	10.91	10.83	10.81	10.86	11.40	11.36	11.22	11.35
Molasses production	M.Tons	123,377	52,304	62,572	238,253	99,001	41,384	48,155	188,540
Molasses recovery	%age	4.30	4.41	4.16	4.29	3.90	4.11	4.01	3.97

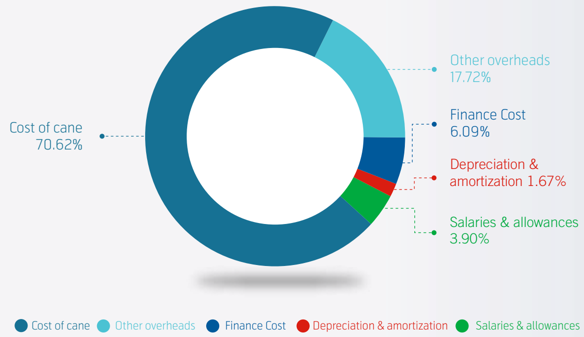
The comments on these results are as under:

- With average combined crushing of 38,595 tons per day, the Mills on the average were operated for 144 days during the year under review as against 126 days with average crushing of 37,652 tons per day last year.

- Average sucrose recovery achieved this time was 49 bps less than last crushing season which has reduced from 11.35% to 10.86% due to heavy frost caused damage to the sugar cane during first week of January, 2014. However, molasses recovery has registered increase from 3.97% to 4.29%. Despite comparatively low sucrose recovery the sugar produced this time was 12 % higher than last year which was a record production and mainly because of 17 % higher sugar cane crushed.

- Deharki Sugar Mills being wholly owned subsidiary of the company has achieved 11.04 % sucrose recovery which was the highest sucrose recovery achieved by any sugar mills in Pakistan. Sucrose recoveries achieved by others three units of the group were also among the top five highest recovery achiever mills in Pakistan.

Expenditures' Allocation



The subsidiary of the company has achieved the following operating results in its third year of operation:

Operating Results – Subsidiary Company

Description	Unit	2013-14	2012-13
Starting	Date	20.11.13	30.11.12
Ending	Date	10.04.14	28.03.13
Working	Days	142	119
Sugarcane crushed	M.Tons	1,590,946	1,204,234
Sugar production	M.Tons	175,612	137,185
Sugar recovery	%age	11.04	11.39
Molasses production	M.Tons	66,574	49,746
Molasses recovery	%age	4.18	4.13

Financial Indicators

An analysis of the key operating results of JDWSML is given below:

	2013-14	2012-13
	(Rs. in million)	
Gross sales	32,327	28,516
Net sales	30,535	27,183
Operating profit	2,922	2,567
Profit before tax	978	1,311
Profit after tax	980	925
Earnings per share	16.39	15.47

- The Company's gross turnover has increased by 13 % as compared to last year with total volume has now crossed the level of Rs. 32 billion. Operating profit has registered 14% increase over last year.

- The Company has earned a pre-tax profit amounting to Rs. 978 million as against pre-tax profit of Rs. 1,311 million last year registering a decrease of 25 % mainly due to substantial increase in the financial charges.

Profit after tax has increased from Rs. 925 million to Rs.980 million resultantly basic earnings per share have slightly increased from Rs.15.47 to Rs.16.39. Owing to reduction in sucrose recovery the gross profit ratio has decreased from 11.78% to 10.57%. Sale of electricity and value addition of bagasse in the form of power generation have contributed significantly in the net profitability of the company. Bottom line outcome from sale of sugar remained discouraging due to depressed sugar prices. Huge carryover stocks and record sugar production with comparatively low sugar exports kept the sugar prices under pressure throughout the year.

- Depreciation charges have increased by approx. Rs. 170 million. There has been normal increase in administrative expenses which have gone up by 8%. Other operating expenses have decreased by 54% due to decrease in the provisioning of WPPF and WWF. Decrease in selling expenses is attributable lesser sale of sugar export as compared to last year.

- There has been substantial increase in the financial charges of the company as compared to last year which is mainly due to increase in bank borrowings on account of major expansion, BMR and carrying over of huge unsold sugar stocks for longer time. However, the Company is fulfilling its financial obligations on time and enjoying good relations with all the financial institutions its dealing with.

- For the crushing season 2013-14 the minimum support price of sugar cane remained unchanged at Rs. 170 per 40 kg in Punjab and Rs. 172 per 40 kg in the province of Sindh. However, for ongoing crushing the support price of sugar cane has been increased by Rs. 10 per 40 kg by the Governments of Sindh and Punjab.

- Due to huge carry over sugar stocks and expected surplus sugar production in the country Federal Government allowed export of sugar up to 750,000 tons with export incentive of just inland freight subsidy of Rs. 1 per kg. The company on group basis was successful in exporting approx. 135,000 tons of sugar. However, Ministry of Finance has not yet fully released funds of inland freight subsidy to Trade Development Authority of Pakistan (TDAP) hence accumulated inland freight subsidy on group basis amounting to approx. Rs. 306 million on account of export of sugar is still receivable from TDAP.

- The Company took part in the tenders floated by Trading Corporation of Pakistan (TCP) for purchase of sugar and on group basis was able to sell 35,578 tons of sugar during the year. However, TCP on instructions from Federal Government has stopped buying sugar from the Mills. In future, all such sugar purchases will be made by the Utility Stores Corporation directly.

- The company has been making investments on steam economy since last four years by virtue of which surplus bagasse is becoming available for sale and internal consumption. Except sale of small quantity of bagasse rest of the entire quantity was used internally in the Co-Gen Projects for power generation. Company will keep on investing more money in this area until targeted level of "Steam %age to Cane" is achieved.

- Gross revenue from sale of electricity from captive power to Multan Electric Power Company (MEPCO) and Sukkur Electric Power Company (SEPCO) from JDW I and JDW III was Rs. 474 million (2012-13: Rs. 358 million). Electricity from Deharki sugar mills amounting to Rs. 177 Million was also sold to SEPCO as against Rs. 118 Million sold last year.

- The balance sheet size has increased from Rs. 24 billion to Rs. 34 billion. Accumulated reserves are more than nine times of the paid up capital registering increase from Rs. 4.9 billion to Rs. 5.4 billion. Total equity & reserves have increased from Rs. 5.5 billion to Rs. 6 billion.

Other points of your interest are summarized below:

- The Company has been successful in completing and commissioning its two high-pressure Co-Generation plants at Unit-II (Sadiqabad) and Unit-III (Ghoki). The first 26.6 MW plant at Unit-II achieved commercial operations on 12 June 2014 after clearing all testing, certification and trial run requirements. The second 26.8 MW project at Unit-III achieved commercial operations on 03 October 2014 after similarly completing all pre-commissioning formalities. During the financial year under review, a gross turnover of Rs.744 million was achieved from the two Co-Generation projects. These pioneering projects are now supplying much-needed renewable electricity to the national grid.

- The Company continued its policy of prompt payment to growers during the season. Immediately after the close of the crushing season 2013-14 the Company had fully cleared the balance cane payment.

- The Company is struggling this year to improve its financial ratios. The core reasons are unfavorable sale prices of sugar, huge carry over sugar stocks, investments in group companies, acquisition of sugar cane cultivation activity, massive expansion in Co-Gen and additions to fixed assets through BMR. In order to put financial ratios in line with required standards the company has re-profiled its few debts by capitalizing short term borrowings into long term loans for a period of five to six years and entire BMR approx. amounting to Rs. 3,000 million prior to start of crushing season 2014-15 was completed by arranging long term loans and lease financing.

- Before start of crushing season 2013-14 federal government has allowed export of sugar up to 500,000 tons and another permission of 250,000 tons was granted during the season. Out of this quota sugar industry was able to export up to 650,000 tons of sugar and rest of the quota was lapsed. This has helped a lot otherwise had there been no permission of export the local sugar prices would had been a disaster for the sugar industry. In view of expected surplus sugar production in the crushing season 2014-15 both in the domestic and international markets Federal Government has recently allowed export of sugar up to 650,000 tons with cash subsidy of Rs. 8 per kg and inland freight subsidy of Rs. 2 per kg to facilitate sugar industry to compete internationally to sell surplus sugar abroad and make timely payment to sugar cane growers. In addition to above 20 % regulatory duty has been imposed on import of raw and refined sugar to stop inflow of cheap imported sugar.

- The Company's financial results are also subject to cost audit under the companies (Audit of Cost Accounts) Rules 1998 as in previous years. The cost audit is being conducted by Uzair Hammad Faisal & Co., Chartered Accountants who were recommended for appointment by the Board and duly approved by the Securities & Exchange Commission of Pakistan (SECP). The audit report will be directly submitted to SECP within the prescribed period as required by above referred law.

- JCR-VIS Credit Rating Company Limited (JCR-VIS) on October 07, 2013 has reaffirmed the entity ratings of JDW Sugar Mills Limited (JDWSML) at 'A/A-1' (Single A/A-One). Rating of the company for TFC issues has also been reaffirmed at 'A+' (Single A Plus). Outlook on the assigned ratings is 'Stable'.

- The Board of Directors in its meeting held on 20 November, 2013 decided to acquire all assets & liabilities of JK Farming System Limited pertaining to cultivation of sugarcane. For this purpose 20th November, 2013 was assumed as the cut-off date. The company has been successful to complete this process of acquisition as per schedule. This acquisition is helping to exercise better controls over the corporate farm under the umbrella of a listed company to bring more technological changes, further increase the farm size and improve yield per acre.

- The company has been making investments in Faruki Pulp Mills Limited (associated company) since last few years. The project was completed and put on trial two years ago but due to technical issues relating to steam and power operations could not be continued. The operations which were not cost effective were stopped. Whatever wood pulp was produced during trial run was sold in the local and international markets and got good response regarding quality of the pulp. In order to fix technical issues company has shortlisted technical consultants for pulp and power & steam who will be appointed soon to start work on these areas. All this is being done through a mandate given to MCB Bank Limited. This project is being taking forward with new thinking and revised structuring to achieve desired results.

Dividend

The Board of Directors of the company has recommended 20% interim & 50 % final cash dividend, subject to approval of the shareholders in the Annual General Meeting.

Appropriation of Profit

The following appropriations were made during the current year.

	2014 (Rs. in thousands)
Un-appropriated profit as at 01 October 2013	4,212,833
Total comprehensive income for the year	970,577
	5,183,410
Appropriations during the Year	
Final cash dividend 60% for the year ended 30 September 2013	(358,660)
Proposed Interim cash dividend 20% for the year ended 30 September 2014	(119,553)
Balance as at 30 September 2014	4,705,197
Subsequent Effects	
The Board of Directors of the Company in their meeting held on 03 January 2015 has proposed the following: Final cash dividend 50% for the year ended 30 September 2014	(298,883)
	4,406,314

Relationship with Growers

- The Company enjoys cordial relationship with the farmers' community as it considers the growers to be its backbone. To maintain and further strengthen the relationship, the Company always gives priority and endeavors to;

- Consistently follow the policy of timely payments of sugarcane to growers.

- Fulfill farmers' financial requirements by providing them financial assistance from own sources & by arranging loans for them from banks and also through different financial schemes of National Rural Support Program (NRSP). During period under review, huge amount of agri loans were advanced to growers in the form of cash, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.

- Procure and provide latest agricultural equipment on subsidized rates to growers on easy installment basis.

- Enhance technical skills through various extension and advisory programs.

- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

Future Outlook

- The crushing season 2014-15 was started in the last week of November, 2014 and on group basis up to 3 January 2015, 1,823,458 tons of sugarcane has already been crushed with average sucrose recovery of 10.11% and sugar production of 180,350 tons including sugar in process. Crop size this time is approx. 10% less than last crushing season. Due to decrease in area under cultivation, reduction in sucrose recoveries and yield per acre the estimated sugar production is expected to be down by 15 to 20 % as compared to last year.

- The minimum support price of sugarcane for crushing season 2014-15 has been increased from Rs. 170 to Rs. 180 per 40 kg by the Punjab Govt. and from Rs. 172 to Rs. 182 per 40 kg by the Sindh Govt.

- The carryover sugar stocks of the industry were app. 500,000 tons. Federal Govt. has recently allowed export of sugar with certain incentives up to 650,000 tons as stated above. These measures of the government has given some stability to sugar prices in the local market. There is still uncertainty as to how subsidy of Rs. 10 per kg would be paid to sugar mills against export of sugar. Once there is a clarity in this regard the export of sugar will boost which will result in bringing the sugar prices at profitable levels.

- Sugar industry is going through difficult times where during last few years the minimum support price of sugar cane has been significantly increased which has not been absorbed by the market in view of surplus sugar production both in the domestic and international markets which has kept the sugar prices depressed and even below the manufacturing cost. Imposition of 15 % Regulatory Duty by the previous Government on export of molasses is causing loss of approx. Rs. 1,500 to Rs. 2,000 per ton of molasses at prevailing export price of molasses to each mill having no distillery set up which is discriminately and not giving level playing field. Govt. has realized and came forward to rescue sugar industry by allowing export of 650,000 tons of sugar with Rs. 10 per kg subsidy but the key factor is the prompt payment of subsidy to the sugar industry otherwise this measure of the govt would hardly bailout the industry from ongoing crisis. Abolishing of Regulatory Duty on export of molasses and creation of strategic reserves of sugar by TCP up to at-least 500,000 tons in addition to its monthly requirement for Utility Stores Corporation (USC) and other institutions would also help the sugar industry to come out of its crisis.

- Under above referred challenging environment the company wants to focus more on valuation of it's by-products, making its processes more efficient and reduction in financial charges.

Corporate and Financial Reporting Framework

The Directors are pleased to confirm compliance with corporate and financial reporting framework of the Securities and Exchange Commission of Pakistan and the Code of Corporate Governance for the following:

- The financial statements present fairly the state of affairs of the Company, the results of its operations, cash flow and changes in equity;

- Proper books of accounts of the Company have been maintained;

- Appropriate accounting policies as stated in the notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable prudent judgment;

- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Ordinance, 1984 have been followed in preparation of the financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- There are no doubts about the Company's ability to continue as going concern;

- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;

- A statement regarding key financial data for the last six years is annexed to this report;

- Information about taxes and levies is given in the notes to the financial statements.

Meetings of Board of Directors

During the year, nine meetings of the Board of Directors were held. Attendance was as under:

		Meetings attended
1.	Jahangir Khan Tareen	7
2.	Makhdoom Syed Ahmed Mahmud	6
3.	Syeda Sameera Mahmud	7
4.	Ijaz Ahmed	9
5.	Raheal Masud	9
6.	Asim Nisar Bajwa	9
7.	Zafar Iqbal	9

Directors who could not attend board meetings due to their preoccupations were granted leave of absence.

Audit Committee

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The committee regularly meets as per requirement of the code. The committee assists the Board in reviewing internal audit manual and internal audit system. During the year, five audit committee meetings were held and all meetings were attended by all members.

Human Resource Committee

The Board has constituted a Human Resource Committee in compliance with the Code of Corporate Governance 2012. During the year, one HR & R committee meeting was held and attended by all members of the committee.

Directors' Training Program

The Company has arranged one training program for one of its Director namely Mr. Zafar Iqbal during the year, which was organized by Executive Development Centre of The University of Lahore duly approved training institution by Securities and Exchange Commission of Pakistan.

Value of Provident Fund Investment

The Company operates a recognized provident fund scheme covering all its permanent employees. Equal monthly contributions to the fund are made both by the Company and its employees in accordance with fund rules. As per audited accounts of the Employees Provident Fund the value of its investments as on June 30, 2014 aggregating to Rs. 289 million (2013: Rs. 278 million).

Pattern of Shareholding

There were 1,217 shareholders of the Company as of 30 September 2014. A statement of pattern of shareholding is enclosed in this report.

Statement of transaction in shares of the Company by the Directors, CEO, CFO and Company Secretary and their spouses and minor children during the year is enclosed in this report.

National Exchequer

The Company contributed a sum of Rs. 2,047 million (2013: Rs. 1,782 Million) approximately to the national exchequer in the form of taxes & duties during the year under review.

Corporate Social Responsibility Activities:

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 22 to 23 during the period under review.

Auditors

The present auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants retire and have offered themselves for re-appointment.

Acknowledgement

The Directors would like to express their appreciation for the dedicated hard work of the workers, staff and members of the management team. Growers are the key element of our industry and we thank them for their continued co-operation. The Directors of the Company are also thankful to the banks and leasing companies for the financial assistance and co-operation they have extended to the Company.

On behalf of the Board of Directors

03 January 2015
Lahore

Ijaz Ahmed
Director

Pattern of Shareholding

FORM "34" The Companies Ordinance 1984 (Section 236(1) & 464)

1. Incorporation Number — 0021835

2. Name of the Company — JDW SUGAR MILLS LIMITED

3. Pattern of holding of the shares held by the shareholders as at — 30-09-2014

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
277	1	100	8,475
410	101	500	127,254
95	501	1,000	73,647
322	1,001	5,000	536,678
25	5,001	10,000	173,329
17	10,001	15,000	222,688
16	15,001	20,000	312,547
5	20,001	25,000	110,319
7	25,001	30,000	195,048
2	30,001	35,000	63,250
3	40,001	45,000	125,292
4	45,001	50,000	200,000
1	50,001	55,000	52,691
3	60,001	65,000	187,888
1	75,001	80,000	68,300
2	105,001	110,000	156,540
1	95,001	100,000	100,000
1	105,001	110,000	105,600
2	110,001	115,000	229,551
3	115,001	120,000	350,839
1	130,001	135,000	130,779
2	165,001	170,000	337,327
1	190,001	195,000	192,548
1	400,001	405,000	402,494
1	650,001	655,000	651,864
1	770,001	775,000	775,000
2	775,001	780,000	1,551,472
1	1,495,001	1,500,000	1,500,000
1	2,120,001	2,125,000	2,123,648
1	2,140,001	2,145,000	2,143,648
1	2,215,001	2,220,000	2,216,145
1	2,285,001	2,290,000	2,285,636
1	2,935,001	2,940,000	2,937,381
1	3,355,001	3,360,000	3,357,342
1	5,730,001	5,735,000	5,733,281
1	7,925,001	7,930,000	7,928,648
1	10,465,001	10,470,000	10,465,580
1	11,640,001	11,645,000	11,643,932
1,217			**59,776,661**

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor children	30,959,028	51.7912%
5.2	Associated Companies, undertakings and related parties	-	-
5.3	NIT and ICP	19,967	0.0334%
5.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	49,183	0.0823%
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	94,023	0.1573%
5.7	Share holders holding 10% and more	35,941,441	60.1262%
5.8	General Public		
	a. Local	24,302,370	40.6553%
	b. Foreign	-	-
5.9	Others (to be specified)		
	Joint Stock Companies	864,288	1.4459%
	Investment Companies	2,085	0.0035%
	Foreign Companies	3,398,545	5.6854%
	Others	87,172	0.1458%

6. Signature of Company Secretary

7. Name of Signatory: MUHAMMAD RAFIQUE

8. Designation: COMPANY SECRETARY

9. CNIC Number: 35201-3029372-5

10. Date: 30-09-2014

Categories of Shareholders

As required under Code of Corporate Governance (CCG) As on September 30, 2014

Sr. No.	Name		No. of Shares Held	Percentage
I.	**Associated Companies, Undertakings and Related Parties (name wise details):**		-	-
II.	**Mutual Funds (name wise detail):**			
1	CDC - TRUSTEE AKD INDEX TRACKER FUND		7,050	0.0118%
2	CDC - UBL RETIREMENT SAVING FUND - EQUITY SUB FUND		68,300	0.1143%
3	GOLDEN ARROW SELECTED STOCKS FUND LTD.		11,573	0.0194%
III.	**Directors, CEO and their Spouse and Minor Children (name wise):**			
1	MR. JAHANGIR KHAN TAREEN	(Director/Chief Executive)	16,198,861	27.0990%
2	MUKHDOOM SYED AHMED MAHMUD	(Director)	11,813,932	19.7635%
3	MR. IJAZ AHMED	(Director)	2,429	0.0041%
4	MR. ASIM NISAR BAJWA	(Director)	1,421	0.0024%
5	MR. RAHEAL MASUD	(Director)	500	0.0008%
6	SYEDA SAMEERA MAHMUD	(Director)	651,864	1.0905%
7	MR. ZAFAR IQBAL	(Director)	1,360	0.0023%
8	MRS. AMINA TAREEN W/O JAHANGIR KHAN TAREEN		2,285,636	3.8236%
9	MRS. SARWAT SULTANA W/O IJAZ AHMED		3,025	0.0051%
IV.	**Executives:**		5,212,381	8.7198%
V.	**Public Sector Companies & Corporations:**		-	-
VI.	**Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies and Modarabas:**		56,283	0.0942%
VII.	**Shareholders holding five percent or more voting rights in the listed company (name wise details):**			
1	MR. JAHANGIR KHAN TAREEN		16,198,861	27.0990%
2	MUKHDOOM SYED AHMED MAHMUD		11,813,932	19.7635%
3	MR. ALI KHAN TAREEN		7,928,648	13.2638%
4	RANA NASIM AHMED		4,437,381	7.4233%
5	EFG PRIVATE BANK LIMITED		3,357,342	5.6165%

All trades in the shares of the listed company, carried out by its Directors, CEO, COO, CFO, Company Secretary and their spouses and minor children:

S. No	Name	Purchase/ (Sale)	Addition Through Gift	Deletion Through Gift
1	MR. JAHANGIR KHAN TAREEN	(1,500,000)	210,432	(300,000)
2	MUKHDOOM SYED AHMED MAHMUD	-	300,000	-
3	MR. IJAZ AHMED	(365,000)	-	-
4	RANA NASIM AHMED	1,500,000	-	-
5	MR. MUHAMMAD RAFIQUE	-	-	(175,000)

High Pressure Co-Generation Power Plants

2014 was a breakthrough year for the Company's ongoing diversification into the power sector. Both of the Company's pioneering bagasse-based, high-pressure cogeneration power plants with total capacity of approximately 53 MW were successfully completed and commissioned during the year.

The first 26.6 MW power plant at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab achieved Commercial Operations Date (COD) on June 12, 2014 after completing all independent testing and certification requirements, while the second 26.8 MW plant at JDW Unit-III, District Ghotki, Sindh achieved COD on October 3, 2014.

Both power plants are fully operational and supplying affordable and renewable electricity to the national grid under long-term Energy Purchase Agreements executed with the Central Power Purchasing Agency of the National Transmission & Despatch Company Limited.

The plants efficiently utilize indigenous bagasse as fuel, which besides being environmentally friendly, also has the major benefit of saving precious foreign exchange for the country compared to imported fuels such as furnace oil or imported coal.

The Company's power plants are the first to materialize under NEPRA's upfront bagasse tariff. As various other sugar mills are now following suit, it is hoped that the Company's initiatives will serve as a catalyst for the realization of the sugar industry's 2,500 MW power potential.

Corporate Farming

Farming Activities by JDW Sugar Mills Limited

During the year a separate division 'Corporate Farms' has been set up within the company, which is being led by a team of highly experienced professionals. This large and expanding corporate farming identity is now a farming leader within the Asian sub-continent.

Our people with prior knowledge, experience together with modern tools and machinery and distinctive agronomic strategies have helped us built highly efficient and eco-friendly farms with higher yields. Our unique farming techniques have also led to the capacity building of existing farmers thereby resulting in improved and reliable cane supply to JDW.

We at JDW believe in investing in our future by undertaking large scale research and development activities such as:-

- Varietal screening and selection;
- Soil and water testing laboratory;
- Bio-laboratory facility;
- Transfer of technology;
- Application of GIS (Computerized Geographic Information System); and
- Application of precision agriculture methodologies

Automation and mechanization

The operations of large size corporate farms cannot be managed effectively unless its key operations are either mechanized or supplemented with mechanization. We have managed to acquire latest tractors and other farming equipment from local and imported suppliers. Further, we have rationalized farm layouts and combined traditional farming techniques with newly acquired technologies to achieve maximum yield in the region. Few of our mechanized operations are given below:-

- Using semi-mechanized planting techniques;
- Fertilizing (2 and 3 row coulter applicators);
- Magnum 340 HP tractors with GPS Scrappers for levelling;
- Magnum 340 HP tractors with GPS enable Ecolotiger Cultivation;
- Puma Tractor 140 HP with hydraulic tilting blade to make drains;
- CNH Tractor 140 HP for Zonal Ripper;
- Gypsum Spreaders;
- Inter row herbicide sprayer;
- High clearance tractor spraying;
- Granular pesticide applicator;
- Harvesting; and
- Well equipped workshop for high tech maintenance.

Precision agriculture

Precision agriculture (PA) is the act of managing different land variables using latest technology such as global positioning systems (GPS), geographic information systems (GIS), remote sensing (RS) and yield mapping. Adoption of PA practices can improve the efficiency and profitability of farming operations to a great extent. Our engineering team under the supervision of foreign consultants are making full use of these techniques to achieve higher yield at lower costs.

Crop varieties

Cultivating the right variety is imperative to sustainable and competitive farming. At JDW we have developed our own sugarcane varieties using conventional sugarcane breeding and selection processes. Parents with valuable traits are used for cross-pollination and are selected from our germplasm collection. This collection includes local selected varieties, clones from previous crosses and wild and foreign varieties.

Pest and diseases

Due to the inherent nature of sugarcane crop, pest and disease outbreaks like red rot, pokah, sugar cane pyrilla are a common feature. Also since the majority of our cane growing area lies along the Indus River there is a greater risk of presence of harmful weeds and herbs. JDW has established a separate bio-lab with a team of entomologists keeping check on the pest and disease situation and other factors common to sugarcane cultivation.

Irrigation

JDW has put greater emphasis on improving irrigation efficiency in the region. Over the years, irrigation using poor quality tube well water has led to serious soiled gradation resulting in loss of yield. At JDW, all ground water sources are constantly tested at the laboratory to ensure that suitable water is applied to crops. The farms are designed using latest laser levelling technology thus helping achieve improved irrigation efficiencies, reducing irrigation cost, and increasing yield potential.

Harvesting Operations

JDW has adopted the use of mechanical harvesters and prime mover cane transport systems for harvesting and transporting cane from farm to mill on timely basis. This saves a lot of harvesting and transportation costs and crucial cane nutrition. JDW currently operates 14 harvesters and has the capacity to mechanically harvest over 400,000/- tonnes of cane over 12,000/- acres per season. The mechanical harvest and transport system continues to evolve into a world class operation as efficiencies improve with new innovations, improved infrastructure and improved farm designs.

Cane production is affected by both harvesting and field issues which can impact on sugar quality and quantity. Both harvesting efficiency and crop presentation affect cane yield, cane quality and ratooning. Foreign consultants are working with JDW and have developed Harvesting Best Practice (HBP) guidelines to reduce cane loss, improve cane quality, and reduce stool damage. The HBP guidelines also focus on the impact that crop presentation has on harvesting efficiency. Information available covers topics such as farming for efficient harvesting; the effect of extractor fan speed on cane loss, crop yield, CCS, reduction in base cutter/chopper losses; and improvement in billet quality for planting.


CASE IH


JDW 12

Corporate Social Responsibility

1. Sugarcane Productivity Enhancement Project (SPEP)

This program is a truly multi-stakeholder project comprising of partnership between farming communities, private sector (JDW Sugar Mills Ltd.) and a non-profit organization (National Rural Support Programme).

SPEP has been designed to enhance small farm (less than land area of 20 acres) profitability through agriculture & livestock extension services and provision of credit without collateral. The community organizations (COs) receive SPEP support from a professional team consisting of a social organizer, an agricultural extension officer, and a veterinary officer.

With continued support from JDW Sugar Mills, NRSP extended its operations in 58 union councils. The number of active COs grew to 1,772 (2013: 1,322) with a membership of 20,284 (2013:17,027) farmers.

The main features of the SPEP include:

- Social mobilization and organization of the rural poor into Cos;
- Provision of agricultural extension services through which agricultural graduates employed by JDW Sugar Mills provide services through direct advice in CO meetings, published literature and farm visits;
- Credit facility from JDW Sugar Mills and NRSP for purchase of seed and other agricultural inputs on guarantee of the CO; and
- Small farmers have access to farm machinery provided by JDW Sugar Mills on credit at subsidized rates.

NRSP has distributed loan of Rs. 731.39 million (2013: Rs. 542.77 million) in the year 2013-14 to raise the productivity & income of the farming communities.

2. Crop Improvement Program

High Yielding and high sucrose contents sugarcane varieties have been produced through sugarcane Fuzz. Further, top quality sugarcane germplasms/ parents have been imported from all over the world. These parents are made to grow and produce flowering at Thatta which has a suitable site/climate. After producing flowers, these are subjected to cross each other to produce sugarcane fuzz/ seed. In 2014, 40 seedlings/varieties have been produced from flowering at Thatta research site.
After germinating the fuzz, followed by selection process best sugar cane cultivators are evaluated for commercial growing.

3. Integrated Pest Management

Currently JDW is using Integrated Pest Management (IPM) approach which is an integrated control mechanism which combines and integrates biological (natural predators & parasites) and chemical control and employs the use of economic threshold to determine when chemical control should be utilized to prevent pests from reaching the economic injury level". IPM is an effective and environmentally sensitive approach to pest management. Many species of insects attack sugarcane crop which can be divided into two major categories including Sucking Pests and Borers. Pests of both groups can damage the crop severely which may results in low yield and inferior quality juice.

Here in JDW IPM is used to control the above said species of insect pests. Among the sucking pests Pyrilla Perpusilla or Sugarcane Leafhopper is the most destructive one. To keep the Pyrilla Perpusilla population below Economic Threshold Level (ETL) we use Egg Parasite of Pyrilla Perpusilla i.e. Parachrysocheris Javensis, Nymphal and adult parasite i.e. Epiricania Melanoleuca. In fields where population of above mentioned parasites is not enough, we manage releasing of parasites in such fields and in case of severe attack of Pyrilla Perpusilla chemical control is employed. As far as Borers are concerned Trichogramma Chilonis has reared in bio-lab and released in fields for their control. In addition to this granular form of chemicals are also applied for control of Borer complex. Similarly, JDW group has established a "Pest Warning & Control System for Growers" which is working at grass root level for creating awareness among farming community.

4. Farmer Support Program / Livestock Support Project

Livestock has 56% share in economy of rural community but due to lack of knowledge and skills farmers are not harnessing full potential of animals either in the form of milk or meat. As compared to "EU" countries per animal production of milk and meat in Pakistan is very low. Under umbrella of "Farmer Support Program" JDW group owns a dedicated team of Veterinary Assistants/A. I. Technicians for providing following facilities to growers at their door steps.

1. Artificial Insemination for breed improvement.
2. Deworming for control of endo and ecto parasites.
3. Vaccination for control of diseases like FMD, HS and ETV etc.
4. Counselling related to treatments on phone call.
5. Special care of model animals for increasing meat and milk production by use of balanced nutrition.

All medicines are provided to the growers at purchase price and services are free of cost.

5. Education

Quality Education for All (QEFA) in Rasool Pur Union Council

In 2002-03, the District Government of Rahim Yar Khan took a bold initiative in the education sector and handed over the management of all the primary schools of Rasool Pur Union Council to NRSP. JDW Sugar Mills fully supported this initiative and provided operational, financial and logistic support to the project. The local community was mobilized & fully involved in the management of schools. The following additional tasks were given to the community:

- Raising funds for provision of missing facilities
- Reducing the drop-out rate and increasing enrollment
- Reducing teacher's absenteeism.

The project has been a resounding success, resulting in efficient management of schools, increase in the student enrolment, reduction in the drop-out ratio, provision of basic facilities, and involvement of local communities in monitoring the performance of school administration. In the year 2103-14 in District Rahim Yar Khan 7.91 million has been utilized whereas 9.58 million has been employed in District Ghotki.

Progress by the Quality Education Program till 2013-2014.

Programs	Boys	Girls	Co-Education	Total
QEFA - Rahim Yar Khan				
No. of Schools	50	42	8	100
Enrollment	8,666	5,015	-	13,681
No. of Teachers	140	114	-	254
Ghotki – Khairpur				
No. of Schools	39	11	8	58
Enrollment	4,635	2,771	-	7,406
No. of Teachers	65	26	-	91
Grand Total				
No. of Schools	89	53	16	158
Enrollment	13,301	7,786	-	21,087
No. of Teachers	205	140	-	345

JDW Sugar Mills is using its valuable links with the district education department to make another contribution towards educational institutes by raising the elementary and higher schools to graduation level.

Financial Statements

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of Independent and Non-Executive Directors on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Raheal Masud Mr. Asim Nisar Bajwa Mr. Zafar Iqbal
Executive Director	Mr. Jahangir Khan Tareen
Non-Executive Directors	Mukhdoom Syed Ahmed Mahmud Syeda Sameera Mahmud Mr. Ijaz Ahmed

The Independent Directors meet the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. There was no causal vacancy occurred on the Board of Directors during the year.

5. 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.

6. 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the Directors on the Board are well conversant with their responsibilities as Directors and the company had arranged one training program for one of its Director namely Mr. Zafar Iqbal during the year, which was organized by Executive Development Centre of The University of Lahore duly approved training institution by Securities and Exchange Commission of Pakistan.

10. There was no change in CFO, Company Secretary and Head of Internal Audit during the financial year.

11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises three members, all of them including Chairman are Independent Directors.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed HR & Remuneration Committee. It comprises three members, Chairman is Non-Executive Directors and two of them are Independent Directors.

18. The Board has set up an effective internal audit function who is considered suitably qualified and experience for the purpose and is conversant with the policies and procedures of the Company.

19. 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, 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 ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to Directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

03 January 2015
Lahore

Ijaz Ahmed
Director

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House,
2-Main Gulberg Jail Road,
Lahore, Pakistan.

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Review Report to the Members
on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of JDW Sugar Mills Limited ("the Company") for the year ended 30 September 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended 30 September 2014.

KPMG Taseer Hadi & Co.

03 January 2015
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

KPMG Taseer Hadi & Co.
Chartered Accountants
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Servis House,
2-Main Gulberg Jail Road,
Lahore, Pakistan.

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Auditors' Report to the Members

We have audited the annexed balance sheet of JDW Sugar Mills Limited ("the Company") as at 30 September 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.4 with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion 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.

KPMG Taseer Hadi & Co.

03 January 2015
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

Balance Sheet

	Note	2014 Rupees	2013 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Reserves		5,383,513,802	4,891,150,343
		5,981,280,412	5,488,916,953
NON CURRENT LIABILITIES			
Redeemable capital - secured	7	305,555,555	222,243,482
Long term loans - secured	8	8,563,542,666	4,292,190,749
Liabilities against assets subject to finance lease	9	796,721,716	438,881,076
Deferred taxation	10	1,712,957,399	1,732,216,039
Staff retirement benefits - gratuity	11	68,256,699	44,694,419
		11,447,034,035	6,730,225,765
CURRENT LIABILITIES			
Short term borrowings - secured	12	9,067,052,946	6,834,453,702
Current portion of non-current liabilities	13	2,056,677,973	1,616,577,269
Trade and other payables	14	4,626,936,967	2,789,427,156
Interest and markup accrued	15	498,818,831	302,120,164
		16,249,486,717	11,542,578,291
CONTINGENCIES AND COMMITMENTS	16		
		33,677,801,164	23,761,721,009

The annexed notes 1 to 50 form an integral part of these financial statements.

03 January 2015
Lahore

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	17,136,243,480	10,072,777,111
Biological assets	18	10,471,822	–
Investment property	19	173,026,930	693,855,251
Intangible assets	20	626,822,509	608,310,693
Investments	21	3,094,398,050	1,610,250,000
Long term advances	22	1,135,692,880	1,650,553,280
Long term deposits	23	113,273,041	85,380,307
		22,289,928,712	14,721,126,642
CURRENT ASSETS			
Biological assets	18	1,681,515,961	–
Stores, spares and loose tools	24	1,121,315,707	588,561,594
Stock in trade	25	4,383,863,382	3,324,048,252
Trade debts - unsecured	26	662,775,216	239,661,016
Advances, deposits, prepayments and other receivables	27	3,025,056,958	4,426,525,555
Tax refund due from Government		426,538,452	220,443,055
Cash and bank balances	28	86,806,776	41,354,895
Non current asset held for sale	29	–	200,000,000
		11,387,872,452	9,040,594,367
		33,677,801,164	23,761,721,009

Director

Director

Profit and Loss Account
For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees
Gross sales		32,327,134,470	28,516,197,070
Federal Excise Duty, Sales Tax and others		(1,792,270,084)	(1,332,915,232)
Net sales	30	30,534,864,386	27,183,281,838
Cost of sales	31	(27,306,099,295)	(23,981,411,434)
Gross profit		3,228,765,091	3,201,870,404
Administrative expenses	32	(529,026,652)	(490,343,792)
Selling expenses	33	(122,100,729)	(278,973,721)
Other income	34	344,544,422	134,507,050
		(306,582,959)	(634,810,463)
Operating profit		2,922,182,132	2,567,059,941
Other expenses	35	(63,027,822)	(137,649,799)
Finance cost	36	(1,880,760,719)	(1,118,578,053)
		(1,943,788,541)	(1,256,227,852)
Profit before taxation		978,393,591	1,310,832,089
Taxation	37	1,312,304	(386,309,269)
Profit after taxation		979,705,895	924,522,820
Earnings per share - basic and diluted	38	16.39	15.47

The annexed notes 1 to 50 form an integral part of these financial statements.

03 January 2015
Lahore

Director

Director

Statement of Comprehensive Income

For the year ended 30 September 2014

	2014 Rupees	2013 Rupees
Profit after taxation	979,705,895	924,522,820
Other comprehensive income		
Items that will not be reclassified to profit and loss account:		
Remeasurement of defined benefit liability	(13,625,594)	–
Related tax	4,496,446	–
	(9,129,148)	–
Total comprehensive income for the year	970,576,747	924,522,820

The annexed notes 1 to 50 form an integral part of these financial statements.

03 January 2015
Lahore

Director

Director

Cash Flow Statement
For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	39	4,420,853,921	4,366,947,698
Income tax paid		(237,944,796)	(173,827,199)
Staff retirement benefits paid		(64,508,949)	(29,995,624)
Workers' profit participation fund paid		(83,042,212)	(33,195,478)
		(385,495,957)	(237,018,301)
Net cash generated from operations		4,035,357,964	4,129,929,397
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(5,504,956,047)	(2,042,095,369)
Advances to related parties - net		(189,253,280)	(434,303,754)
Long term advances		16,000,000	(86,000,000)
Long term deposits - net		(97,036,938)	(39,310,458)
Proceeds from sale of property, plant and equipment		312,728,699	23,786,027
Payment with respect to net assets acquired from JK Farming Systems Limited		(2,393,990,428)	–
Proceeds from sale of investment in JK Dairies (Private) Limited		120,000,000	100,000,000
Investment property		–	(7,881,991)
Net cash used in investing activities		(7,736,507,994)	(2,485,805,545)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans availed during the year		5,994,771,649	2,448,439,480
Proceeds from issuance of term finance certificates		166,645,398	333,354,602
Short term borrowings - net		2,232,599,244	(1,277,213,031)
Finance cost paid		(2,331,599,937)	(1,215,534,122)
Long term loans repaid		(1,002,304,848)	(678,888,323)
Redemption of term finance certificates		(474,444,458)	(488,888,886)
Lease rentals paid		(365,384,738)	(380,205,957)
Dividend paid		(473,680,399)	(355,215,480)
Net cash generated from / (used in) financing activities		3,746,601,911	(1,614,151,717)
Net cash increase in cash and cash equivalents		45,451,881	29,972,135
Cash and cash equivalents at the beginning of the year		41,354,895	11,382,760
Cash and cash equivalents at the end of the year	28	86,806,776	41,354,895

The annexed notes 1 to 50 form an integral part of these financial statements.

03 January 2015
Lahore

Director　　Director

Statement of Changes in Equity

For the year ended 30 September 2014

		Reserves			
		Capital	Revenue		
	Share capital	Share premium	Accumulated profit	Total reserves	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2012	597,766,610	678,316,928	3,646,970,561	4,325,287,489	4,923,054,099
Transaction with owners of the Company:					
Final dividend for the year ended 2012 @ Rs. 6.00 per share	-	-	(358,659,966)	(358,659,966)	(358,659,966)
Total comprehensive income for the year					
Profit for the year ended 30 September 2013	-	-	924,522,820	924,522,820	924,522,820
Other comprehensive income for the year ended 30 September 2013- net of tax	-	-	-	-	-
	-	-	924,522,820	924,522,820	924,522,820
Balance as at 30 September 2013	597,766,610	678,316,928	4,212,833,415	4,891,150,343	5,488,916,953
Transactions with owners of the Company:					
Final dividend for the year ended 2013 @ Rs. 6.00 per share	-	-	(358,659,966)	(358,659,966)	(358,659,966)
Interim dividend paid for the period ended 30 June 2014 @ Rs. 2.00 per share	-	-	(119,553,322)	(119,553,322)	(119,553,322)
	-	-	(478,213,288)	(478,213,288)	(478,213,288)
Total comprehensive income for the year					
Profit for the year ended 30 September 2014	-	-	979,705,895	979,705,895	979,705,895
Other comprehensive loss for the year ended 30 September 2014- net of tax	-	-	(9,129,148)	(9,129,148)	(9,129,148)
	-	-	970,576,747	970,576,747	970,576,747
Balance as at 30 September 2014	597,766,610	678,316,928	4,705,196,874	5,383,513,802	5,981,280,412

The annexed notes 1 to 50 form an integral part of these financial statements.

03 January 2015
Lahore

Director

Director

1 STATUS AND NATURE OF BUSINESS

1.1 JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited Company under the Companies Ordinance, 1984 and was subsequently converted into a public limited Company on 24 August 1991. Shares of the Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Company is production and sale of crystalline sugar, electricity and managing corporate farms.

1.2 The Company has executed Energy Purchase Agreements ("EPA") on 20 March 2014 with the Central Power Purchasing Agency ("CPPA") of the National Transmission & Despatch Company Limited ("NTDC") relating to its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and JDW Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and supplying renewable electricity to the national grid. Further, the Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

1.3 The Company has acquired Corporate Sugar Cane Farms business of JK Farming Systems Limited ("a related party") ("JKFS") on 20 November 2013. The assets and liabilities have been transferred to the Company at fair values to comply with the requirements of Business Combinations "(IFRS-3)". Fair values, duly determined by independent valuer and management, of the assets and liabilities transferred to the Company are as follows:

	Fair value as at 20 Nov 2013 Rupees
Non-current assets	
Property, plant and equipment	
Operating fixed assets	1,216,474,025
Capital work in progress	2,572,408
	1,219,046,433
Intangible asset	20,397,279
	1,239,443,712
Current assets	
Stores, spares and loose tools	276,870,781
Biological assets	2,942,000,000
Advances, deposits, prepayments and other receivables	126,412,374
	3,345,283,155
Total assets	4,584,726,867
Current liabilities	
Trade creditors, accrued and other liabilities	(225,785,777)
Net assets transferred	4,358,941,090
Purchase consideration	4,358,941,090
	–

The purchase consideration is to be paid in one or more instalments. The Company shall pay mark up at the rate of average borrowing cost of the Company on the outstanding amount of purchase consideration from 20th November 2013, until payment of full purchase consideration.

2 BASIS OF PREPARATION

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiary and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared separately.

The Company has following investments:

Name of company	Country of incorporation	Shareholding
Subsidiary		
- Deharki Sugar Mills (Private) Limited	Pakistan	99.98%
Associates		
- Faruki Pulp Mills Limited	Pakistan	48.39%
- JDW Power (Private) Limited	Pakistan	47.37%

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives of the Companies Ordinance, 1984 shall prevail.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for biological assets which are measured at fair value less estimated point of sale costs and recognition of certain employee retirement benefits at present value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Change in accounting policy

As a result of amendment to IAS 19 Employee Benefits (amended 2011), the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Company determines the net interest expense / (income) for the period on the net defined benefit liability / (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability / (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. All changes in the present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in the profit and loss account, immediately in the period in which they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of 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 and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies
- Biological assets

3.1 Change in estimate

Effectively from 20 November 2013, the Company has changed its depreciation method from reducing balance method to straight-line method on certain agri related assets to bring it in line with method used for charging deprecation on the assets of Corporate Sugar Cane Farms. The change in accounting estimate has been recognized prospectively in the financial statements in accordance with the requirement of IAS 8 "Accounting Policy, Change in Accounting Estimate and Errors."

Change in estimate has no impact on current year depreciation expense and profit and loss respectively. However, future outcome as a result of change in estimate is given below:

	2015 (Rupees)	2016 (Rupees)	2017 (Rupees)	2018 (Rupees)	2019 (Rupees)
Increase in depreciation	18,884,987	34,067,424	46,280,377	56,111,041	64,029,845
(Decrease) in net profit	(18,884,987)	(34,067,424)	(46,280,377)	(56,111,041)	(64,029,845)

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 New and revised approved accounting standards, interpretations and amendments thereto

There were certain new standards and amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations except as disclosed in note 2.4 and are, therefore, not disclosed in these financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014).

The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost and related overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to profit and loss account on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 17.1 except that straight-line method is used for Corporate Sugar Cane Farms related assets.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 17.1. Depreciation of leased assets is charged to profit and loss account.

Depreciation methods, residual values and useful lives of the assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

4.3 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

4.4 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value.

4.5 Stock in trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and finished goods	at lower of weighted average cost plus related manufacturing expenses and net realizable value
Molasses and bagasse - by products	net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less other costs necessary to be incurred to make the sale.

4.6 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.7 Biological assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the profit and loss account.

Costs incurred on plantation and management of biological assets are capitalized as part of the asset. All other costs are charged to profit and loss account.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 18.4. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications. Immature biological assets have not yet reached that stage.

Biological assets that are expected to mature after more than a period of 12 months are classified in long term assets. Those expected to mature before 12 months are included in current assets.

4.8 Employee benefits

4.8.1 Defined contribution plan

The Company operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Company and employee to the fund at the rate of 10% of basic salary.

4.8.2 Defined benefit plans

The Company also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to profit and loss account.

The most recent valuation was carried out as at 30 September 2014 using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2014	2013
Discount rate	13.50%	13%
Expected increase in eligible pay	11.50%	11%
Expected average working life of employee	10 years	10 years
Withdrawal rates	Moderate	Moderate

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in Statement of Comprehensive Income ("OCI"). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

4.8.3 Employees' stock option scheme

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of Share Appreciation Rights ("SARs"), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is measured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognized in profit or loss.

4.9 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.10 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from the sale of electricity is recognized on transmission of electricity.

Interest and rental income are recognized on accrual basis.

Dividend income is recognized when the right of receipt is established.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Financial instruments

4.13.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

4.13.1(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

4.13.1(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4.13.1(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

4.13.1(d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

4.13.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

4.13.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.14 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.15 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the profit and loss account.

4.16 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

4.17 Borrowing cost

Borrowing costs incurred on finances obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other borrowing costs are taken to the profit and loss account currently.

4.18 Trade and other payables

Liabilities for 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.

4.19 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit and loss account.

4.20 Investments

Investment in equity instruments of subsidiary company

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Separate Financial Statements'. Investments in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

Available for sale

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are re-measured at fair value, unless fair value cannot be reliably measured. Unrealized gains and losses arising from the changes in the fair value are directly recognized in equity in the period in which they arise. Cumulative gains and losses arising from changes in fair value are included in net profit or loss for the period in which an investment is derecognized.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.21 Investment Property

Investment Property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Company's investment property comprises of land which is carried at cost less identified impairment loss, if any. The Company assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amounts of the asset is recognized as an income or expense.

4.22 Related party transactions

The Company enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.23 Intangibles

4.23.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisition. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.23.2 Computer software

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method over its useful period. Amortization on additions to intangible assets is charged from the date when an asset is put to use and on disposal up to the date of disposal.

4.24 Dividend

Dividend distribution to shareholders is recognized as a liability in the period in which the dividends are approved.

5 EMPLOYEES' STOCK OPTION

The Company operates a stock option scheme "the Scheme" approved by Securities and Exchange Commission of Pakistan "SECP" dated 16 July 2010, under section 86 of the Companies Ordinance, 1984 read with Public Companies' Employee Stock Option Scheme Rules, 2001. Under the Scheme the Compensation Committee of the Company shall recommend to the Board as to which of the eligible employees are entitled to grant of option to subscribe for shares at an option price. Option price, unless otherwise determined by the Compensation Committee, will be the lesser of 30% of the average of market price of shares quoted on Karachi Stock Exchange, during 3 months prior to the date of grant of option and 3 months prior to date of exercise of option. The aggregate number of the shares for all options granted or to be granted under the Scheme to all eligible employees shall not, at any time, exceed 1% of the paid up capital of the Company. The Option shall be exercised during the applicable option period, subject to expiry of relevant minimum vesting period.

The Company has neither awarded any option to its eligible employees during the year nor any option is outstanding as at the balance sheet date.

6 SHARE CAPITAL

	2014 Rupees	2013 Rupees
6.1 Authorized capital		
75,000,000 (2013: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2013: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
6.2 Issued, subscribed and paid up capital		
32,145,725 (2013: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2013: 27,630,936) voting bonus shares of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

7 REDEEMABLE CAPITAL - SECURED

	Note	2014 Rupees	2013 Rupees
Privately Placed Term Finance Certificates - II	7.1	416,666,666	333,354,602
Privately Placed Term Finance Certificates	7.2	–	302,222,236
Privately Placed Sukkuk Certificates	7.3	–	88,888,888
		416,666,666	724,465,726
Current maturity presented under current liabilities	13	(111,111,111)	(502,222,244)
		305,555,555	222,243,482

7.1 Privately Placed Term Finance Certificates - II

These Privately Placed Term Finance Certificates - II ("PPTFC - II") have been issued by way of private placements with a consortium of institutional investors to finance Balancing, Modernization and Replacement ("BMR") of plant and machinery of the Company. The total issue comprises of 10 TFC's having face value of Rs. 50,000,000 each.

Principal redemption

The principal redemption of PPTFC - II is structured to be in 18 equal quarterly instalments commencing after a grace period of six months starting from December 2013 and ending in March 2018.

Rate of return

The return on PPTFC - II is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Trustee

In order to protect the interests of PPTFC - II holders, JS Bank Limited has been appointed as trustee under a trust deed dated 27 June 2013.

Security

This loan is secured by joint pari passu on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

7.2 Privately Placed Term Finance Certificates

These Privately Placed Term Finance Certificates ("PPTFCs") have been redeemed during the year. The effective markup rate charged during the year on the outstanding balance is three months KIBOR plus 125 bps per annum.

7.3 Privately Placed Sukkuk Certificates

These Privately Placed Sukkuk Certificates ("PPSCs") have been redeemed during the year. The effective markup rate charged during the year on the outstanding balance is three months KIBOR plus 125 bps per annum.

	Note	2014 Rupees	2013 Rupees
8 LONG TERM LOANS - SECURED			
United Bank Limited - Led Syndicated Loan	8.1	1,567,553,280	2,057,413,680
MCB Bank Limited - Led Syndicated Loan	8.2	4,013,423,450	1,618,637,480
Habib Bank Limited - Led Syndicated Loan	8.3	277,999,988	532,999,991
Faysal Bank Limited	8.4	450,000,000	500,000,000
Pak Brunei Investment Company Limited	8.5	48,750,000	168,000,000
Saudi Pak Industrial & Agricultural Investment Company Limited - I	8.6	249,999,999	300,000,000
Saudi Pak Industrial & Agricultural Investment Company Limited - II	8.7	188,888,888	–
Pak Oman Investment Company Limited	8.8	500,000,000	–
Silk Bank Limited	8.9	450,000,000	–
The Bank of Punjab	8.10	700,000,000	–
Dubai Islamic Bank Pakistan Limited	8.11	500,000,000	–
Askari Bank Limited	8.12	300,000,000	–
Faysal Bank Limited	8.13	622,916,667	–
The Bank of Punjab	8.14	299,985,680	–
		10,169,517,952	5,177,051,151
Current maturity presented under current liabilities	13	(1,605,975,286)	(884,860,402)
		8,563,542,666	4,292,190,749

8.1 United Bank Limited - Led Syndicated Loan

This syndicated loan has been obtained from a consortium of banking companies comprising of United Bank Limited, Faysal Bank Limited, Pakistan Kuwait Investment Company (Private) Limited, The Bank of Punjab, Soneri Bank Limited and Meezan Bank Limited. The Company obtained this loan to finance its subsidiary, Deharki Sugar Mills (Private) Limited. However, subsequent to the year end this loan facility has been transferred from the Company to its subsidiary on approval received from United Bank Limited (Agent Bank) dated 30 October 2014 .

Principal repayment

The loan is repayable in 20 unequal quarterly instalments after a grace period of eighteen months starting from March 2013 and ending in December 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.2 MCB Bank Limited - Led Syndicated Loan

This syndicated loan has been obtained from a consortium of banking companies comprises of MCB Bank Limited, United Bank Limited, Allied Bank Limited, Askari Bank Limited, Habib Metropolitan Bank Limited, The Bank of Punjab, JS Bank Limited and Meezan Bank Limited. The Company obtained this loan to finance the Bagasse-Based Co-Generation Power Project.

Principal repayment

The loan is repayable in 22 unequal quarterly instalments after a grace period of eighteen months starting from April 2015 and ending in July 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 225 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.3 Habib Bank Limited - Led Syndicated Loan

This syndicated loan has been obtained from a consortium of banking companies comprises of Habib Bank Limited, MCB Bank Limited, Faysal Bank Limited, JS Bank Limited and Pakistan Kuwait Investment Company (Private) Limited. This loan was obtained to setup Unit-III of the Company.

Principal repayment

This loan is repayable in 22 unequal quarterly instalments after a grace period of eighteen months starting from June 2010 and ending in September 2015.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 200 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.4 Faysal Bank Limited

This loan has been obtained from Faysal Bank Limited for reprofiling of balance sheet of the Company.

Principal repayment

The loan is repayable in 10 unequal semi-annual instalments starting from December 2013 and ending in June 2018.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.5 Pak Brunei Investment Company Limited

This loan was obtained to finance the capital expenditure of the Company for setting up the sugar mill under the name of Deharki Sugar Mills (Private) Limited.

Principal repayment

This loan is repayable in 20 unequal quarterly instalments starting from February 2013 and ending in November 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.6 Saudi Pak Industrial & Agricultural Investment Company Limited - I

This loan has been obtained from Saudi Pak Industrial & Agricultural Investment Company Limited for reprofiling of balance sheet of the Company.

Principal repayment

The loan is repayable in 18 equal quarterly instalments after a grace period of six months starting from March 2014 and ending in June 2018.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.7 Saudi Pak Industrial & Agricultural Investment Company Limited - II

This loan has been obtained from Saudi Pak Industrial & Agricultural Investment Company Limited for reprofiling of balance sheet of the Company.

Principal repayment

The loan is repayable in 18 equal quarterly instalments after a grace period of six months starting from September 2014 and ending in December 2018.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

8.8 Pak Oman Investment Company Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from August 2015 and ending in May 2020.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 250 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.9 Silk Bank Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Company.

Principal repayment

This loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from September 2015 and ending in June 2019.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.10 The Bank of Punjab

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from October 2015 and ending in July 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 235 bps per annum.

Security

This loan is secured by ranking charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.11 Dubai Islamic Bank Pakistan Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Company.

Principal repayment

This loan is repayable in 20 unequal quarterly instalments after a grace period of six months starting from May 2015 and ending in January 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 225 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.12 Askari Bank Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from July 2015 and ending in April 2020.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 225 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.13 Faysal Bank Limited

This loan has been obtained during the year to finance partial acquisition of assets of JK Farming Systems Limited.

Principal repayment

This loan is repayable in 24 equal quarterly instalments starting from July 2014 and ending in April 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 200 bps per annum.

Security

This loan is secured by ranking charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.14 The Bank of Punjab

This loan has been obtained during the year to finance acquisition of liabilities of JK Farming Systems Limited.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after grace a period of twelve months starting from October 2015 and ending in July 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by ranking charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	Note	2014		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	13	433,781,096	94,189,520	339,591,576
Later than one year and not later than five years		925,356,790	128,635,074	796,721,716
		1,359,137,886	222,824,594	1,136,313,292

	2013		
	Minimum lease payments	Finance cost for future periods	Present value
	Rupees	Rupees	Rupees
Not later than one year	287,024,391	57,529,768	229,494,623
Later than one year and not later than five years	476,233,132	37,352,056	438,881,076
	763,257,523	94,881,824	668,375,699

The Company has entered into various lease agreements with financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from three to six months KIBOR plus 200 to 300 bps per annum (2013: three to six months KIBOR plus 200 to 300 bps per annum) which has been used as the discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

		2014 Rupees	2013 Rupees
10	**DEFERRED TAXATION**		
	Deferred tax liability on taxable temporary differences arising in respect of:		
	- accelerated tax depreciation on operating fixed assets	1,866,904,277	1,662,574,913
	- leased assets	299,950,310	373,094,371
	- adjustment of losses related to Co-Generation Power	273,436,208	–
		2,440,290,795	2,035,669,284
	Deferred tax asset on deductible temporary differences arising in respect of:		
	- liabilities against assets subject to finance lease	(367,976,889)	(233,931,495)
	- provisions for doubtful debts and obsolescence	(27,713,266)	(29,392,858)
	- employee retirement benefits	(27,021,157)	(15,643,047)
	- tax loss for the year	(13,982,801)	-
	- other timing differences	(46,693,152)	(24,485,845)
	- tax credits under section 113 of Income Tax Ordinance, 2001 against normal tax charge in future years	(243,946,131)	–
		(727,333,396)	(303,453,245)
		1,712,957,399	1,732,216,039
10.1	**Movement in deferred tax balances is as follows:**		
	As at 01 October	1,732,216,039	1,555,097,927
	Recognized in profit and loss account:		
	- accelerated tax depreciation on fixed assets	204,329,364	50,369,748
	- leased assets	(73,144,061)	28,665,835
	- adjustment of losses related to Co-Generation Power	273,436,208	
	- tax loss for the year	(13,982,801)	-
	- other timing differences	(22,207,307)	(14,379,863)
	- liabilities against assets subject to finance lease	(134,045,394)	9,924,864
	- provisions for doubtful debts and obsolescence	1,679,592	–
	- employee retirement benefits	(6,881,664)	(2,543,045)
	- tax credits under section 113 of Income Tax Ordinance, 2001 Ordinance, 2001 against normal tax charge in future years	(243,946,131)	105,080,573
		(14,762,194)	177,118,112
	Recognized in other comprehensive income:		
	- employees' retirement benefits	(4,496,446)	–
		1,712,957,399	1,732,216,039

		Note	2014 Rupees	2013 Rupees
11	**STAFF RETIREMENT BENEFITS - GRATUITY**			
	Present value of defined benefit obligations	11.1	68,256,699	61,601,620
	Unrecognized actuarial losses	11.1.1	–	(16,907,201)
	Liability as at 30 September	11.1.2	68,256,699	44,694,419
11.1	**Movement in liability for defined benefit obligation**			
	Opening present value of defined benefit obligations		61,601,620	46,368,612
	Current service cost for the year		8,302,705	5,186,190
	Interest cost for the year		6,524,753	4,666,049
	Benefit paid during the year		(4,890,772)	(3,016,717)
	Actuarial (gain) / loss on present value of defined benefit obligation		(3,281,607)	8,397,486
	Closing present value of defined benefit obligations		68,256,699	61,601,620

		Note	2014 Rupees	2013 Rupees
11.1.1	**Movement in unrecognized actuarial losses**			
	Opening unrecognized actuarial losses		(16,907,201)	(8,940,032)
	Actuarial gain / (loss) arising during the year		3,281,607	(8,397,486)
	Actuarial losses recognized		–	430,317
	Charge to other comprehensive income		13,625,594	–
	Closing unrecognized actuarial losses		–	(16,907,201)
11.1.2	**Change in present value of net staff gratuity**			
	Balance as at 01 October		44,694,419	37,428,580
	Charge to profit and loss account	11.1.2.1	14,827,458	10,282,556
	Charge to other comprehensive income		13,625,594	–
	Payments		(4,890,772)	(3,016,717)
	Liability as at 30 September		68,256,699	44,694,419
11.1.2.1	**Charge to profit and loss account for the year comprises:**			
	Current service cost		8,302,705	5,186,190
	Interest cost for the year		6,524,753	4,666,049
	Actuarial losses recognized		–	430,317
			14,827,458	10,282,556

11.1.3 Historical information comparison for five years

	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
Present value of defined obligations	68,256,699	61,601,620	46,368,612	49,810,065	44,927,601
Experience adjustment (loss) / gain	(3,281,607)	8,397,486	7,928,777	2,458,352	(1,073,358)

11.1.4 Expected expense for the next year

The expected expense to the gratuity scheme for the year ending 30 September 2015 works out to Rs. 15.15 million.

11.1.5 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at 30 September 2014 would have been as follows:

		Gratuity – Impact on present value of defined benefit obligation	
		Increase Rupees	Decrease Rupees
11.1.6	**Movement in unrecognized actuarial losses**		
	Discount rate 100 bps movement	(4,286,704)	4,961,580
	Future salary increase 100 bps movement	4,883,474	(4,288,953)

	Note	2014 Rupees	2013 Rupees
12 SHORT TERM BORROWINGS - SECURED			
Banking and financial institutions			
Cash finances	12.1	4,121,484,923	2,898,704,467
Running finances	12.2	3,644,358,470	3,052,450,076
Finance against trust receipts (FATR)	12.3	252,303,504	184,464,713
Morabaha finances	12.4	1,048,906,049	698,834,446
		9,067,052,946	6,834,453,702

12.1 The Company has obtained these facilities from various banks and financial institutions aggregating to Rs. 14,395 million (2013: Rs. 13,200 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 150 to 250 bps per annum (2013: one to six months KIBOR plus 150 to 250 bps per annum). These are secured against pledge of sugar and personal guarantees of the Directors.

12.2 The Company has obtained running finance facilities aggregating to Rs. 3,830 million (2013: Rs. 3,750 million). The markup rates applicable during the year ranges from one to three months KIBOR plus 150 to 275 bps per annum (2013: one to six months KIBOR plus 150 to 250 bps per annum). These are secured against present and future current assets of the Company and personal guarantees of the Directors.

12.3 The limit of this facility is Rs. 600 million (2013: Rs. 450 million). It carries markup ranging from one to six months KIBOR plus 200 to 250 bps per annum (2013: one to six months KIBOR plus 200 to 250 bps per annum). It is secured against first charge over current assets of the Company.

12.4 The Company has obtained Morabaha / Istisna finance facilities aggregating to Rs. 1,400 million (2013: Rs. 700 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 150 to 250 bps per annum (2013: three to six months KIBOR plus 150 to 250 bps per annum). These are secured against present and future current assets of the Company and personal guarantees of the Directors.

	Note	2014 Rupees	2013 Rupees
13 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital	7	111,111,111	502,222,244
Long term finances	8	1,605,975,286	884,860,402
Liabilities against assets subject to finance lease	9	339,591,576	229,494,623
		2,056,677,973	1,616,577,269

	Note	2014 Rupees	2013 Rupees
14 TRADE AND OTHER PAYABLES			
Advances from customers		2,177,189,975	1,458,102,464
Trade and other creditors	14.1	1,197,900,613	422,039,340
Payable on behalf of growers		612,226,324	413,192,541
Payable to JKFS against purchase consideration		447,573,456	–
Workers' profit participation fund	14.2	51,494,400	69,959,558
Accrued expenses		22,671,487	64,265,097
Retention money		27,050,721	19,908,074
Unclaimed dividend		21,809,453	17,276,564
Tax deducted at source		27,180,851	9,312,824
Payable to provident fund trust		3,962,561	4,921,767
Federal excise duty and sales tax payable		–	164,934,839
Advance against sale of investment	29	–	100,000,000
Workers' welfare fund	14.3	–	18,399,509
Other payables	14.4	37,877,126	27,114,579
		4,626,936,967	2,789,427,156

14.1 This includes an amount of Rs. 7.89 million (2013: Rs. 10.42 million), Rs. 3.14 million (2013: Rs. Nil) and Rs. 50.09 million (2013: Rs. 2.42 million) due to JDW Aviation (Private) Limited, JK Dairies (Private) Limited (" JKDL") and Agro Industrial Solutions respectively (related parties).

		Note	2014 Rupees	2013 Rupees
14.2	**Workers' Profit Participation Fund**			
	Balance as at 01 October		69,959,558	28,874,232
	Add: allocation for the year	35	51,494,400	69,959,558
	Interest on funds utilized	36	13,082,654	4,321,246
			134,536,612	103,155,036
	Less: paid during the year		(83,042,212)	(33,195,478)
	Balance as at 30 September		51,494,400	69,959,558
14.3	**Workers' Welfare Fund**			
	Balance as at 01 October		18,399,509	329,729
	Add: Allocation for the year		–	18,399,509
			18,399,509	18,729,238
	Less: adjusted during the year		(18,399,509)	(329,729)
	Balance as at 30 September		–	18,399,509

14.4 This includes an amount of Rs. 0.12 million (2013: Rs. 6.19 million) due to National Rural Support Program, a related party.

	2014 Rupees	2013 Rupees
15 INTEREST AND MARKUP ACCRUED		
Interest and markup accrued on:		
Redeemable capital	13,306,393	4,811,166
Long term loans	162,018,486	39,581,063
Short term borrowings	310,679,821	257,727,935
Purchase consideration related to JKFS	12,814,131	–
	498,818,831	302,120,164

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 A sales tax demand was raised by the tax department for the year 2002-2003 on grounds of various observations. Alternative dispute resolution committee unanimously decided the matter partially in favor of the Company and forwarded its recommendations to Federal Board of Revenue ("FBR") for further necessary actions. FBR decided the case against the Company on 29 November 2013 and raised a demand of Rs. 47.63 million out of which the Company deposited Rs. 45 million during the year. However, the Company has filed an appeal before Honorable Lahore High Court against the order passed by the Appellate Tribunal. Based on opinion from legal advisor, management of the Company expects a favorable outcome in this case.

16.1.2 The Company availed 50% exemption of excise duty in 1990 - 91 crushing season on account of excess production over last year by having completed full crushing season i.e. 160 days. According to the audit report of Excise Department the exemption was wrongly availed. Therefore, the Deputy Collector issued show cause notice. The Company has challenged the same in Honourable Lahore High Court. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favor.

16.1.3 The Punjab Industrial Development Board ("PIDB") has claimed in respect of Pasrur Sugar Mills Limited (formerly subsidiary of United Sugar Mills Limited) an amount of Rs. 10.78 million. A dispute arose at the time of settlement of the consideration of the mills between PIDB and USML and the matter was referred to an arbitrator. An award had been announced by it in favor of the Company whereby instead of paying the aforementioned amount, Rs.1.21 million become recoverable from them.

An appeal filed by PIDB against decision of arbitrator in Honourable Sindh High Court Karachi was dismissed during the year 2004-05. Now PIDB has again filed a petition and Honourable Supreme Court has accepted the petition to re open the case. The final outcome of this case is not known at present. However the management of the Company based on the opinion of its legal advisor is confident that this case will be decided in its favor. Accordingly no provision is made in the books of account of the Company.

16.1.4 The tax department issued a show cause notice to the Company on 09 April 2013 on the grounds that the Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 50.68 million. Consequently, Company filed a writ petition against this notice in the Honorable Lahore High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice vide its order dated 24 April 2013 and the final outcome of the case is pending. Based on opinion from legal advisor, management of the Company expects a favorable outcome in this case. Hence no provision has been made in the financial statements.

16.1.5 The Honourable Sindh High Court through its order dated March 01, 2013 declared the amendments made in the The Workers' Welfare Fund Ordinance, 1971 ("WWF") through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rs. 94.32 million (2013: 61.70 million) for the current year. However, these financial statements do not include any adjustment to this effect since the Company is of the opinion that it does not come under the purview of the order of the Honourable Sindh High Court and that the Honourable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

16.1.6 Case of the Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. Assistant Commissioner of Inland Revenue ('ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR"), who vide order dated 06 April 2010 decided appeal in favour of the Company on most of the issues. Further, department has filed appeal before appellate tribunal ("ATIR") against order of CIR (Appeals), which is still pending. However the management of the Company based on the opinion of its tax advisor is confident that this case will be decided in its favour. Accordingly no provision has been made in financial statements.

16.1.7 Counter guarantees given by the Company to its bankers on account of agricultural loan as at the reporting date amounts to Rs. 5,701 million (2013: Rs. 4,783 million). However, subsequent to the year end, counter guarantee given for amounting to Rs. 3,333 million has been vacated on 14 November 2014.

16.1.8 Cross corporate guarantees given by the Company to its bankers for DSML as at the reporting date amounts to Rs. 380.32 million (2013: Rs. 380.32 million).

16.1.9 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 232.04 million (2013: Rs. 123.78 million).

		2014 Rupees	2013 Rupees
16.2	**Commitments**		
16.2.1	Letters of credit for import of machinery and its related components	617,912,249	1,771,392,778

16.2.2 The amount of future lease rentals on agricultural contract and the period in which payments will become due are as follows:

	2014 Rupees	2013 Rupees
Not later than one year	444,020,983	–
Later than one year but not later than five year	803,695,274	–
Later than five years	127,703,990	–
	1,375,420,247	–

	Note	2014 Rupees	2013 Rupees
17 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	12,612,116,268	8,153,098,012
Capital work in progress	17.2	4,524,127,212	1,919,679,099
		17,136,243,480	10,072,777,111

17.1 Operating fixed assets

	Cost						Depreciation				
	As at 01 October 2013	Additions/ (deletion) during the year	Transfers to / (from)	Fair value of assets acquired	As at 30 September 2014	Rate	As at 01 October 2013	For the year	Adjustments	As at 30 September 2014	Net book value as at 30 September 2014
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	558,110,211	27,864,819	*520,828,321	666,432,813	1,691,315,097	-	-	-	-	-	1,691,315,097
		(81,921,067)									
Factory building on freehold land	872,288,869	336,641,840	-		1,208,930,709	10	442,562,517	50,219,132	-	492,781,649	716,149,060
Non-factory building on freehold land	656,057,817	10,291,448	-	13,061,215	620,438,110	5-20	182,543,867	26,562,548	-	156,634,045	463,804,065
		(58,972,370)							(52,472,370)		
Plant and machinery	7,189,460,330	2,843,351,946	122,713,577	249,683,407	10,402,406,256	5-20	2,290,829,376	332,814,054	57,451,529	2,679,769,986	7,722,636,270
		(2,803,004)	-						(1,324,973)		
Motor vehicles	241,881,928	5,275,900	89,665,250	268,650,418	560,689,465	20	167,391,422	107,837,074	45,677,476	295,895,543	264,793,922
		(44,784,031)	-						(25,010,429)		
Electrical installation	78,648,255	23,884,846	-	-	102,533,101	10	41,882,403	4,471,783	-	46,354,186	56,178,915
Office equipment	55,416,500	7,426,381	-	7,050,732	68,910,559	20	29,608,668	6,823,170	-	35,682,604	33,227,955
		(983,054)	-						(749,234)		
Tools and equipment	46,842,813	48,245,714	-	-	95,088,527	10-20	24,589,615	5,000,317	-	29,589,932	65,498,595
Agri implements	409,250,158	1,964,000	99,450,839	-	510,516,555	10	149,158,285	8,316,484	19,056,011	176,477,260	334,039,295
		(148,442)							(53,520)		
Furniture and fixture	28,867,353	1,308,817	-	11,595,439	41,771,609	10	15,330,870	2,398,258	-	17,729,128	24,042,481
Weighbridge	10,454,656	-	-	-	10,454,656	10	7,787,890	266,677	-	8,054,567	2,400,089
Roads and boundary wall	46,738,249	10,025,383	-	-	56,763,632	10	21,149,385	2,865,674	-	24,015,059	32,748,573
Arms and ammunitions	7,541,517	450,000	-	-	7,991,517	10	3,499,954	408,583	-	3,908,537	4,082,980
Aircraft	398,645,628	-	-	-	398,645,628	10	145,191,577	25,345,405	-	170,536,982	228,108,646
Tube well	2,245,889	345,790	-	-	2,591,679	10	1,292,238	125,207	-	1,417,445	1,174,234
Computers	22,240,002	5,784,680	-	-	27,313,508	33	14,758,012	3,088,814	-	17,255,253	10,058,255
		(711,174)							(591,573)		
	10,624,690,175	3,322,861,564	832,657,987	1,216,474,024	15,806,360,608		3,537,576,079	576,543,180	122,185,016	4,156,102,176	11,650,258,432
		(190,323,142)							(80,202,099)		
Leased											
Plant and machinery	677,499,218	102,486,572	(122,713,577)	-	657,272,213	5	75,784,044	32,971,393	(57,451,529)	51,303,908	605,968,305
Agri implements	393,482,853	3,960,000	(99,450,839)	-	297,992,014	10	92,630,513	4,098,341	(19,056,011)	77,672,843	220,319,171
Motor vehicles	260,283,432	81,150,500	(89,665,250)	-	251,768,682	20	96,867,030	65,008,768	(45,677,476)	116,198,322	135,570,360
	1,331,265,503	187,597,072	(311,829,666)	-	1,207,032,909		265,281,587	102,078,502	(122,185,016)	245,175,073	961,857,836
	11,955,955,678	3,510,458,636	520,828,321	1,216,474,024	17,013,393,517		3,802,857,666	678,621,682	-	4,401,277,249	12,612,116,268
		(190,323,142)							(80,202,099)		

* It represents land transferred from investment property.

	Cost						Depreciation				Net book value as at 30 September 2013
	As at 01 October 2012	Additions/ (deletion) during the year	Transfers to / (from)	Fair value of assets acquired	As at 30 September 2013	Rate	As at 01 October 2012	For the year	Adjustments	As at 30 September 2013	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	467,115,695	4,391,886	-	-	471,507,581	-	-	-	-	-	471,507,581
Factory building on freehold land	844,678,609	27,610,260	-	-	872,288,869	10	396,188,391	46,374,126	-	442,562,517	429,726,352
Non factory building on freehold land	620,289,824	122,370,623	-	-	742,660,447	5-20	158,728,512	23,815,355	-	182,543,867	560,116,580
Plant and machinery	6,793,287,394	342,340,426	58,832,510	-	7,189,460,330	5-20	2,023,927,873	246,963,028	23,127,182	2,290,829,376	4,898,630,954
		(5,000,000)	-	-					(3,188,707)		
Motor vehicles	246,553,456	10,846,337	17,420,000	-	241,881,928	20	160,064,363	18,795,199	10,124,173	167,391,422	74,490,506
		(32,937,865)	-	-					(21,592,313)		
Electrical installation	72,456,223	6,192,032	-	-	78,648,255	10	38,122,418	3,759,985	-	41,882,403	36,765,852
Office equipment	48,374,387	7,096,113	-	-	55,416,500	20	24,010,964	5,625,254	-	29,608,668	25,807,832
		(54,000)	-	-					(27,550)		
Tools and equipment	44,875,453	1,967,360	-	-	46,842,813	10-20	22,213,699	2,375,916	-	24,589,615	22,253,198
Agri implements	309,205,427	695,521	99,349,210	-	409,250,158	10	93,760,510	28,908,313	26,489,462	149,158,285	260,091,873
Furniture and fixture	27,780,863	1,086,490	-	-	28,867,353	10	13,877,690	1,453,180	-	15,330,870	13,536,483
Weighbridge	10,454,656	-	-	-	10,454,656	10	7,491,583	296,307	-	7,787,890	2,666,766
Roads and boundary wall	46,451,461	286,788	-	-	46,738,249	10	18,328,702	2,820,683	-	21,149,385	25,588,864
Arms and ammunitions	7,541,517	-	-	-	7,541,517	10	3,050,891	449,063	-	3,499,954	4,041,563
Aircraft	398,645,628	-	-	-	398,645,628	10	117,030,016	28,161,561	-	145,191,577	253,454,051
Tube well	2,245,889	-	-	-	2,245,889	10	1,186,277	105,961	-	1,292,238	953,651
Computers	19,901,695	2,503,307	-	-	22,240,002	33	11,747,390	3,094,901	-	14,758,012	7,481,990
		(165,000)							(84,279)		
	9,959,858,177	527,387,143	175,601,720	-	10,624,690,175		3,089,729,279	412,998,832	59,740,817	3,537,576,079	7,087,114,096
		(38,156,865)	-	-					(24,892,849)		
Leased											
Plant and machinery	542,961,648	175,370,080	(58,832,510)	-	659,499,218	5	72,766,445	26,144,781	(23,127,182)	75,784,044	583,715,174
Agri implements	447,294,063	45,538,000	(99,349,210)	-	393,482,853	10	86,198,783	32,921,192	(26,489,462)	92,630,513	300,852,340
Motor vehicles	226,660,580	70,401,852	(17,420,000)	-	278,283,432	20	71,491,242	36,151,187	(10,124,173)	96,867,030	181,416,402
		(1,359,000)							(651,226)		
	1,216,916,291	291,309,932	(175,601,720)	-	1,331,265,503		230,456,470	95,217,160	(59,740,817)	265,281,587	1,065,983,916
		(1,359,000)							(651,226)		
	11,176,774,468	818,697,075	-	-	11,955,955,678		3,320,185,749	508,215,992	-	3,802,857,666	8,153,098,012
		(39,515,865)							(25,544,075)		

17.1.1 Assets having net book value of Rs. 249.44 million acquired from JKFS are in process of being transferred in the name of Company.

	Note	2014 Rupees	2013 Rupees
17.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	31.1	469,371,342	462,001,760
Administrative expenses	32	46,851,638	46,214,232
Biological assets	18.2	162,398,702	–
		678,621,682	508,215,992

17.1.3 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal
Owned		**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
	Employees						
07 Vehicles	Employees	6,547,000	4,202,909	2,344,091	2,021,628	(322,463)	Company Policy
02 Motor cycles	Employees	123,500	66,170	57,330	59,000	1,670	- do -
02 Laptops	Employees	164,472	123,525	40,947	25,000	(15,947)	- do -
	Others parties						
Freehold land and non-factory building	Mr. Atta ur Rehman	139,075,000	52,472,370	86,602,630	252,500,000	165,897,370	Negotiation
Freehold land	Syed Murtaza Mehmood	1,818,437	-	1,818,437	18,637,500	16,819,063	Negotiation
Tractor	Mr. Elahi Bukhsh	543,111	307,644	235,467	533,333	297,866	- do -
Tractor	Mr. Shah Mohammad	543,111	271,437	271,674	745,000	473,326	- do -
Tractor	Mr. Talib Hussain	543,111	271,437	271,674	670,000	398,326	- do -
Tractor	Mr. Rahim Bukhsh	543,111	271,437	271,674	715,000	443,326	- do -
Tractor	Mr. Luqman Hakeem	611,000	305,367	305,633	710,000	404,367	- do -
02 Tractors	Mr. Qamber Hamid	1,086,222	615,289	470,933	1,000,000	529,067	- do -
03 Tractor	Mr. Nazir Gopang	1,629,333	884,754	744,579	1,800,000	1,055,421	- do -
30 Tractors	Mr. Abid Ansar	14,137,354	7,109,387	7,027,967	16,146,667	9,118,700	- do -
Vehicle	Mr. Zahir Khan	2,450,000	1,446,094	1,003,906	1,410,000	406,094	- do -
Vehicle	Mr. Abid Nasir	2,425,000	2,095,339	329,661	2,010,020	1,680,359	- do -
Vehicle	Mr. Muhammad Arshad	1,669,000	1,292,754	376,246	1,330,000	953,754	- do -
Vehicle	EFU General Insurance Limited	916,000	788,591	127,409	750,000	622,591	Insurance claim
Vehicle	Mr. Nauman Nazir	810,000	503,434	306,566	770,000	463,434	Negotiation
Vehicle	Mr. Khurram Ayub	489,000	316,477	172,523	511,700	339,177	- do -
02 Vehicles	Mr. Karamat Ali	2,748,600	390,102	2,358,498	2,655,000	296,502	- do -
04 Vehicles	Mr. Raheel	4,116,000	2,242,859	1,873,141	4,406,786	2,533,645	- do -
04 Vehicles	Mr. Abid Ansar	1,598,622	628,017	970,605	1,700,000	729,395	Negotiation
Tubewell bore	Written off	1,753,672	876,839	876,833	-	-	Company Policy
17 Peter engines	Mr. Abdul Sattar	551,342	194,595	356,747	695,041	338,294	Negotiation
Lathe machine	New United Agro Industry	124,946	44,222	80,724	276,000	195,276	- do -
Dumper Trolly	Mr. Qamber Hamid	108,696	16,304	92,392	150,000	57,608	- do -
16 Laptops	Open market	1,381,256	1,084,123	297,133	167,500	(129,633)	- do -
Net book value of assets less than Rs. 50,000		1,816,246	1,380,623	435,623	333,524	(102,099)	- do -
	2014	190,323,142	80,202,099	110,121,043	312,728,699	203,484,489	
	2013	39,515,865	25,544,075	13,971,790	23,786,027	9,814,237	

17.2 Capital work in progress

	2014			
	As at 01 October 2013 Rupees	Additions Rupees	Transfers Rupees	As at 30 September 2014 Rupees
Building	209,562,981	357,762,916	(268,891,204)	298,434,693
Plant and machinery	298,136,641	5,993,134,542	(2,757,521,622)	3,533,749,561
Advances to suppliers	1,411,979,477	691,942,958	(1,411,979,477)	691,942,958
	1,919,679,099	7,042,840,416	(4,438,392,303)	4,524,127,212

	2013			
	As at 01 October 2012 Rupees	Additions Rupees	Transfers Rupees	As at 30 September 2013 Rupees
Building	126,055,338	233,774,314	(150,266,671)	209,562,981
Plant and machinery	151,286,519	502,929,579	(356,079,457)	298,136,641
Advances to suppliers	92,642,913	1,319,336,564	–	1,411,979,477
	369,984,770	2,056,040,457	(506,346,128)	1,919,679,099

17.2.1 Capital work in progress mainly represents capital expenditure incurred by the Company for Co-Generation Power at Unit III and for BMR at Unit II.

17.2.2 Additions to capital work in progress also include borrowing costs of Rs. 404.66 million (2013: Rs. 34.99 million) relating to specific borrowings at the rates ranging from 11.53% to 12.68% per annum (2013: 11.24% to 12.07% per annum) and costs of testing Co-Generation Power amounting to Rs. 253.50 million after deducting the net proceeds from sale of electricity during testing period.

18 BIOLOGICAL ASSETS

	2014 Rupees	2013 Rupees
Consumable biological assets represent:		
Sugarcane		
Immature - classified as non current assets	10,471,822	–
Mature - classified as current assets	1,681,515,961	–
	1,691,987,783	–

18.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value Rupees	Carrying value Rupees
Balance at 01 October 2013		-	-	-
Crops acquired from JKFS		2,942,000,000	–	2,942,000,000
Expenses incurred during the year	18.2	2,115,190,132	–	2,115,190,132
		5,057,190,132	–	5,057,190,132
Fair value loss charged to profit and loss		–	(527,511,840)	(527,511,840)
Crop harvested		(3,414,295,381)	576,604,872	(2,837,690,509)
Balance at 30 September 2014		1,642,894,751	49,093,032	1,691,987,783

		Note	2014 Rupees	2013 Rupees
18.2	**Expenses incurred during the year**			
	Land rentals		469,102,257	–
	Irrigation expenses		308,200,328	–
	Fertilizer expenses		255,876,600	–
	Salaries, wages and other benefits	18.2.1	242,367,251	–
	Land preparation & cultivation expenses		171,205,945	–
	Depreciation	17.1.2	162,398,702	–
	Harvesting expenses		125,126,218	–
	Seed and sapling expenses		87,897,537	–
	Pesticide and herbicide expenses		60,332,086	–
	Sowing expenses		22,316,657	–
	Vehicle running expenses		20,779,202	–
	Repairs and maintenance		91,031,325	–
	Bio-laboratory expenses		22,261,908	–
	Insurance		21,984,692	–
	Utility expenses		8,077,342	–
	Printing & stationary		1,702,144	–
	Freight		4,396,287	–
	Amortization	31.1	1,885,463	–
	Travelling and conveyance		291,806	–
	Others		37,956,382	–
			2,115,190,132	–

18.2.1 Salaries, wages and other benefits include Rs. 13.50 million (2013: Rs. Nil) in respect of provident fund.

18.3 The Company harvested 19,475,337 maunds, 15,374 maunds and 202 maunds of sugar cane, wheat and moong during the year at yields of 797, 35.5 and 3.5 maunds per acre respectively in addition to issuance of 779 acres of sugar cane mature crop for seeding purposes to internal farms and some external parties.

18.4 Measurement of fair values

18.4.1 Fair value hierarchy

In absence of active market for sugarcane standing crops, the fair value measurement for the standing crop has been categorized as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined on the basis of a discounted cash flow model. The valuation model considers the present value of net cash flows expected to be generated by the planation. The cash flow projections includes specific estimates for next year . The expected cash flows are discounted using a risk adjusted discount rate.

18.4.2 Level 3 fair values

The following table shows a break down of the total gains / (losses) recognised in respect of Level 3 fair values:

	Note	2014 Rupees	2013 Rupees
(Loss) / gain included in cost of good manufactured and other income			
Change in fair value (realised) cost of goods consumed		(527,511,840)	–
Change in fair value (unrealised) - other income	34	49,093,032	–

		Unit	2014 Value	2013 Value
18.4.3	**Valuation techniques and significant unobservable inputs**			
	The key variables, assumptions and the impact of changes in those is given below:			
	Valued plantations (Actual)			
	-Punjab Zone	Acres	9,064	-
	-Sindh Zone	Acres	10,357	
	Estimated yield per acre			
	-Punjab Zone	Maunds	793	-
	-Sindh Zone	Maunds	801	-
	Harvest age	Months	12-14	-
	Estimated future sugarcane market price per Maund			
	-Punjab Zone	Rupees	180	-
	-Sindh Zone	Rupees	182	-
	Risk - adjusted discount rate	% per month	1.39%	-

Cost of Rs. 10.5 million in respect of plantation on 250 acres of sugarcane crop is considered to approximate their respective fair values less point of sale costs as these assets are still at a very early stage of plantation and it is considered that in-significant biological transformation has taken place or the impact of fair value measurement is not significant.

18.5 Sensitivity analysis

Impact of changes in key subjective assumptions on fair value of biological assets is given below:

	2014 (Decrease) Rupees	2013 (Decrease) Rupees
Decrease of 10% in expected average yield per acre	(182,674,800)	–
Decrease of 10% in expected average selling price per maund	(261,723,790)	–
Increase of 10% in discount rate	(7,892,741)	–

18.6 Segment-wise composition

	Cost Rupees	Fair value Rupees	Total Rupees
Punjab	831,520,446	(65,480,414)	766,040,032
Sindh	811,374,305	114,573,446	925,947,751
Total	1,642,894,751	49,093,032	1,691,987,783

18.7 Risk management strategy related to agricultural activities

The company is exposed to the following risks relating to its sugarcane cultivation.

Regulatory and environmental risks

The Company is subject to various laws and regulations in Pakistan. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

Due to inherent nature of the agricultural assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and

ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields

The Company is principally dependent upon the Government's measures for flood control. The Company follows an effective preventive pesticide/insecticide/fungicide program and additional regularly monitors for any infestations and takes immediate curative measures.

Supply and demand risk

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum/support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Company adversely. The Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

		Note	2014 Rupees	2013 Rupees
19	**INVESTMENT PROPERTY**			
	Balance as at 01 October		693,855,251	685,973,260
	Transferred to operating fixed assets	17.1	(520,828,321)	–
	Land purchased during the year		–	7,881,991
	Balance as at 30 September		173,026,930	693,855,251

19.1 It represents agricultural land given on lease. The fair value of investment property is Rs. 273 million (2013: Rs. 1,675.97 million) on the basis of revaluation carried out on 14 April 2014 by an independent valuer .

		Note	2014 Rupees	2013 Rupees
20	**INTANGIBLE ASSETS**			
	Goodwill	20.1	608,310,693	608,310,693
	Oracle computer software	20.2	18,511,816	–
			626,822,509	608,310,693

20.1 Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 paid by the Company in excess of the fair value of identifiable net assets of United Sugar Mills Limited ("USML") and Ghotki Sugar Mills (Private) Limited ("GSML") respectively. This goodwill was merged in the Company's financials at the time of merger of USML and GSML into the Company. For impairment testing, the recoverable amount of both cash generating units has been determined based on the value in use calculations by discounting the five years cash flow projections at 17.84% per annum. The calculation of value in use is sensitive to discount rate and local inflation rates.

		Note	2014 Rupees	2013 Rupees
20.2	**Oracle computer software**			
	Cost			
	As at 01 October		–	–
	Acquired during the year		20,397,279	–
			20,397,279	–
	Accumulated amortization			
	As at 01 October		–	–
	Amortization for the year	31.1 & 18.2	1,885,463	–
			1,885,463	–
	As at 30 September		18,511,816	–
	Rate of amortization		10.00%	0.00%

20.2.1 The software represents financial accounting software acquired during the current year from JKFS. The amortization of the software represents the total amortization charged during the current year which is equal to accumulated amortization.

		Note	2014 Rupees	2013 Rupees
21	**INVESTMENTS**			
	Investment in subsidiary company	21.1	1,049,750,000	1,049,750,000
	Investment in associated companies	21.2	2,044,648,050	560,500,000
			3,094,398,050	1,610,250,000
21.1	**Investment in subsidiary company - un quoted**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	104,975,000 (2013: 104,975,000) fully paid shares of Rs. 10 each			
	Equity held 99.98% (2013: 99.98%)		1,049,750,000	1,049,750,000
21.2	**Investment in associate - unquoted**			
	Faruki Pulp Mills Limited ("FPML")			
	199,914,805 (2013: 51,500,000) fully paid shares of Rs. 10 each			
	Equity held 48.39% (2013: 47.69%)			
	Cost as at 01 October		560,500,000	560,500,000
	Acquired during the year: 148,414,805 (2013: Nil) fully paid shares of Rs. 10 each	21.2.1	1,484,148,050	–
	Cost as at 30 September		2,044,648,050	560,500,000
	JK Dairies (Private) Limited ("JKDL")			
	10,000,000 (2013: 10,000,000) fully paid shares of Rs. 10 each			
	Equity held Nil (2013: 22.22%)		–	200,000,000
	Less: investment classified as held for sale	29	–	(200,000,000)
			–	–
	JDW Power (Private) Limited ("JDWPL")			
	Cost as at 01 October			
	9,000,000 (2013: 9,000,000) fully paid shares of Rs. 10 each		90,000,000	90,000,000
	Less: accumulated impairment allowance	21.2.2	(90,000,000)	(90,000,000)
	Equity held 47.37% (2013: 47.37%)		–	–
			2,044,648,050	560,500,000

21.2.1 Additions in equity investment represents right shares issued by FPML.

21.2.2 The impairment was charged on the basis that board of JDWPL had decided to discontinue its operation and has no intention to build, own, operate and maintain a Co-Generation Power plant.

	Note	2014 Rupees	2013 Rupees
22 LONG TERM ADVANCES			
Advance to subsidiary-unsecured, considered good	22.1	1,077,692,880	1,567,553,280
Advances to electricity distribution companies	22.2	58,000,000	83,000,000
		1,135,692,880	1,650,553,280
22.1 Advance to subsidiary			
Advance given	20.1.1	1,567,553,280	2,057,413,680
Less: current maturity presented under current assets	27.4	(489,860,400)	(489,860,400)
		1,077,692,880	1,567,553,280

22.1.1 This represents amount given to DSML out of the proceeds of long term loan availed by the Company from United Bank Limited - led syndicated loan. The markup and principal repayment terms of the amount given are similar to those narrated in note 8.1 to these financial statements.

	Note	2014 Rupees	2013 Rupees
22.2 Advances to electricity distribution Companies			
Sukkur Electric Power Company ("SEPCO")	22.2.1	36,000,000	36,000,000
Less: current maturity presented under current assets		(9,000,000)	(3,000,000)
		27,000,000	33,000,000
Multan Electric Power Company ("MEPCO")	22.2.2	31,000,000	50,000,000
		58,000,000	83,000,000

22.2.1 This represents interest free soft loan given to meet 100 % expenses of grid interconnection at Unit III of the Company for Co-Generation Power. The loan is recoverable in 36 equal monthly instalments starting after three months from the commercial operation date i.e. 03 October 2014.

22.2.2 This represents interest free soft loan given to meet 100 % expenses of grid interconnection at Unit II of the Company for Co-Generation Power. The loan is recoverable in 36 equal monthly instalments starting after eighteen months from the commercial operation date i.e. 12 June 2014.

23 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

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		2014 Rupees	2013 Rupees
24	**STORES, SPARES AND LOOSE TOOLS**		
	Stores		
	- sugar	337,754,398	361,527,839
	- Co-Generation Power	147,380,802	–
	- corporate sugarcane farms	241,536,691	–
		726,671,891	361,527,839
	Spares	390,257,461	254,239,762
	- sugar	14,029,728	–
	- Co-Generation Power	404,287,189	254,239,762
	Loose tools		
	- sugar	19,346,630	16,876,597
	- Co-Generation Power	15,092,601	–
		34,439,231	16,876,597
		1,165,398,311	632,644,198
	Less: provision for obsolescence	(44,082,604)	(44,082,604)
		1,121,315,707	588,561,594

24.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

		2014 Rupees	2013 Rupees
25	**STOCK IN TRADE**		
	Raw material	211,237,719	77,569,768
	Finished goods	4,172,625,663	3,246,478,484
		4,383,863,382	3,324,048,252

		Note	2014 Rupees	2013 Rupees
26	**TRADE DEBTS - UNSECURED**			
	Trade debts - considered good	26.1	662,775,216	239,661,016
	Trade debts - considered doubtful		14,486,141	14,486,141
			677,261,357	254,147,157
	Less: provision for doubtful debts		(14,486,141)	(14,486,141)
			662,775,216	239,661,016

26.1 This includes an amount of Rs. Nil (2013: Rs. 72.31 million) due from Riaz Bottlers (Private) Limited, an associated company.

26.2 Increase in trade debts mainly represents the receivable balance from NTDC on account of sale of electricity under EPA.

	Note	2014 Rupees	2013 Rupees
27 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advance to growers			
Unsecured - considered good	27.1	-	1,530,682,394
Unsecured - considered doubtful		4,937,966	4,937,966
		4,937,966	1,535,620,360
Less: provision for doubtful advances	27.2	(4,937,966)	(4,937,966)
		-	1,530,682,394
Advance to suppliers and contractors			
Unsecured - considered good		521,182,347	173,060,702
Unsecured - considered doubtful		20,472,883	20,472,883
		541,655,230	193,533,585
Less: provision for doubtful advances	27.3	(20,472,883)	(20,472,883)
		521,182,347	173,060,702
Advances to related parties - unsecured, considered good	27.4	1,590,675,044	2,398,827,200
Letters of credit		562,512,945	208,342,877
Federal excise duty and sales tax receivable		244,109,868	-
Advances to staff - unsecured, considered good			
- against salaries		28,707,527	23,767,326
- against expenses		5,275,937	3,956,209
Deposits		18,240,003	45,918,492
Prepaid expenses		42,346,785	19,249,930
Excise duty receivable		-	9,888,364
Current maturity of long term advances		9,000,000	3,000,000
Other receivables	27.5	3,006,502	9,832,061
		3,025,056,958	4,426,525,555

27.1 It represents advance given to JKFS which includes markup of Rs. Nil (2013: Rs. 22.74 million) at markup rates ranging from 11.74% to 12.59% per annum (2013: 11.47% to 12.45% per annum). During the year this balance has been settled.

	Note	2014 Rupees	2013 Rupees
27.2 Movement in provision for doubtful advances to growers			
As at 01 October		4,937,966	34,976,616
Less: provision written off		-	(30,038,650)
As at 30 September		4,937,966	4,937,966
27.3 Movement in provision for doubtful advances to suppliers and contractors			
As at 01 October		20,472,883	25,438,633
Less: provision written off		-	(4,965,750)
As at 30 September		20,472,883	20,472,883
27.4 This represents advances given to:			
Faruki Pulp Mills Limited	27.4.1	489,541,323	1,433,994,626
Deharki Sugar Mills (Private) Limited	27.4.2	611,273,321	474,972,174
Current portion of long term advances	22.1	489,860,400	489,860,400
		1,590,675,044	2,398,827,200

27.4.1 This amount includes markup of Rs. 32.54 million (2013: Rs. 183.99 million) charged at the rates ranging from 11.74% to 12.59% per annum (2013: 11.47% to 12.45% per annum).

27.4.2 This amount includes markup of Rs. 83.04 million (2013: Rs. 89.94 million) charged at the rates ranging from 11.74% to 12.59% per annum (2013: 11.47% to 12.45% per annum).

27.5 This includes an amount of Rs. 20.91 million (2013: Rs. 20 million) receivable from executives of the Company.

27.6 Other receivables include an amount of Rs. 1.65 million (2013: Rs. 8.97 million) receivable from ATF Mango Farms (Private) Limited (a related party).

		Note	2014 Rupees	2013 Rupees
28	**CASH AND BANK BALANCES**			
	At banks:			
	Current accounts		80,057,180	38,559,998
	Saving accounts	28.1	5,114,688	1,591,299
			85,171,868	40,151,297
	Cash in hand		1,634,908	1,203,598
			86,806,776	41,354,895

28.1 The balances in saving accounts carry markup at 6.50% per annum (2013: 6.00% per annum).

29 NON-CURRENT ASSET HELD FOR SALE

The Board of Directors in their meeting held on 20 August 2013 decided to sell the Company's entire holding in JKDL to the CEO of the Company and an advance of Rs. 100 million was received by the Company from CEO for purchase of these shares. Accordingly, the said investment was presented as non-current asset held for sale.

During the year, the sale transaction has been completed at a sale price of Rs. 22 per share on 28 December 2013.

		Note	2014 Rupees	2013 Rupees
30	**SALES - NET**			
	Sugar	30.1	27,861,547,306	26,296,500,849
	Agriculture produce	30.2	983,012,387	–
	Electricity	30.3	1,218,180,501	357,756,903
	Molasses and Bagasse - by products		2,264,394,276	1,861,939,318
			32,327,134,470	28,516,197,070
	Less:			
	- Federal excise duty		(1,573,971,156)	(1,209,341,474)
	- Sales tax		(187,288,563)	(114,241,051)
	- Commission and others		(31,010,365)	(9,332,707)
			(1,792,270,084)	(1,332,915,232)
			30,534,864,386	27,183,281,838
30.1	Sugar			
	- local		22,638,758,366	21,332,257,948
	- export		5,222,788,940	4,964,242,901
			27,861,547,306	26,296,500,849
30.2	Agriculture produce			
	- sugarcane to DSML		956,362,076	–
	- sugarcane seed and others		26,650,311	–
			983,012,387	–
30.3	Electricity			
	- Captive Power		473,766,683	357,756,903
	- Co-Generation Power			
	variable energy price	30.3.1	422,076,402	–
	fixed energy price		322,337,416	–
		30.3.2	744,413,818	–
			1,218,180,501	357,756,903

30.3.1 Sales Tax is being charged on the variable energy purchase price only as per Sales Tax Special Procedures Rules, 2007.

30.3.2 Co-Generation Power plant at Unit-II started its commercial operations on 12 June 2014 and it is supplying renewable electricity to the national grid.

		Note	2014 Rupees	2013 Rupees
31	**COST OF SALES**			
	Opening stock in trade		3,324,048,252	3,731,551,031
	Add: Cost of goods manufactured	31.1	28,263,088,192	23,573,908,655
	Less: Closing stock			
	- sugar		(4,172,625,663)	(3,246,478,484)
	- bagasse		(108,411,486)	(77,569,768)
			27,306,099,295	23,981,411,434

		Note	2014 Rupees	2013 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed (including procurement and other costs)	31.1.1	25,688,088,014	21,072,696,642
	Salaries, wages and other benefits	31.1.2	922,713,250	850,953,013
	Depreciation	17.1.2	469,371,342	462,001,760
	Packing materials consumed		316,295,329	237,011,089
	Stores and spares consumed	31.1.3	175,648,771	437,215,736
	Chemicals consumed		162,324,293	131,545,207
	Vehicle running expenses		144,211,993	114,450,158
	Oil, lubricants and fuel consumed		93,191,691	87,139,926
	Mud and bagasse shifting expenses		62,843,696	13,549,244
	Electricity and power		56,044,639	43,496,570
	Insurance		48,543,970	43,513,521
	Operation and maintenance costs	31.1.4	25,235,071	-
	Handling and storage		23,043,019	19,636,685
	Freight and octroi		18,603,555	18,132,857
	Repairs and maintenance		15,080,729	22,161,311
	Land vacation charges		8,327,896	-
	Printing and stationery		6,926,048	5,220,192
	Telephone and fax		3,759,249	2,385,533
	Travelling and conveyance		3,136,930	2,928,968
	Amortization of computer software	20.2	1,885,463	-
	Assets written off		861,492	-
	Other expenses		16,951,752	9,870,243
			28,263,088,192	23,573,908,655
31.1.1	Cost of sugarcane consumed			
	- sugarcane produced		3,897,545,298	-
	- sugarcane purchased		21,790,542,716	21,072,696,642
			25,688,088,014	21,072,696,642

31.1.2 Salaries, wages and other benefits include Rs. 36.84 million (2013: Rs. 19.78 million) in respect of provident fund and Rs. 10.38 million (2013: Rs. 7.20 million) in respect of staff gratuity.

		2014 Rupees	2013 Rupees
31.1.3	Stores and spares consumed	429,149,582	437,215,736
	Less: bagasse capitalized during testing of Co-Generation Power	(253,500,811)	-
		175,648,771	437,215,736
31.1.4	**Operation and maintenance costs**		
	Reimbursable cost	19,749,221	-
	Operating fee	5,485,850	-
		25,235,071	-

		Note	2014 Rupees	2013 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	32.1	284,014,880	269,684,069
	Depreciation	17.1.2	46,851,638	46,214,232
	Travelling and conveyance		38,625,258	24,908,433
	Office rent and renovation		26,896,658	23,007,443
	Vehicle running and maintenance		23,004,938	18,711,958
	Legal and professional services		16,967,812	19,108,190
	Repair and maintenance		15,061,172	8,981,212
	Insurance		11,688,368	5,464,954
	Charity and donations	32.2	9,204,000	31,469,105
	Fee and taxes		8,135,429	8,752,240
	Subscription and renewals		7,614,113	4,214,664
	Telephone, fax and postage		7,594,198	6,211,343
	Printing and stationery		6,001,057	5,294,714
	Electricity and power		5,397,157	3,815,972
	Auditors' remuneration	32.3	2,595,000	2,245,000
	Entertainment		2,064,352	1,503,323
	Advertisement		1,679,052	1,511,790
	Newspapers, books and periodicals		171,632	161,801
	Assets written off		15,341	–
	Arms and ammunition		–	31,000
	Other expenses		15,444,597	9,052,349
			529,026,652	490,343,792

32.1 Salaries, wages and other benefits include Rs. 8.32 million (2013: Rs. 6.15 million) in respect of provident fund and Rs. 4.45 million (2013: Rs. 3.08 million) in respect of staff gratuity.

32.2 None of the Directors of the Company or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Company during the year except for National Rural Support Program ("NRSP") situated at 46, Aga Khan Road, F6/4, Islamabad in which Mr. Jahangir Khan Tareen is a Director.

		2014 Rupees	2013 Rupees
32.3	**Auditors' remuneration**		
	Statutory audit	2,000,000	1,750,000
	Half yearly review	350,000	300,000
	Other certificates	120,000	105,000
	Out of pocket expenses	125,000	90,000
		2,595,000	2,245,000

		Note	2014 Rupees	2013 Rupees
33	**SELLING EXPENSES**			
	Freight and handling charges		86,867,905	241,308,751
	Salaries, wages and other benefits	33.1	14,308,382	15,296,634
	Other selling expenses		20,924,442	22,368,336
			122,100,729	278,973,721

33.1 Salaries, wages and other benefits include Rs. 0.21 million (2013: Rs. 0.24 million) in respect of provident fund.

		Note	2014 Rupees	2013 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposit		1,567,374	1,174,333
	Markup on delayed payment from NTDC		2,281,018	–
			3,848,392	1,174,333
	Income from non-financial assets			
	Profit on sale of property, plant and equipment	17.1.3	203,484,489	9,814,237
	Fair value gain on biological assets	18.4.2	49,093,032	–
	Scrap sales		39,589,523	43,787,384
	Gain on sale of investment		20,000,000	–
	Sale of mud		14,997,073	6,229,645
	Rental income	34.1	9,872,519	20,780,887
	Insurance claim		1,768,000	12,505,030
	Foreign exchange (loss)/ gain		(405,999)	19,499,221
	Others	34.2	2,297,393	20,716,313
			340,696,030	133,332,717
			344,544,422	134,507,050

34.1 It mainly represents the rental income earned from investment property.

34.2 This amount includes markup amounting to Rs. 2.06 million (2013: Rs. Nil) charged to Riaz Bottlers (Private) Limited, an associated company.

		Note	2014 Rupees	2013 Rupees
35	**OTHER EXPENSES**			
	Worker's profit participation fund	14.2	51,494,400	69,959,558
	Excise duty written off		9,888,364	–
	Sales tax receivable written off		1,645,058	
	Worker's welfare fund		–	18,399,509
	Other expenses		–	49,290,732
			63,027,822	137,649,799

		Note	2014 Rupees	2013 Rupees
36	**FINANCE COST**			
	Interest and markup on:			
	- short term borrowings - secured	36.1	1,224,836,262	814,034,211
	- purchase consideration related to JKFS	1.3	173,561,671	–
	- long term loans - secured	36.2	662,698,376	141,339,824
	- redeemable capital - secured		72,938,507	76,197,590
	- finance leases		79,151,502	74,188,663
	- Workers' Profit Participation Fund	14.2	13,082,654	4,321,246
	Bank charges and commission		59,150,871	43,482,622
			2,285,419,843	1,153,564,156
	Less: Borrowing costs capitalized		(404,659,124)	(34,986,103)
			1,880,760,719	1,118,578,053

36.1 Markup on short term borrowings is net of markup from related parties amounting to Rs. 238.78 million (2013: Rs. 387.58 million) on receivable from these parties. This receivable is in respect of proceeds of short term borrowings from banks.

36.2 Markup on long term loans is net of markup from related party amounting to Rs. 232.44 million (2013: Rs. 279.11 million) on receivable from Deharki Sugar Mills (Private) Limited. This receivable has been made from the proceeds of long term loan from United Bank Limited - Led Syndicated Loan.

		Note	2014 Rupees	2013 Rupees
37	**TAXATION**			
	Income tax - current	37.1 & 37.2	13,449,890	209,191,157
	Deferred tax	37.3	(14,762,194)	177,118,112
			(1,312,304)	386,309,269

37.1 The provision for current tax includes the tax chargeable to the Company under Punjab Agricultural Income Tax Act, 1997 (whether as an owner or cultivator of land, as the case may be) and that leviable on 'other operating income' under the Income Tax Ordinance, 2001.

37.2 The tax provision is charged by considering the provision of section 113 and other tax credits available under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and capital gains which is full and final discharge of Company's tax liability in respect of income arising from such source.

37.3 Deferred tax income relates to reversal and origination of temporary differences.

37.4 The assessments of the Company are completed up to tax year 2014 except for the tax year disclosed in contingency.

37.5	**Reconciliation of tax charge for the year**	**2013 % age**
	Applicable tax rate	34.00
	Tax effects of amount not deductible for tax purposes	0.40
	Tax effects of amount deductible for tax purposes	(1.27)
	Tax effect of income chargeable under Final Tax Regime	(5.33)
	Others	1.67
	Average effective rate charged to profit and loss account	29.47

Numerical reconciliation between the average tax rate and applicable tax rate for the current year has not been presented in these financial statements as the Company is chargeable to minimum tax under section 113 of the Income Tax Ordinance, 2001.

37.6 The two new high-pressure Co-Generation Power plants have been set up by the Company under the Federal Government's Framework for Power Co-Generation 2013 read with the Policy for Development of Renewable Energy for Power Generation, 2006.

As per the aforementioned policies, the Company's sale of electricity from the power plants to CPPA/NTDC is exempt from income tax including turnover tax and withholding tax on imports, and for this purpose, the new power generation units of the Company shall be treated as separate entities.

However, the Company is seeking clarification on whether existing notified exemptions for other power projects shall also apply to the Company's power projects or new exemptions shall be notified. In the meantime, the accounts of the Company including the power projects are being prepared under normal taxation regime.

			2014	2013
38	**EARNINGS PER SHARE - BASIC AND DILUTED**			
38.1	**Basic earnings per share**			
	Profit after taxation	**Rupees**	979,705,895	924,522,820
	Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
	Basic earnings per share	**Rupees**	16.39	15.47

38.2 **Diluted earnings per share**

There is no dilution effect on the basic earnings per share of the current year as the Company has no such commitments.

		2014 Rupees	2013 Rupees
39	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	978,393,591	1,310,832,089
	Adjustments for non-cash and other items:		
	Finance cost	1,880,760,719	1,118,578,053
	Depreciation	678,621,682	508,215,992
	Amortization	1,885,463	-
	Workers' Profit Participation Fund	51,494,400	69,959,558
	Staff retirement benefits	73,486,429	36,460,882
	Workers' Welfare Fund	–	18,399,509
	Profit on disposal of property, plant and equipment	(203,484,489)	(9,814,237)
	Assets written off	876,833	–
	Biological assets acquired and consumed internally	2,554,455,770	–
	Fair value gain on biological assets	(49,093,032)	–
	Gain on sale of investment	(20,000,000)	–
		4,969,003,775	1,741,799,757
	Operating profit before working capital changes	5,947,397,366	3,052,631,846
	(Increase) / decrease in current assets		
	Stock in trade	(698,037,255)	407,502,779
	Biological assets	(1,617,128,396)	–
	Trade debts	(423,114,200)	129,643,808
	Stores, spares and loose tools	(255,883,332)	2,393,016
	Advances, deposits, prepayments and other receivables	170,178,176	735,561,054
		(2,823,985,007)	1,275,100,657
	Increase in current liabilities		
	Trade and other payables	1,297,441,562	39,215,195
	Cash generated from operations	4,420,853,921	4,366,947,698

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS 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:

	Chief Executive		Directors: Executive		Directors: Non - Executives		Executives	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
Managerial remuneration	27,333,333	24,000,000	-	-	23,300,000	20,800,000	117,133,191	85,358,147
House allowance	10,933,333	9,600,000	-	-	9,320,000	8,320,000	46,853,276	34,143,259
Utilities	2,733,333	2,400,000	-	-	2,330,000	2,080,000	11,713,319	8,535,815
Bonus	12,666,667	12,000,000	-	-	10,900,000	10,400,000	47,853,972	70,053,017
Company's contribution towards provident fund	-	-	-	-	-	-	11,262,994	7,841,246
	53,666,666	48,000,000	-	-	45,850,000	41,600,000	234,816,752	205,931,484
Number of persons	1	1	-	-	2	2	90	61

In addition to the above, Chief Executive, one Director and some of the Executives are provided with free use of Company maintained cars.

The Chief Executive is permitted to use the Company maintained aircraft for private trips, subject to availability, for which the proportionate share of expenses is reimbursed to the Company. During the year, the Chief Executive was charged Rs. 27.86 million (2013: Rs. 40.80 million) for the use of aircraft.

41 FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Company's activities.

41.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and other parties and loans to / due from related parties. Out of the total financial assets of Rs. 6,625.55 million (2013: Rs. 6,191.73 million) financial assets which are subject to credit risk amount to Rs. 3,515.03 million (2013: Rs. 4,365.79 million).

Majority of the Company's sales are on advance basis and trade debts mainly represents receivable from NTDC.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 15 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2014 Rupees	2013 Rupees
Trade debts	662,775,216	239,661,016
Advances, deposits, prepayments and other receivables	1,631,389,073	2,435,426,587
Long term advances	1,135,692,880	1,650,553,280
Bank balances	85,171,868	40,151,297
	3,515,029,037	4,365,792,180
The aging of trade receivables at the reporting date is:		
Not past due	662,775,216	239,661,016
Past due 365 days	14,486,141	14,486,141
	677,261,357	254,147,157

	2014		2013	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	662,775,216	–	239,661,016	–
Past due more than 365 days	14,486,141	14,486,141	14,486,141	14,486,141
	677,261,357	14,486,141	254,147,157	14,486,141

The analysis of trade receivables from Riaz Bottlers (Private) Limited, an associate of the Company as at the reporting date is as follows:

	2014		2013	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	–	–	72,313,484	–
	–	–	72,313,484	–

The Company's five significant customers account for Rs. 651.98 million (2013: Rs. 212.34 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 74.47% (2013: 6.00%) of trade debts as at the reporting date.

Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be recovered in normal course.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Long term	Rating Short term	Rating Agency	2014 Rupees	2013 Rupees
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	129,461	31,201
Allied Bank Limited	AA+	A1+	PACRA	54,126	16,638
Askari Bank Limited	A1+	AA	PACRA	215,128	50,581
Bank Al Habib Limited	A1+	AA+	PACRA	16,520	14,733
Bank Alfalah Limited	A1+	AA	PACRA	631,807	4,518,471
Bank Islami Pakistan Limited	A1	A	PACRA	827,594	1,957,079
Burj Bank Limited	A-1	A	JCR-VIS	46,892	129,239
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	162	9,937
Faysal Bank Limited	A1+	AA	PACRA	368,724	35,848
Habib Bank Limited	A-1+	AAA	JCR-VIS	51,153,940	970,313
JS Bank Limited	A1	A+	PACRA	143,896	82,203
KASB Bank Limited	C	B	PACRA	21,604	8,575
MCB Bank Limited	A1+	AAA	PACRA	2,035,445	1,205,179
Meezan Bank Limited	A-1+	AA	JCR-VIS	3,146,098	5,000
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,369,547	1,407,806
NIB Bank Limited	A1+	AA-	PACRA	204,741	27,553,552
Soneri Bank Limited	A1+	AA-	PACRA	-	265,143
Sindh Bank Limited	A-1+	AA-	JCR-VIS	17,363	-
Summit Bank Limited	A-3	A-	JCR-VIS	5,227,880	1,601,299
The Bank of Khyber	A1	A	PACRA	22,183	5,000
The Bank of Punjab	A1+	AA-	PACRA	18,117,501	99,154
The First Micro Finance Bank Limited	A-1	A	JCR-VIS	30,442	20,135
United Bank Limited	A-1+	AA+	JCR-VIS	390,814	164,211
				85,171,868	40,151,297

Remaining financial assets mainly represents receivable from related party.

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing 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. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

41.2.1 Exposure to liquidity risk

41.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments.

	2014				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	416,666,666	563,476,255	162,197,808	401,278,447	-
Long term loans	10,169,517,952	14,661,008,759	2,848,537,126	10,579,938,904	1,232,532,729
Short term borrowings	9,067,052,946	10,189,675,228	10,189,675,228	-	-
Liabilities against assets subject to finance lease	1,136,313,292	1,359,137,886	433,781,096	925,356,790	-
Interest and markup accrued	498,818,831	498,818,831	498,818,831	-	-
Trade and other payables	1,974,992,685	1,974,992,685	1,974,992,685	-	-
	23,263,362,372	29,247,109,644	16,108,002,774	11,906,574,141	1,232,532,729

	2013				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	724,465,726	1,037,876,774	564,773,989	473,102,785	-
Long term finances	5,177,051,151	9,902,786,570	1,714,470,439	6,965,361,852	1,222,954,279
Short term borrowings	6,834,453,702	7,600,735,658	7,600,735,658	-	-
Liabilities against assets subject to finance lease	668,375,699	763,257,523	287,024,391	476,233,132	-
Interest and markup accrued	302,120,164	302,120,164	302,120,164	-	-
Trade and other payables	1,138,677,520	1,138,677,520	1,138,677,520	-	-
	14,845,143,962	20,745,454,209	11,607,802,161	7,914,697,769	1,222,954,279

41.3 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 the return.

41.3.1 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.

41.3.1(a) Exposure to currency risk

The Company is not exposed to foreign currency risk as at the reporting date.

41.3.1(b) Exchange rates applied during the year

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

	2014		
	Spot rate		Average rate for the year
	Buying	Selling	
	Rupees		
EURO	129.28	131.92	139.21
USD	101.92	103.99	103.36
GBP	165.50	168.88	167.87
AUD	88.92	90.75	92.85
JPY	0.93	0.95	0.99
SEK	14.04	14.33	17.81

	2013		
	Spot rate		Average rate for the year
	Buying	Selling	
	Rupees		
EURO	142.20	142.47	131.78
USD	105.30	105.50	95.64
GBP	170.25	170.57	167.16
AUD	98.06	98.25	93.97
JPY	1.07	1.07	1.14
SEK	16.39	16.42	16.50

41.3.1(c) Sensitivity analysis

Company does not has any variable rate financial instrument, hence sensitivity analysis has not been presented.

41.3.1(d) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps to hedge non-functional currency debt. The Company maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Company's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current and saving / deposits accounts with banking companies. The Company also occasionally uses currency options to cover any significant unfavorable rate scenarios.

41.3.2 Interest rate risk

The effective interest / markup rates for interest / markup bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / markup bearing financial instruments as at the reporting date are as follows:

	Note	2014		2013	
		Financial asset	Financial liability	Financial asset	Financial liability
		Rupees			
Non-derivative financial instruments					
Advance to DSML	20.1.1 & 27.4.2	2,178,826,601	-	2,532,385,854	-
Advance to Faruki Pulp Mills Limited	27.4.1	489,541,323	-	1,433,994,626	-
Payable to JKFS against purchase consideration	14	-	447,573,456	-	-
Redeemable capital - secured	7	-	416,666,666	-	724,465,726
Long term loans - secured	8	-	10,169,517,952	-	5,177,051,151
Liabilities against assets subject to finance lease	9	-	1,136,313,292	-	668,375,699
Short term borrowings - secured	12	-	9,067,052,946	-	6,834,453,702
Variable rate instruments		2,668,367,924	21,237,124,312	3,966,380,480	13,404,346,278

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2014	185,687,564	(185,687,564)
As at 30 September 2013	94,379,658	(94,379,658)

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

41.3.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

41.3.4 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). Equity price risk arises from available-for-sale equity securities held. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The Company believes that it is not exposed to other price risk.

41.3.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

41.3.6 Capital 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 monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

a) 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

b) to provide an adequate return to shareholders.

The Company manages the 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 as follows:

	Unit	2014	2013
Total debt	Rupees	11,722,497,910	6,569,892,576
Total equity and total debt	Rupees	17,703,778,322	12,058,809,529
Debt-to-equity ratio	% age	66%	54%

Total debt comprises of redeemable capital, long term loans, liabilities against assets subject to finance lease and current portion of non-current liabilities.

The increase in the debt-to-equity ratio in 2014 is due to the increase in redeemable capital and long term loan availed during the year.

There were no changes in the Company's approach to capital management during the year.

42 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, associated companies, other related companies, Directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties are as follows:

	Relationship	Nature of transactions	2014 Rupees	2013 Rupees
42.1	**Subsidiary**			
		Short term advance received - net	671,836,820	150,432,198
		Long term loans received	489,860,400	362,086,320
		Markup income on:		
		- long term	232,444,236	279,114,915
		- short term	125,957,726	101,111,293
		Sugarcane supplies	956,362,076	–
		Purchase of bagasse	145,008,360	–
42.2	**Associated Companies**			
		Sale of sugar	156,471,000	861,899,000
		Investment in shares	1,484,148,050	–
		Advances given	457,005,000	750,000,000
		Markup income	82,689,747	106,877,779
		Payment against purchase of Aircraft	4,000,000	3,000,000
		Sale of molasses	1,780,395	563,573
		Rent of land given on lease	16,403,264	4,730,000
		Rent of land acquired on lease	3,423,750	–
42.3	**Other Related Parties**			
		Payment with respect to net assets acquired	2,393,990,428	-
		Purchase of sugarcane	–	2,940,548,145
42.4	**Post employment benefit plans**			
		Provident fund contribution	74,100,210	52,356,652
42.5	**Key management personnel**			
		Advances given	20,000,000	-
		Advances recovered	19,588,000	30,000,000
		Consultancy services	80,492,581	88,628,588

	2014		2013	
	Days	Tonnes	Days	Tonnes
43 CAPACITY AND PRODUCTION				
Unit I				
Crushing capacity	120	2,460,000	120	2,460,000
Sugarcane crushed	149	2,866,631	133	2,535,822
Sugar production		312,746		289,147
Unit II				
Crushing capacity	120	1,020,000	120	1,020,000
Sugarcane crushed	145	1,186,269	129	1,007,658
Sugar production		128,421		114,516
Unit III				
Crushing capacity	120	1,560,000	120	1,320,000
Sugarcane crushed	139	1,504,768	115	1,200,650
Sugar production		162,668		134,718

	2014		2013	
	Based on hours	MWH	Based on hours	MWH
Co - Generation Power				
Unit II				
Installed capacity	8,760	233,016	-	-
Utilized capacity	2,664	64,202	-	-
Energy delivered	2,664	58,189	-	-

Under utilization of available capacity has resulted because plant started its commercial operations on 12 June 2014.

	2014		2013	
	Area	Acres	Area	Acres
Corporate Sugar Cane Farms				
Land	Punjab & Sindh	24,000	-	-
Crop under cultivation	Punjab & Sindh	19,671	-	-

	2014 Rupees	2013 Rupees
44 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY		
Mortgages and charges		
Hypothecation of all present and future assets and properties	10,583,481,000	7,961,143,667
Mortgage over land and building	20,074,033,395	15,072,665,896
Pledge		
Finished goods	4,433,913,234	3,246,789,969

45 PROVIDENT FUND TRUST

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

	Unit	30 June 2014	30 June 2013
			(Restated)
Size of fund - total assets	Rupees	358,444,487	313,343,371
Cost of investments made	Rupees	285,071,435	251,188,201
Percentage of investments made	Percentage	79.53%	80.16%
Fair value of investment	Rupees	289,104,850	278,166,938

The breakup of fair value of investments is as follows:

	30 June 2014		30 June 2013	
	Rupees	Percentage	Rupees	Percentage
			(Restated)	
Shares in listed companies	59,843,550	20.70%	65,151,232	23.42%
Cash at bank	229,261,300	79.30%	213,015,706	76.58%
	289,104,850	100.00%	278,166,938	100.00%

The investments of the Provident Fund Trust are in compliance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2014	2013
Average number of employees during the year	4,573	3,886
Total number of employees as at 30 September	3,534	3,244

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 03 January 2015 by the Board of Directors of the Company.

48 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company has proposed a final cash dividend for the year ended 30 September 2014 of Rs. 5.00 per share (2013: Rs. 6.00 per share).

49 FIGURES

Figures have been rounded off to the nearest rupee.

50 GENERAL

Statement under section 241(2) of the Companies Ordinance, 1984.

These financial statements have been signed by two Directors instead of Chief Executive Officer and one Director, as the Chief Executive Officer is for the time being not in Pakistan.

03 January 2015
Lahore

Director | Director

Consolidated Financial Statements

Directors' Report
on Consolidated Financial Statements

I am pleased to present the Consolidated Audited Financial Statements of JDW Sugar Mills Limited (the "Holding Company") and its wholly owned Subsidiary Company Deharki Sugar Mills (Private) Limited ("the Group") for the year ended on September 30, 2014.

The Subsidiary Company was incorporated in Pakistan on July 14, 2010 as a Private Limited Company under the Companies Ordinance 1984. The Principal activity of Subsidiary Company is production and sale of crystalline sugar.

It is being confirmed that to the best of our knowledge, the consolidated financial statements for the year ended September 30, 2014 give a true and fair view of the assets, liabilities, financial position and financial results of the group and are in conformity with approved accounting standards as applicable in Pakistan.

The consolidated financial results are as follows:

	30 September 2014	**30 September 2013**
	(Rs. in Million)	
Gross Sales	39,215	36,122
Net Sales	36,886	34,423
Operating Profit	3,767	3,066
Profit before Tax	1,027	957
Profit after Tax	961	368
Earnings Per Share	16.08	6.16

Directors have given their detailed report of affairs of the Holding Company as well as Subsidiary Company in Directors' report to the shareholders of Holding Company.

On behalf of the Board of Directors

03 January 2015
Lahore

Ijaz Ahmed
Director

KPMG Taseer Hadi & Co.
Chartered Accountants
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Servis House,
2-Main Gulberg Jail Road,
Lahore, Pakistan.

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Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of JDW Sugar Mills Limited ("the Holding Company") and its subsidiary company Deharki Sugar Mills (Private) Limited ("the Group") as at 30 September 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary company, Deharki Sugar Mills (Private) Limited was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such Company, is based solely on the report of such other auditor. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at 30 September 2014 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

03 January 2015
Lahore

Consolidated Balance Sheet

	Note	2014 Rupees	2013 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Reserves		4,821,560,088	4,343,938,419
		5,419,326,698	4,941,705,029
Non-controlling interest		240,849	192,155
		5,419,567,547	4,941,897,184
NON CURRENT LIABILITIES			
Redeemable capital - secured	7	305,555,555	222,243,482
Long term loans - secured	8	8,563,542,666	4,292,190,749
Liabilities against assets subject to finance lease	9	926,722,054	642,013,396
Deferred taxation	10	1,571,426,934	1,555,721,583
Staff retirement benefits - gratuity	11	68,256,699	44,694,419
		11,435,503,908	6,756,863,629
CURRENT LIABILITIES			
Short term borrowings - secured	12	10,496,978,844	7,692,553,702
Current portion of non current liabilities	13	2,130,032,413	1,675,060,118
Trade and other payables	14	5,168,489,507	3,043,707,130
Interest and markup accrued	15	530,179,913	325,116,640
Provision for taxation		74,527,846	86,520,545
		18,400,208,523	12,822,958,135
CONTINGENCIES AND COMMITMENTS	16		
		35,255,279,978	24,521,718,948

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

03 January 2015
Lahore

	Note	2014 Rupees	2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	17	20,434,779,307	13,387,162,405
Biological assets	18	10,471,822	–
Investment property	19	173,026,930	693,855,251
Intangible assets	20	627,111,582	608,742,144
Investments	21	1,524,478,075	239,732,936
Long term advances	22	58,000,000	83,000,000
Long term deposits	23	131,897,041	104,004,307
		22,959,764,757	15,116,497,043
CURRENT ASSETS			
Biological assets	18	1,681,515,961	–
Stores, spares and loose tools	24	1,327,727,124	787,936,802
Stock in trade	25	5,970,317,798	3,777,690,212
Trade debts - unsecured	26	671,430,276	655,358,234
Advances, deposits, prepayments and other receivables	27	2,021,991,366	3,602,014,748
Tax refund due from Government		513,768,880	284,457,186
Cash and bank balances	28	108,763,816	77,764,723
Non current asset held for sale	29	–	220,000,000
		12,295,515,221	9,405,221,905
		35,255,279,978	24,521,718,948

Director

Director

Consolidated Profit and Loss Account
For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees
Gross sales		39,214,883,809	36,122,159,213
Federal Exicse Duty, Sales Tax and others		(2,328,605,216)	(1,699,208,585)
Net sales	30	36,886,278,593	34,422,950,628
Cost of sales	31	(32,737,233,067)	(30,589,611,665)
Gross profit		4,149,045,526	3,833,338,963
Administrative expenses	32	(591,403,701)	(621,792,742)
Selling expenses	33	(130,978,891)	(316,124,334)
Other income	34	340,519,599	170,348,397
		(381,862,993)	(767,568,679)
Operating profit		3,767,182,533	3,065,770,284
Other expenses	35	(83,212,326)	(178,375,385)
Finance cost	36	(2,453,035,627)	(1,650,949,363)
		(2,536,247,953)	(1,829,324,748)
Share of loss of associated companies - net of taxation	21	(203,464,361)	(279,890,571)
Profit before taxation		1,027,470,219	956,554,965
Taxation	37	(66,518,870)	(588,568,784)
Profit after taxation		960,951,349	367,986,181
Attributable to:			
Equity holders of the Holding Company		960,902,655	368,042,403
Non controlling interest		48,694	(56,222)
		960,951,349	367,986,181
Earnings per share - basic and diluted	38	16.08	6.16

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

03 January 2015
Lahore

Director

Director

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2014

	2014 Rupees	2013 Rupees
Profit after taxation	960,951,349	367,986,181
Other comprehensive income		
Items that will not be reclassified to profit and loss account:		
Remeasurement of defined benefit liability	(13,625,594)	–
Share of other comprehensive income of associated Company	4,061,450	–
Related tax	4,496,446	–
	(5,067,698)	–
Total comprehensive income for the year	955,883,651	367,986,181
Attributable to:		
Equity holders of the Holding Company	955,834,957	368,042,403
Non controlling interest	48,694	(56,222)
	955,883,651	367,986,181

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

03 January 2015
Lahore

Director

Director

Consolidated Cash Flow Statement

For the year ended 30 September 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	39	4,581,609,800	5,282,878,130
Income tax paid		(306,020,975)	(190,229,655)
Workers' profit participation fund paid		(83,042,212)	(33,195,478)
Staff retirement benefits paid		(70,180,911)	(43,828,359)
		(459,244,098)	(267,253,492)
Net cash generated from operations		4,122,365,702	5,015,624,638
CASH FLOW FROM INVESTING ACTIVITIES			
Advances to related parties		(542,812,533)	(856,877,778)
Capital expenditure		(5,673,286,017)	(2,184,335,841)
Long term deposits - net		(97,036,938)	(57,934,458)
Long term advances		16,000,000	(86,000,000)
Proceeds realized from sale of property, plant and equipment		312,728,699	25,471,027
Payment with respect to net assets acquired from JK Farming Systems Limited		(2,393,990,428)	-
Investment property		-	(7,881,991)
Proceeds from sale of investment in JK Dairies (Private) Limited		120,000,000	100,000,000
Net cash used in investing activities		(8,258,397,217)	(3,067,559,041)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings - net		2,804,425,142	(1,005,513,711)
Long term loans availed during the year		5,994,771,649	2,448,439,480
Proceeds from issuance of term finance certificates		166,645,398	333,354,602
Redemption of term finance certificates		(474,444,458)	(488,888,886)
Finance cost paid		(2,396,899,516)	(1,754,819,337)
Long term loans repaid during the year		(1,002,304,848)	(678,888,323)
Lease rentals paid		(451,482,360)	(422,370,061)
Dividend paid		(473,680,399)	(355,215,480)
Net cash generated from / (used in) financing activities		4,167,030,608	(1,923,901,716)
Net increase in cash and cash equivalents		30,999,093	24,163,881
Cash and cash equivalents at the beginning of the year		77,764,723	53,600,842
Cash and cash equivalents at the end of the year	28	108,763,816	77,764,723

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

03 January 2015
Lahore

Director

Director

Consolidated Statement of Changes in Equity
For the year ended 30 September 2014

	Attributable to equity holders of the Holding Company						
		Reserves					
		Capital	Revenue				
	Share capital	Share premium	Accumulated profit	Sub total	Total	Non controlling interest	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2012	597,766,610	678,316,928	3,656,239,054	4,334,555,982	4,932,322,592	248,377	4,932,570,969
Transaction with owners of the Company:							
Final dividend for the year ended 2012 @ Rs. 6.00 per share	–	–	(358,659,966)	(358,659,966)	(358,659,966)	–	(358,659,966)
Total comprehensive income for the year							
Profit for the year ended 30 September 2013	–	–	368,042,403	368,042,403	368,042,403	(56,222)	367,986,181
Other comprehensive income for the year ended 30 September 2013 - net of tax	–	–	–	–	–	–	–
	–	–	368,042,403	368,042,403	368,042,403	(56,222)	367,986,181
Balance as at 30 September 2013	597,766,610	678,316,928	3,665,621,491	4,343,938,419	4,941,705,029	192,155	4,941,897,184
Transactions with owners of the Company:							
Final dividend for the year ended 2013 @ Rs. 6.00 per share	–	–	(358,659,966)	(358,659,966)	(358,659,966)	–	(358,659,966)
Interim dividend paid for the period ended 30 June 2014 @ Rs. 2.00 per share	–	–	(119,553,322)	(119,553,322)	(119,553,322)	–	(119,553,322)
	–	–	(478,213,288)	(478,213,288)	(478,213,288)	–	(478,213,288)
Total comprehensive income for the year							
Profit for the year ended 30 September 2014	–	–	960, 902,655	960,902,655	960,902,655	48,694	960,951,349
Other comprehensive loss for the year ended 30 September 2014 - net of tax	–	–	(5,067,698)	(5,067,698)	(5,067,698)	–	(5,067,698)
	–	–	955,834,957	955,834,957	955,834,957	48,694	955,883,651
Balance as at 30 September 2014	597,766,610	678,316,928	4,143,243,160	4,821,560,088	5,419,326,698	240,849	5,419,567,547

The attached notes from 1 to 51 form an integral part of these consolidated financial statements.

03 January 2015
Lahore

Director

Director

1 STATUS AND NATURE OF BUSINESS

The Group comprises of

- JDW Sugar Mills Limited ("the Holding Company"); and
- Deharki Sugar Mills (Private) Limited ("the Subsidiary Company").

1.1 JDW Sugar Mills Limited was incorporated in Pakistan on 31 May 1990 as a private limited company under the Companies Ordinance, 1984 and was subsequently converted into a public limited company on 24 August 1991. Shares of the Holding Company are listed on the Karachi and Lahore Stock Exchanges. The registered office of the Holding Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Holding Company is production and sale of crystalline sugar, electricity and managing corporate farms.

1.2 Deharki Sugar Mills (Private) Limited was incorporated in Pakistan on 14 July 2010 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Subsidiary Company is production and sale of crystalline sugar. There were no changes in ownership interest in Subsidiary Company during the year.

1.3 The Group has executed Energy Purchase Agreements ("EPA") on 20 March 2014 with the Central Power Purchasing Agency ("CPPA") of the National Transmission & Despatch Company Limited ("NTDC") relating to its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and JDW Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and supplying renewable electricity to the national grid. Further, the Group's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

1.4 The Group has acquired Corporate Sugarcane Farms of JK Farming Systems Limited ("a related party") ("JKFS") on 20 November 2013. The assets and liabilities have been transferred to the Holding Company at fair values to comply with the requirements of Business Combinations "(IFRS-3)". Fair values, duly determined by independent valuer and management, of the assets and liabilities transferred are as follows:

	Fair value as at 20 Nov 2013 Rupees
Non current assets	
Property, plant and equipment	
Operating fixed assets	1,216,474,025
Capital work in progress	2,572,408
	1,219,046,433
Intangible asset	20,397,279
	1,239,443,712
Current assets	
Stores, spares and loose tools	276,870,781
Biological assets	2,942,000,000
Advances, deposits, prepayments and other receivables	126,412,374
	3,345,283,155
Total assets	4,584,726,867
Current liabilities	
Trade creditors, accrued and other liabilities	(225,785,777)
Net assets transferred	4,358,941,090
Purchase consideration	4,358,941,090
	-

The purchase consideration is to be paid in one or more instalments. The Holding Company shall pay mark up at the rate of average borrowing cost of the Holding Company on the outstanding amount of purchase consideration from 20 November 2013 until payment of full purchase consideration.

1.5 Details regarding the Group's investment in associates are given in note 21 to these consolidated financial statements.

2 BASIS OF PREPARATION

2.1 These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 September 2014 and the audited financial statements of Deharki Sugar Mills (Private) Limited for the year ended 30 September 2014. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 21 to these consolidated financial statements.

The accounting policies used by the Subsidiary Company in preparation of its financial statements are consistent with that of the Holding Company. The accounting policies used by the Group's associates in preparation of their respective financial statements are also consistent with that of the Holding Company.

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Standard Board as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for biological assets which are measured at fair value less estimated point of sale costs and recognition of certain employee retirement benefits at present value. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Change in accounting policy

As a result of amendment to IAS 19 Employee Benefits (amended 2011), the Group has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under IAS 19 (2011), the Group determines the net interest expense / (income) for the period on the net defined benefit liability / (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability / (asset) at the beginning of the annual period, taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. All changes in the present value of defined benefit obligation are now recognized in the statement of comprehensive income and the past service costs are recognized in the profit and loss account, immediately in the period in which they occur. The change in accounting policy has been applied prospectively, being considered immaterial.

2.5 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is also the Group's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated 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 and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Retirement and other benefits
- Provision for taxation
- Residual values and useful lives of depreciable assets
- Provisions and contingencies
- Biological assets

3.1 Effectively from 20 November 2013, the Group has changed its depreciation method from reducing balance method to straight-line method on certain agri related assets to bring it in line with the method used for charging depreciation on the assets of Corporate Sugarcane Farms. The change in accounting estimate has been recognized prospectively in the financial statements in accordance with the requirement of IAS 8 "Accounting Policy, Change in Accounting Estimate and Errors."

Change in estimate has no impact on current year depreciation expense and profit and loss respectively. However, future outcome as a result of change in estimate is given below:

	2015 (Rupees)	2016 (Rupees)	2017 (Rupees)	2018 (Rupees)	2019 (Rupees)
Increase in depreciation	18,884,987	34,067,424	46,280,377	56,111,041	64,029,845
(Decrease) in net profit	(18,884,987)	(34,067,424)	(46,280,377)	(56,111,041)	(64,029,845)

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 New and revised approved accounting standards, interpretations and amendments thereto

There were certain new standards and amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Group's operations except as disclosed in note 2.4 and are, therefore, not disclosed in these consolidated financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on the Group's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on the Group's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Group's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a Group can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 01 October 2014). The new cycle of improvements contain amendments to the following standards:

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land and capital work in progress are stated at cost less any identified impairment loss. Cost includes direct cost and related overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation is charged to profit and loss account on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 17.1 except that straight-line method is used for corporate farms related assets.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance costs so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method at the rates disclosed in note 17.1. Depreciation of leased assets is charged to profit and loss account.

Depreciation methods, residual values and useful lives of the assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

4.3 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

4.4 Stores, spares and loose tools

These are valued at lower of weighted average cost and net realizable value except for items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date. Obsolete and used items are recorded at nil value.

4.5 Stock in trade

These are valued at the lower of weighted average cost and net realizable value except for stock in transit, which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

Raw materials	at weighted average cost
Work-in-process and finished goods	at lower of weighted average cost plus related manufacturing expenses and net realizable value
Molasses and Bagasse - by products	net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business less other costs necessary to be incurred to make the sale.

4.6 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.7 Biological assets

Biological assets comprise of crop in field. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the profit and loss account.

Costs incurred in plantation and management of biological assets are capitalized as part of the asset. All other costs are charged to profit and loss account.

The fair value is determined using the present value of expected net cash-flow from the asset based on significant assumptions stated in note 18.4. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

Biological assets are categorized as mature or immature. Mature biological assets are those that have attained harvestable specifications. Immature biological assets have not yet reached that stage.

Biological assets that are expected to mature after more than a period of 12 months are classified in long term assets. Those expected to mature before 12 months are included in current assets.

4.8 Employee benefits

4.8.1 Defined contribution plan

The Group operates approved contributory provident fund for its eligible employees. Equal monthly contribution is made both by the Holding Company and Subsidiary Company & their respective employees to the fund at the rate of 10% of basic salary.

4.8.2 Defined benefit plans

The Holding Company also operates an unfunded gratuity scheme for eligible employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme on the basis of actuarial valuation and is charged to consolidated profit and loss account.

The most recent valuation was carried out as at 30 September 2014 using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2014	2013
Discount rate	13.50%	13%
Expected increase in eligible pay	11.50%	11%
Expected average working life of employee	10 years	10 years
Withdrawal rates	Moderate	Moderate

The Holding Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Holding Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in profit and loss account.

4.8.3 Employees' stock option scheme

The Holding Company operates an approved Employees' stock option scheme. The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of Share Appreciation Rights ("SARs"), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is measured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognized in profit or loss.

4.9 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.10 Revenue recognition

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from the sale of electricity is recognized on transmission of electricity.

Interest and rental income are recognized on accrual basis.

Dividend income is recognized when the right of receipt is established.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost in the balance sheet. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

4.12 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Financial instruments

4.13.1 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

4.13.1(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

4.13.1(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

4.13.1(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. Available-for-sale financial assets are classified as short term investments in the balance sheet.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Group's right to receive payments is established.

4.13.1(d) Held to maturity

Held to maturity are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortized cost.

4.13.1(e) All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized at trade date i.e. the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or Group of financial assets is impaired.

4.13.2 Financial liabilities

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

4.13.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Group looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.14 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in Groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.15 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on net basis, or to realize the assets and to settle the liabilities simultaneously.

4.16 Borrowing cost

Borrowing costs incurred on long term finances obtained for the construction of qualifying assets are capitalized up to the date the respective assets are available for the intended use. All other borrowing costs are taken to the profit and loss account currently.

4.17 Trade and other payables

Liabilities for 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.

4.18 Foreign currency transactions

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transactions or on the date when fair values are determined. Exchange differences are included in the profit and loss account.

4.19 Basis of consolidation

a) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

i) the fair value of the consideration transferred; plus

ii) the recognized amount of any non-controlling interests in the acquiree; plus

iii) if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less

iv) the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

b) Non-controlling interest

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:

i) at fair value; or

ii) at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

d) Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. The Group transfers the revaluation surplus directly to retained earnings when it loses control of the subsidiary. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

f) Associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the profit and loss account.

4.20 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Group's investment property comprises of land which is carried at cost less identified impairment loss, if any. The Group assesses at each balance sheet date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amounts of the asset is recognized as an income or expense.

4.21 Related party transactions

The Group enters into transactions with related parties on an arm's length basis except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Group to do so.

4.22 Intangibles

4.22.1 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the merged subsidiaries at the dates of acquisition. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

4.22.2 Computer software

Expenditure incurred to acquire computer software is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method over its useful period. Amortization on additions to intangible assets is charged from the date when an asset is put to use and on disposal up to the date of disposal.

4.23 Dividend

Dividend distribution to shareholders is recognized as a liability in the period in which the dividends are approved.

5 EMPLOYEES' STOCK OPTION

The Holding Company operates a stock option scheme "the Scheme" approved by Securities and Exchange Commission of Pakistan "SECP" dated 16 July 2010, under section 86 of the Companies Ordinance, 1984 read with Public Companies' Employee Stock Option Scheme Rules, 2001. Under the Scheme the Compensation Committee of the Holding Company shall recommend to the board as to which of the eligible employees are entitled to grant of option to subscribe for shares at an option price. Option price, unless otherwise determined by the Compensation Committee, will be the lesser of 30% of the average of market price of shares quoted on Karachi Stock Exchange, during 3 months prior to the date of grant of option and 3 months prior to date of exercise of option. The aggregate number of the shares for all options granted or to be granted under the Scheme to all eligible employees shall not, at any time, exceed 1% of the paid up capital of the Holding Company. The Option shall be exercised during the applicable option period, subject to expiry of relevant minimum vesting period.

The Holding Company has neither awarded any option to its eligible employees during the year nor any option is outstanding as at the balance sheet date.

	Note	2014 Rupees	2013 Rupees
6 SHARE CAPITAL			
6.1 Authorized capital			
75,000,000 (2013: 75,000,000) voting ordinary shares of Rs. 10 each		750,000,000	750,000,000
25,000,000 (2013: 25,000,000) preference shares of Rs. 10 each		250,000,000	250,000,000
		1,000,000,000	1,000,000,000
6.2 Issued, subscribed and paid up capital			
32,145,725 (2013: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash		321,457,250	321,457,250
27,630,936 (2013: 27,630,936) voting bonus shares of Rs. 10 each fully paid voting bonus shares		276,309,360	276,309,360
		597,766,610	597,766,610
7 REDEEMABLE CAPITAL - SECURED			
Privately Placed Term Finance Certificates - II	7.1	416,666,666	333,354,602
Privately Placed Term Finance Certificates	7.2	–	302,222,236
Privately Placed Sukkuk Certificates	7.3	–	88,888,888
		416,666,666	724,465,726
Current maturity presented under current liabilities	13	(111,111,111)	(502,222,244)
		305,555,555	222,243,482

7.1 Privately Placed Term Finance Certificates - II

These Privately Placed Term Finance Certificates - II ("PPTFC - II") have been issued by way of private placements with a consortium of institutional investors to finance Balancing Modernization and Replacement ("BMR") of plant and machinery of the Holding Company. The total issue comprises of 10 TFC's having face value of Rs. 50,000,000 each.

Principal repayment

The principal redemption of PPTFC-II is structured to be in 18 equal quarterly instalments commencing after a grace period of six months starting from December 2013 and ending in March 2018.

Rate of return

The return on PPTFC - II is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Trustee

In order to protect the interests of PPTFC - II holders, JS Bank Limited has been appointed as trustee under a trust deed dated 27 June 2013.

Security

This loan is secured by joint pari passu on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Company and its subsidiary company and personal guarantees of Directors.

7.2 Privately Placed Term Finance Certificates

These Privately Placed Term Finance Certificates ("PPTFCs") have been redeemed during the year. The effective markup rate charged during the year on the outstanding balance is three month KIBOR plus 125 bps per annum.

7.3 Privately Placed Sukkuk Certificates

These Privately Placed Sukkuk Certificates ("PPSCs") have been redeemed during the year. The effective markup rate charged during the year on the outstanding balance is three month KIBOR plus 125 bps per annum.

	Note	2014 Rupees	2013 Rupees
8 LONG TERM LOANS - SECURED			
United Bank Limited - Led Syndicated Loan	8.1	1,567,553,280	2,057,413,680
MCB Bank Limited - Led Syndicated Loan	8.2	4,013,423,450	1,618,637,480
Habib Bank Limited - Led Syndicated Loan	8.3	277,999,988	532,999,991
Faysal Bank Limited	8.4	450,000,000	500,000,000
Pak Brunei Investment Company Limited	8.5	48,750,000	168,000,000
Saudi Pak Industrial & Agricultural Investment Company Limited - I	8.6	249,999,999	300,000,000
Saudi Pak Industrial & Agricultural Investment Company Limited - II	8.7	188,888,888	-
Pak Oman Investment Company Limited	8.8	500,000,000	-
Silk bank Limited	8.9	450,000,000	-
The Bank of Punjab	8.10	700,000,000	-
Dubai Islamic Bank Pakistan Limited	8.11	500,000,000	-
Askari Bank Limited	8.12	300,000,000	-
Faysal Bank Limited	8.13	622,916,667	-
The Bank of Punjab	8.14	299,985,680	-
		10,169,517,952	5,177,051,151
Current maturity presented under current liabilities	13	(1,605,975,286)	(884,860,402)
		8,563,542,666	4,292,190,749

8.1 United Bank Limited - Led Syndicated Loan

This syndicated loan has been obtained from a consortium of banking companies comprising of United Bank Limited, Faysal Bank Limited, Pakistan Kuwait Investment Company (Private) Limited, The Bank of Punjab, Soneri Bank Limited and Meezan Bank Limited. The Holding Company obtained this loan to finance its subsidiary, Deharki Sugar Mills (Private) Limited. However, subsequent to the year end this loan facility has been transferred from the Holding Company to its subsidiary on approval received from United Bank Limited (Agent Bank) dated 30 October 2014 .

Principal repayment

The loan is repayable in 20 unequal quarterly instalments after a grace period of eighteen months starting from March 2013 and ending in December 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.2 MCB Bank Limited - Led Syndicated Loan

This syndicated loan has been obtained from a consortium of banking companies comprising of MCB Bank Limited, United Bank Limited, Allied Bank Limited, Askari Bank Limited, Habib Metropolitan Bank Limited, The Bank of Punjab, JS Bank Limited and Meezan Bank Limited. The Holding Company obtained this loan to finance the Bagasse-Based Co-Generation Power Project.

Principal repayment

The loan is repayable in 22 unequal quarterly instalments after a grace period of eighteen months starting from April 2015 and ending in July 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 225 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.3 Habib Bank Limited - Led Syndicated Loan

This syndicated loan loan has been obtained from a consortium of banking companies comprises of Habib Bank Limited, MCB Bank Limited, Faysal Bank Limited, JS Bank Limited and Pakistan Kuwait Investment Company (Private) Limited. This loan was obtained to setup Unit-III of the Holding Company.

Principal repayment

This loan is repayable in 22 unequal quarterly instalments after a grace period of eighteen months starting from June 2010 and ending in September 2015.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 200 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.4 Faysal Bank Limited

This loan has been obtained from Faysal Bank Limited for reprofiling of balance sheet of the Holding Company.

Principal repayment

The loan is repayable in 10 unequal semi-annual instalments starting from December 2013 and ending in June 2018.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.5 Pak Brunei Investment Company Limited

This loan was obtained to finance the capital expenditure of the Holding Company for setting up its subsidiary company.

Principal repayment

This loan is repayable in 20 unequal quarterly instalments starting from February 2013 and ending in November 2017.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 275 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.6 Saudi Pak Industrial & Agricultural Investment Company Limited - I

This loan has been obtained from Saudi Pak Industrial & Agricultural Investment Company Limited for reprofiling of balance sheet of the Holding Company.

Principal repayment

The loan is repayable in 18 equal quarterly instalments after a grace period of six months starting from March 2014 and ending in June 2018.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.7 Saudi Pak Industrial & Agricultural Investment Company Limited - II

This loan has been obtained from Saudi Pak Industrial & Agricultural Investment Company Limited for reprofiling of balance sheet of the Holding Company.

Principal repayment

The loan is repayable in 18 equal quarterly instalments after a grace period of six months starting from September 2014 and ending in December 2018.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors.

8.8 Pak Oman Investment Company Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Holding Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from August 2015 and ending in May 2020.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 250 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Holding Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.9 Silk bank Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Holding Company.

Principal repayment

This loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from September 2015 and ending in June 2019.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Holding Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.10 The Bank of Punjab

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Holding Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from October 2015 and ending in July 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 235 bps per annum.

Security

This loan is secured by ranking charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.11 Dubai Islamic Bank Pakistan Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Holding Company.

Principal repayment

This loan is repayable in 20 unequal quarterly instalments after a grace period of six months starting from May 2015 and ending in January 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 225 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Holding Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.12 Askari Bank Limited

This loan has been obtained during the year to finance BMR of plant and machinery at Unit II of the Holding Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from July 2015 and ending in April 2020.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 225 bps per annum.

Security

This loan is secured by ranking charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Holding Company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.13 Faysal Bank Limited

This loan has been obtained during the year to finance partial acquisition of assets of JK Farming Systems Limited.

Principal repayment

This loan is repayable in 24 equal quarterly instalments starting from July 2014 and ending in April 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 200 bps per annum.

Security

This loan is secured by ranking charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

8.14 The Bank of Punjab

This loan has been obtained during the year to finance acquisition of liabilities of JK Farming Systems Limited.

Principal repayment

This loan is repayable in 20 equal quarterly instalments after grace a period of twelve months starting from October 2015 and ending in July 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 250 bps per annum.

Security

This loan is secured by ranking charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary company and personal guarantees of Directors. However, subsequent to the year end ranking charge has been converted into joint pari passu charge.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are:

	Note	2014 Minimum lease payments	2014 Finance cost for future periods	2014 Present value
		Rupees	Rupees	Rupees
Not later than one year	13	527,506,674	114,560,658	412,946,016
Later than one year and not later than five years		1,067,422,678	140,700,624	926,722,054
		1,594,929,352	255,261,282	1,339,668,070

	Note	2013 Minimum lease payments	2013 Finance cost for future periods	2013 Present value
		Rupees	Rupees	Rupees
Not later than one year	13	372,398,677	84,421,205	287,977,472
Later than one year and not later than five years		709,018,847	67,005,451	642,013,396
		1,081,417,524	151,426,656	929,990,868

The Group has entered into various lease agreements with financial institutions for plant and machinery, implements and vehicles. Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from three to six months KIBOR plus 200 to 300 bps per annum (2013: three to six months KIBOR plus 200 to 300 bps per annum) which has been used as the discounting factor. The Group has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

10 DEFERRED TAXATION

	2014 Rupees	2013 Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on operating fixed assets	2,461,311,042	2,260,852,016
- leased assets	299,950,310	373,094,371
- adjustment of losses related to Co-Generation Power	273,436,208	–
	3,034,697,560	2,633,946,387
Deferred tax asset on deductible temporary differences arising in respect of:		
- liabilities against assets subject to finance lease	(428,959,166)	(316,570,252)
- provisions for doubtful debts and obsolescence	(27,713,266)	(29,392,858)
- employee retirement benefits	(27,021,157)	(15,643,047)
- other timing differences	(53,354,038)	(24,485,845)
- taxable loss for the year	(525,514,794)	(617,099,670)
- tax credits under section 113 of Income Tax Ordinance, 2001 against normal tax charge in future years	(400,708,205)	(75,033,132)
	(1,463,270,626)	(1,078,224,804)
	1,571,426,934	1,555,721,583

		2014 Rupees	2013 Rupees
10.1	**Movement in deferred tax balances is as follows:**		
	As at 01 October	1,555,721,583	1,248,740,643
	Recognized in profit and loss account:		
	- accelerated tax depreciation on fixed assets	200,459,026	169,430,545
	- leased assets	(73,144,061)	28,665,835
	- adjustment of losses related to Co-Generation Power	273,436,208	–
	- other timing differences	(28,868,193)	(14,379,863)
	- liabilities against assets subject to finance lease	(112,388,914)	(72,713,893)
	- provisions for doubtful debts and obsolescence	1,679,592	–
	- employee retirement benefits	(6,881,664)	(2,543,045)
	- tax loss for the year	91,584,876	(33,355,022)
	- tax credits under section 113 of Income Tax Ordinance, 2001 against normal tax charge in future years	(325,675,073)	231,876,383
		20,201,797	306,980,940
	Recognized in other comprehensive income:		
	- employees' retirement benefits	(4,496,446)	–
		1,571,426,934	1,555,721,583

		Note	2014 Rupees	2013 Rupees
11	**STAFF RETIREMENT BENEFITS - GRATUITY**			
	Present value of defined benefit obligations	11.1	68,256,699	61,601,620
	Unrecognized actuarial losses	11.1.1	–	(16,907,201)
	Liability as at 30 September	11.1.2	68,256,699	44,694,419
11.1	**Movement in liability for defined benefit obligation**			
	Opening present value of defined benefit obligations		61,601,620	46,368,612
	Current service cost for the year		8,302,705	5,186,190
	Interest cost for the year		6,524,753	4,666,049
	Benefit paid during the year		(4,890,772)	(3,016,717)
	Actuarial (gain) / loss on present value of defined benefit obligation		(3,281,607)	8,397,486
	Closing present value of defined benefit obligations		68,256,699	61,601,620
11.1.1	**Movement in unrecognized actuarial losses**			
	Opening unrecognized actuarial losses		(16,907,201)	(8,940,032)
	Actuarial gain / (loss) arising during the year		3,281,607	(8,397,486)
	Actuarial losses recognized		–	430,317
	Charge to other comprehensive income		13,625,594	–
	Closing unrecognized actuarial losses		–	(16,907,201)
11.1.2	**Change in present value of net staff gratuity**			
	Balance as at 01 October		44,694,419	37,428,580
	Charge to profit and loss account	11.1.2.1	14,827,458	10,282,556
	Charge to other comprehensive income		13,625,594	–
	Payments		(4,890,772)	(3,016,717)
	Liability as at 30 September		68,256,699	44,694,419

		2014 Rupees	2013 Rupees
11.1.2.1	**Charge to profit and loss account for the year comprises:**		
	Current service cost	8,302,705	5,186,190
	Interest cost for the year	6,524,753	4,666,049
	Actuarial losses recognized	–	430,317
		14,827,458	10,282,556

11.1.3 Historical information comparison for five years

	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees
Present value of defined obligations	68,256,699	61,601,620	46,368,612	49,810,065	44,927,601
Experience adjustment (loss) / gain	(3,281,607)	8,397,486	7,928,777	2,458,352	(1,073,358)

11.1.4 Expected expense for the next year

The expected expense to the gratuity scheme for the year ending 30 September 2015 works out to Rs. 15.15 million.

11.1.5 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on present value of the defined benefit obligation as at 30 September 2014 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	Rupees	Rupees
Discount rate 100 bps movement	(4,286,704)	4,961,580
Future salary increase 100 bps movement	4,883,474	(4,288,953)

	Note	2014 Rupees	2013 Rupees
12 SHORT TERM BORROWINGS - SECURED			
Banking and financial institutions			
- Cash finances	12.1	5,551,410,821	3,506,804,467
- Running finances	12.2	3,644,358,470	3,302,450,076
- Finance against trust receipts (FATR)	12.3	252,303,504	184,464,713
- Morabaha finances	12.4	1,048,906,049	698,834,446
		10,496,978,844	7,692,553,702

12.1 The Group has obtained these facilities from various banks and financial institutions aggregating to Rs. 16,280 million (2013: Rs. 14,485 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 150 to 300 bps per annum (2013: one to six months KIBOR plus 150 to 250 bps per annum). These are secured against pledge of sugar and personal guarantees of the Directors.

12.2 The Group has obtained running finance facilities aggregating to Rs. 4,080 million (2013: Rs. 4,000 million). The markup rates applicable during the year ranges from one to three months KIBOR plus 150 to 300 bps per annum (2013: one to six months KIBOR plus 150 to 300 bps per annum). These are secured against present and future current assets of the Holding Company and its subsidiary company and personal guarantees of the Directors.

12.3 The limit of this facility is Rs. 600 million (2013: Rs. 450 million). It carries markup ranging from one to six months KIBOR plus 200 to 250 bps per annum (2013: one to six months KIBOR plus 200 to 250 bps per annum). It is secured against first charge over current assets of Holding Company.

12.4 The Holding Company has obtained Morabaha / Istisna finance facilities aggregating to Rs. 1,400 million (2013: Rs. 700 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 150 to 250 bps per annum (2013: three to six months KIBOR plus 150 to 250 bps per annum). These are secured against present and future current assets of the Holding Company and personal guarantees of the Directors.

	Note	2014 Rupees	2013 Rupees
13 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital	7	111,111,111	502,222,244
Long term finances	8	1,605,975,286	884,860,402
Liabilities against assets subject to finance lease	9	412,946,016	287,977,472
		2,130,032,413	1,675,060,118
14 TRADE AND OTHER PAYABLES			
Advances from customers		2,534,387,309	1,574,152,066
Trade and other creditors	14.1	1,287,004,621	498,494,283
Payable on behalf of growers		612,226,324	413,192,541
Payable to JKFS against purchase consideration		447,573,456	–
Federal excise duty and sales tax payable		50,273,192	211,719,145
Workers' profit participation fund payable	14.2	66,120,852	69,959,558
Accrued expenses		46,445,089	78,587,923
Workers' welfare fund	14.3	5,558,052	18,399,509
Unclaimed dividend		21,809,453	17,276,564
Tax deducted at source		27,180,851	9,312,824
Retention money		27,050,721	19,908,074
Payable to provident fund trust		4,982,462	5,590,064
Advance against sale of investment	29	–	100,000,000
Other payables	14.4	37,877,125	27,114,579
		5,168,489,507	3,043,707,130

14.1 This includes an amount of Rs. 7.89 million (2013: Rs. 10.42 million), Rs. 3.14 million (2013: Rs. Nil) and Rs. 66.34 million (2013: Rs. 3.67 million) due to JDW Aviation (Private) Limited, JK Dairies (Private) Limited ("JKDL") and Agro Industrial Solutions respectively (related parties).

		2014 Rupees	2013 Rupees
14.2	**Workers' profit participation fund**		
	Balance as at 01 October	69,959,558	28,874,232
	Add: allocation for the year	66,120,852	69,959,558
	Interest on funds utilized	13,082,654	4,321,246
		149,163,064	103,155,036
	Less: paid during the year	(83,042,212)	(33,195,478)
	Balance as at 30 September	66,120,852	69,959,558
14.3	**Workers' welfare fund**		
	Balance as at 01 October	18,399,509	329,729
	Add: allocation for the year	5,558,052	18,399,509
		23,957,561	18,729,238
	Less: adjusted during the year	(18,399,509)	(329,729)
	Balance as at 30 September	5,558,052	18,399,509

14.4 This includes an amount of Rs. 0.12 million (2013: Rs. 6.19 million) due to due to National Rural Support Program ("NSRP"), a related party.

15 INTEREST AND MARKUP ACCRUED

	2014 Rupees	2013 Rupees
Interest and markup accrued on:		
Redeemable capital	13,306,393	4,811,166
Long term loans	162,018,489	39,581,063
Short term borrowings	342,040,900	280,724,411
Purchase consideration related to JKFS	12,814,131	–
	530,179,913	325,116,640

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

Holding Company

16.1.1 A sales tax demand was raised by the tax department for the year 2002-2003 on grounds of various observations. Alternative dispute resolution committee unanimously decided the matter partially in favor of the Holding Company and forwarded its recommendations to Federal Board of Revenue ("FBR") for further necessary actions. FBR decided the case against the Holding Company on 29 November 2013 and raised a demand of Rs. 47.63 million out of which the Holding Company deposited Rs. 45 million during the year. However, the Holding Company has filed an appeal before Honorable Lahore High Court against the order passed by the Appellate Tribunal. Based on opinion from legal advisor, management expects a favorable outcome in this case.

16.1.2 The Holding Company availed 50% exemption of excise duty in 1990 - 91 crushing season on account of excess production over last year by having completed full crushing season i.e. 160 days. According to the audit report of Excise Department the exemption was wrongly availed. Therefore, the Deputy Collector issued show cause notice. The Holding Company has challenged the same in Honorable Lahore High Court. No provision has been made in financial statements for this as the management is confident that the case will be decided in its favor.

16.1.3 The Punjab Industrial Development Board (PIDB) has claimed in respect of Pasrur Sugar Mills Limited (formerly subsidiary of United Sugar Mills Limited) an amount of Rs. 10.78 million. A dispute arose at the time of settlement of the consideration of the mills between PIDB and USML and the matter was referred to an arbitrator. An award had been announced by it in favor of the Holding Company whereby instead of paying the aforementioned amount, Rs.1.21 million become recoverable from them. An appeal filed by PIDB against decision of arbitrator in Honorable Sindh High Court Karachi was dismissed during the year 2004-05. Now PIDB has again filed a petition and Honorable Supreme Court has accepted the petition to re open the case. The final outcome of this case is not known at present. However the management based on the opinion of its legal advisor is confident that this case will be decided in its favor. Accordingly no provision is made in these consolidated financial statements.

16.1.4 The tax department issued a show cause notice to the Holding Company on 09 April 2013 on the grounds that the Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 50.68 million. Consequently, Holding Company filed a writ petition against this notice in the Honorable Lahore High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice vide its order dated 24 April 2013 and the final outcome of the case is pending. Based on opinion from legal advisor, management expects a favorable outcome in this case. Hence no provision has been made in these consolidated financial statements.

16.1.5 The Honorable Sindh High Court through its order dated 01 March 2013 declared the amendments made in the The Workers' Welfare Fund Ordinance, 1971 ("WWF") through Finance Act, 2008 applicable through which WWF is applicable on accounting profits rather than on the taxable income computed after incorporating the brought forward losses. In the light of the above order, the provision to date based on accounting profit comes to Rs. 94.32 million (2013: Rs. 61.70 million) for the current year. However, these financial statements do not include any adjustment to this effect since the management is of the opinion that it does not come under the purview of the order of the Honorable Sindh High Court and that the Honorable Lahore High Court had already declared the above amendments unconstitutional via the case reported as 2011 PLD 2643.

16.1.6 Case of the Holding Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. Assistant Commissioner of Inland Revenue ('ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e., interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. Holding Company has filed appeal before Comissioner Inland Revenue (Appeals) ("CIR"), who vide order dated 06 April 2010 decided appeal in favour of the Company on most of the issues. Further, department has filed appeal before appellate tribunal ("ATIR") against order of CIR (Appeals), which is still pending. However the management based on the opinion of its tax advisor is confident that this case will be decided in its favor. Accordingly no provision is made in these consolidated financial statements.

16.1.7 Counter guarantees given by the Holding Company to its bankers on account of agricultural loan as at the reporting date amounts to Rs. 5,701.33 million (2013: Rs. 4,783.33 million). However, subsequent to the year end, counter guarantee given for amounting to Rs. 3,333 million has been vacated on 14 November 2014.

16.1.8 Cross corporate guarantees given by the Holding Company to its bankers for DSML as at the reporting date amounts to Rs. 380.32 million (2013: Rs. 380.32 million).

16.1.9 Guarantees issued by the banks on behalf of the Holding Company in favour of various parties as at the reporting date amounts to Rs. 239.54 million (2013: Rs. 123.78 million).

Subsidiary Company

16.1.10 The Subsidiary Company is in a Constitutional Petition with the Additional Secretary Industries and Commerce Department, Government of Sindh against cancelling of No Objection Certificate (collectively "impugned Cancellation Order"). However the Honorable Sindh High Court has suspended the Impugned Cancellation Order and the respondents in the Constitutional Petition have been restrained from interfering in the construction of the sugar mill. The actual date of further hearing in this case is yet to be notified by the high court. Whilst in the view of legal advisor the Subsidiary Company has an arguable case, and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by the Subsidiary Company.

16.1.11 The Subsidiary Company has received a show cause notice u/s 14 of the Federal Excise Act, 2005 for availing the facility of SRO 77(I)/2013 dated February 07, 2013 against local supplies amounting to Rs. 211.27 million and charging FED at the reduced rate of 0.5% (Rs. 1.06 million) instead of charging FED at rate of 8% (Rs. 16.90 million) in the month of February, 2013. Therefore the difference amount of FED (Rs. 15.88 million) is recoverable by the FBR as per the show cause notice.

However, the Subsidiary Company has filed a petition against SRO 77(I)/2013 and above mentioned show cause notice for challenging actions and omissions of the FBR to the extent they purport to restrict and impose conditions and limitations on availment of benefit of reduced FED. Adjudication is still pending and the case has been adjourned for January 22, 2015.

16.1.12 The Subsidiary Company is in Constitutional petition file by Shah Nawaz Chahchar of village Saindion wherein the allegations have been leveled that said sugar mill use sugarcane for sugar without filter plant and without completion the legal formalities and their village has experienced the deteriorating environmental atmosphere conditions of the area due to polluted and foul water pumped out of the Sugar Mill.

In the view of the legal advisor of the Subsidiary Company the petitioner does not seem to be interested to pursue his petition and this petition will be dismissed in near future in favour of the company.

	2014 Rupees	2013 Rupees
16.2 Commitments		
16.2.1 Letters of credit for import of machinery and its related components		
Holding Company	617,912,249	1,771,392,778
Subsidiary Company	–	–

16.2.2 The amount of future lease rentals on agricultural contract and the period in which payments will become due are as follows:

	Note	2014 Rupees	2013 Rupees
Not later than one year		444,020,983	–
Later than one year but not later than five year		803,695,274	–
Later than five years		127,703,990	–
		1,375,420,247	–

17 PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	17.1	15,819,652,556	11,420,990,025
Capital work in progress	17.2	4,615,126,751	1,966,172,380
		20,434,779,307	13,387,162,405

17.1 Operating fixed assets

	Cost						Depreciation				
	As at 01 October 2013	Additions/ (deletion) during the year	Transfers to / (from)	Fair value of assets acquired	As at 30 September 2014	Rate	As at 01 October 2013	For the year	Adjustments	As at 30 September 2014	Net book value as at 30 September 2014
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	682,097,875	27,864,819	*520,828,321	666,432,813	1,815,302,761	-	-	-	-	-	1,815,302,761
		(81,921,067)									
Factory building on freehold land	1,252,292,221	382,827,937	-	13,061,215	1,648,181,373	10	499,898,789	84,902,702	-	584,801,491	1,063,379,882
Non factory building on freehold land	825,012,131	28,071,909	-	-	794,111,670	5-20	200,942,790	34,100,060	-	182,570,480	611,541,190
		(58,972,370)							(52,472,370)		
Plant and machinery	9,618,591,169	2,902,027,182	104,713,577	249,683,407	12,872,212,331	5-20	2,550,814,649	442,463,010	57,451,529	3,049,404,215	9,822,808,116
		(2,803,004)							(1,324,973)		
Motor vehicles	267,013,629	5,512,300	107,665,250	268,650,418	604,057,566	20	176,376,704	111,091,383	45,677,476	308,135,134	295,922,432
		(44,784,031)							(25,010,429)		
Electrical installation	90,168,630	24,383,044	-	7,050,732	121,602,406	10	43,779,188	5,522,583	-	49,301,771	72,300,635
Office equipment	57,287,608	7,426,381	99,450,839	-	163,181,774	20	30,206,859	7,077,753	-	36,535,378	126,646,396
		(983,054)							(749,234)		
Tools and equipment	51,740,226	48,602,234	-	-	100,342,460	10-20	25,342,118	5,435,645	-	30,777,763	69,564,697
Agri implements	413,309,949	1,964,000	-	-	415,125,507	10	149,641,376	8,607,675	19,056,011	177,251,542	237,873,965
		(148,442)							(53,520)		
Furniture and fixture	34,054,619	1,308,817	-	11,595,439	46,958,875	10	16,196,388	2,830,433	-	19,026,821	27,932,054
Weighbridge	10,454,656	-	-	-	10,454,656	10	7,787,890	266,677	-	8,054,567	2,400,089
Roads and boundary wall	109,046,924	10,025,383	-	-	119,072,307	10	29,907,262	8,220,754	-	38,128,016	80,944,291
Arms and ammunitions	7,541,517	450,000	-	-	7,991,517	10	3,499,954	408,583	-	3,908,537	4,082,980
Aircraft	398,645,628	-	-	-	398,645,628	10	145,191,577	25,345,405	-	170,536,982	228,108,646
Tube well	2,245,889	345,790	-	-	2,591,679	10	1,292,238	125,207	-	1,417,445	1,174,234
Computers	27,400,797	5,875,480	-	-	32,565,103	33	17,176,691	4,016,891	-	20,602,009	11,963,094
		(711,174)							(591,573)		
	13,846,903,468	3,446,685,276	832,657,987	1,216,474,024	19,152,397,613		3,898,054,473	740,414,761	122,185,016	4,680,452,151	14,471,945,462
		(190,323,142)							(80,202,099)		
Leased											
Plant and machinery	1,096,253,673	102,486,572	(104,713,577)	-	1,094,026,668	5	88,381,385	53,279,249	(57,451,529)	84,209,105	1,009,817,563
Agri implements	393,482,853	3,960,000	(99,450,839)	-	297,992,014	10	92,630,513	4,098,341	(19,056,011)	77,672,843	220,319,171
Motor vehicles	260,283,432	81,150,500	(107,665,250)	-	233,768,682	20	96,867,030	65,008,768	(45,677,476)	116,198,322	117,570,360
	1,750,019,958	187,597,072	(311,829,666)	-	1,625,787,364		277,878,928	122,386,358	(122,185,016)	278,080,270	1,347,707,094
	15,596,923,426	3,634,282,348	520,828,321	1,216,474,024	20,778,184,977		4,175,933,401	862,801,119	-	4,958,532,421	15,819,652,556
		(190,323,142)							(80,202,099)		

* It represent land transferred from investment property.

	Cost					Rate	Depreciation				Net book value as at 30 September 2013
	As at 01 October 2012	Additions/ (deletion) during the year	Transfers to / (from)	Fair value of assets acquired	As at 30 September 2013		As at 01 October 2012	For the year	Adjustments	As at 30 September 2013	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	591,103,359	4,391,886	-	-	595,495,245	-	-	-	-	-	595,495,245
Factory building on freehold land	1,196,556,362	55,735,859	-	-	1,252,292,221	10	418,957,039	80,941,750	-	499,898,789	752,393,432
Non factory building on freehold land	779,241,598	132,373,163	-	-	911,614,761	5	169,495,449	31,447,341	-	200,942,790	710,671,971
Plant and machinery	9,090,879,346	473,879,313	58,832,510	-	9,618,591,169	5	2,172,790,052	358,086,122	23,127,182	2,550,814,649	7,067,776,520
		(5,000,000)							(3,188,707)		
Motor vehicles	273,882,169	11,146,735	17,420,000	-	267,013,629	20	165,288,390	23,147,275	10,124,173	176,376,704	90,636,925
		(35,435,275)							(22,183,134)		
Electrical installation	83,976,598	6,192,032	-	-	90,168,630	10	38,912,685	4,866,503	-	43,779,188	46,389,442
Office equipment	50,146,895	7,194,713	-	-	57,287,608	20	24,306,136	5,928,273	-	30,206,859	27,080,749
		(54,000)							(27,550)		
Tools and equipment	49,102,541	2,637,685	-	-	51,740,226	10	22,536,463	2,805,655	-	25,342,118	26,398,108
Agri implements	312,600,427	1,360,312	99,349,210	-	413,309,949	10	93,920,056	29,231,858	26,489,462	149,641,376	263,668,573
									-		
Furniture and fixture	32,881,175	1,173,444	-	-	34,054,619	10	14,265,991	1,930,397	-	16,196,388	17,858,231
Weighbridge	10,454,656	-	-	-	10,454,656	10	7,491,583	296,307	-	7,787,890	2,666,766
Roads and boundary wall	108,462,549	584,375	-	-	109,046,924	10	21,150,079	8,757,183	-	29,907,262	79,139,662
Arms and ammunitions	7,541,517	-	-	-	7,541,517	10	3,050,891	449,063	-	3,499,954	4,041,563
Aircraft	398,645,628	-	-	-	398,645,628	10	117,030,016	28,161,561	-	145,191,577	253,454,051
Tube well	2,245,889	-	-	-	2,245,889	10	1,186,277	105,961	-	1,292,238	953,651
Computers	24,802,710	2,763,087	-	-	27,400,797	33	12,875,000	4,385,970	-	17,176,691	10,224,106
		(165,000)							(84,279)		
	13,012,523,419	699,432,604	175,601,720	-	13,846,903,468		3,283,256,107	580,541,219	59,740,817	3,898,054,473	9,948,848,995
		(40,654,275)							(25,483,670)		
Leased											
Plant and machinery	542,961,648	594,124,535	(58,832,510)	-	1,078,253,673	5	72,766,445	38,742,122	(23,127,182)	88,381,385	989,872,288
Agri implements	447,294,063	45,538,000	(99,349,210)	-	393,482,853	10	86,198,783	32,921,192	(26,489,462)	92,630,513	300,852,340
Motor vehicles	226,660,580	70,401,852	(17,420,000)	-	278,283,432	20	71,491,242	36,151,187	(10,124,173)	96,867,030	181,416,402
		(1,359,000)							(651,226)		
	1,216,916,291	710,064,387	(175,601,720)	-	1,750,019,958		230,456,470	107,814,501	(59,740,817)	277,878,928	1,472,141,030
		(1,359,000)							(651,226)		
	14,229,439,710	1,409,496,991	-	-	15,596,923,426		3,513,712,577	688,355,720	-	4,175,933,401	11,420,990,025
		(42,013,275)							(26,134,896)		

17.1.1 Assets having net book value of Rs. 249.44 million acquired from JKFS are in process of being transferred in the name of Holding Company.

	Note	2014 Rupees	2013 Rupees
17.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	31.1	653,550,779	642,141,488
Administrative expenses	32	46,851,638	46,214,232
Biological asset	18.2	162,398,702	–
		862,801,119	688,355,720

17.1.3 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal
Owned		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
	Employees						
07 Vehicles	Employees	6,547,000	4,202,909	2,344,091	2,021,628	(322,463)	Company Policy
02 Motor cycles	Employees	123,500	66,170	57,330	59,000	1,670	- do -
02 Laptops	Employees	164,472	123,525	40,947	25,000	(15,947)	- do -
	Others parties						
Freehold land and non factory building	Mr. Atta ur Rehman	139,075,000	52,472,370	86,602,630	252,500,000	165,897,370	Negotiation
Freehold land	Syed Murtaza Mehmood	1,818,437	-	1,818,437	18,637,500	16,819,063	- do -
02 Tractors	Mr. Qamber Hamid	1,086,222	615,289	470,933	1,000,000	529,067	- do -
03 Tractor	Mr. Nazir Gopang	1,629,333	884,754	744,579	1,800,000	1,055,421	- do -
30 Tractors	Mr. Abid Ansar	14,137,354	7,109,387	7,027,967	16,146,667	9,118,700	- do -
Tractor	Mr. Elahi Bukhsh	543,111	307,644	235,467	533,333	297,866	- do -
Tractor	Mr. Shah Mohammad	543,111	271,437	271,674	745,000	473,326	- do -
Tractor	Mr. Talib Hussain	543,111	271,437	271,674	670,000	398,326	- do -
Tractor	Mr. Rahim Bukhsh	543,111	271,437	271,674	715,000	443,326	- do -
Tractor	Mr. Luqman Hakeem	611,000	305,367	305,633	710,000	404,367	- do -
02 Vehicles	Mr. Karamat Ali	2,748,600	390,102	2,358,498	2,655,000	296,502	- do -
04 Vehicles	Mr. Raheel	4,116,000	2,242,859	1,873,141	4,406,786	2,533,645	- do -
04 Vehicles	Mr. Abid Ansar	1,598,622	628,017	970,605	1,700,000	729,395	- do -
Vehicle	Mr. Zahir Khan	2,450,000	1,446,094	1,003,906	1,410,000	406,094	- do -
Vehicle	Mr. Abid Nasir	2,425,000	2,095,339	329,661	2,010,020	1,680,359	- do -
Vehicle	Mr. Muhammad Arshad	1,669,000	1,292,754	376,246	1,330,000	953,754	- do -
Vehicle	Mr. Nauman Nazir	810,000	503,434	306,566	770,000	463,434	- do -
Vehicle	Mr. Khurram Ayub	489,000	316,477	172,523	511,700	339,177	- do -
Vehicle	EFU General Insurance Limited	916,000	788,591	127,409	750,000	622,591	Insurance claim
Tubewell bore	Written off	1,753,672	876,839	876,833	-	-	Company Policy
16 Laptops	Open market	1,381,256	1,084,123	297,133	167,500	(129,633)	- do -
17 Peter engines	Mr. Abdul Sattar	551,342	194,595	356,747	695,041	338,294	- do -
Lathe machine	New United Agro Industy	124,946	44,222	80,724	276,000	195,276	- do -
Dumper Trolly	Mr. Qamber Hamid	108,696	16,304	92,392	150,000	57,608	- do -
Net book value of assets less than Rs. 50,000		1,816,246	1,380,623	435,623	333,524	(102,099)	- do -
	2014	190,323,142	80,202,099	110,121,043	312,728,699	203,484,489	
	2013	42,013,275	26,134,896	15,878,379	25,471,027	9,592,648	

17.2 Capital work in progress

	2014			
	As at 01 October 2013 Rupees	Additions Rupees	Transfers Rupees	As at 30 September 2014 Rupees
Building	93,012,820	357,762,916	(276,101,246)	174,674,490
Plant and machinery	461,180,084	6,044,850,842	(2,757,521,622)	3,748,509,304
Advances to suppliers	1,411,979,476	691,942,958	(1,411,979,477)	691,942,957
	1,966,172,380	7,094,556,716	(4,445,602,345)	4,615,126,751

	2013			
	As at 01 October 2012 Rupees	Additions Rupees	Transfers Rupees	As at 30 September 2013 Rupees
Building	155,397,459	128,439,725	(190,824,364)	93,012,820
Plant and machinery	303,466,196	955,380,482	(797,666,594)	461,180,084
Advances to suppliers	92,642,912	1,319,336,564	–	1,411,979,476
Stores and spares held for capital expenditure	30,605,592	–	(30,605,592)	–
	582,112,159	2,403,156,771	(1,019,096,550)	1,966,172,380

17.2.1 Capital work in progress mainly represents capital expenditure incurred by the Company for Co-Generation Power at Unit III and for BMR at Unit II.

17.2.2 Additions to capital work in progress include borrowing costs of Rs. 404.66 million (2013: Rs. 34.99 million) relating to specific borrowings at the rates ranging from 11.53% to 12.68% per annum (2013: 11.24% to 12.07% per annum) and costs of testing Co-Generation Power amounting to Rs. 253.50 million after deducting the net proceeds from sale of electricity during testing period.

	2014 Rupees	2013 Rupees
18 BIOLOGICAL ASSETS		
Consumable biological assets represent:		
Sugarcane		
Immature - classified as non current assets	10,471,822	–
Mature - classified as current assets	1,681,515,961	–
	1,691,987,783	–

18.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value Rupees	Carrying value Rupees
Balance at 01 October 2013		-	-	-
Crops acquired from JKFS		2,942,000,000	–	2,942,000,000
Expenses incurred during the year	18.2	2,115,190,132	–	2,115,190,132
		5,057,190,132	–	5,057,190,132
Fair value loss charged to profit and loss		–	(527,511,840)	(527,511,840)
Crop harvested		(3,414,295,381)	576,604,872	(2,837,690,509)
Balance at 30 September 2014		1,642,894,751	49,093,032	1,691,987,783

		Note	2014 Rupees	2013 Rupees
18.2	**Expenses incurred during the year**			
	Land rentals		469,102,257	-
	Irrigation expenses		308,200,328	-
	Fertilizer expenses		255,876,600	-
	Salaries, wages and other benefits	18.2.1	242,367,251	-
	Land preparation & cultivation expenses		171,205,945	-
	Depreciation	17.1.2	162,398,702	-
	Harvesting expenses		125,126,218	-
	Seed and sapling expenses		87,897,537	-
	Pesticide and herbicide expenses		60,332,086	-
	Sowing expenses		22,316,657	-
	Vehicle running expenses		20,779,202	-
	Repairs and maintenance		91,031,325	-
	Bio-laboratory expenses		22,261,908	-
	Utility expenses		8,077,342	-
	Printing & stationary		1,702,144	-
	Freight		4,396,287	-
	Insurance		21,984,692	-
	Amortization	31.1	1,885,463	-
	Travelling and conveyance		291,806	-
	Others		37,956,382	-
			2,115,190,132	-

18.2.1 Salaries, wages and other benefits include Rs. 13.50 million (2013: Rs. Nil) in respect of provident fund.

18.3 The Holding Company harvested 19,475,337 maunds, 15,374 maunds and 202 maunds of sugar cane, wheat and moong during the year at yields of 797, 35.5 and 3.5 maunds per acre in addition to issuance of 779 acres of sugar cane mature crop for seeding purposes to internal farms and some external parties.

18.4 Measurement of fair values

18.4.1 Fair value hierarchy

In absence of active market for sugarcane standing crops, the fair value measurement for the standing crop has been categorized as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined on the basis of a discounted cash flow model. The valuation model considers the present value of net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for next year. The expected cash flows are discounted using a risk adjusted discount rate.

18.4.2 Level 3 fair values

The following table shows a break down of the total gains / (losses) recognised in respect of Level 3 fair values:

	Note	2014 Rupees	2013 Rupees
(Loss) / gain included in cost of good manufactured and other income			
Change in fair value (realised) cost of goods consumed		(527,511,840)	–
Change in fair value (unrealised) - other income	34	49,093,032	–

		Unit	2014 Value	2013 Value
18.4.3	**Valuation techniques and significant unobservable inputs**			
	The key variables, assumptions and the impact of changes in fair values of biological asset is given below:			
	Valued plantations (Actual)			
	- Punjab Zone	Acres	9,064	-
	- Sindh Zone	Acres	10,357	-
	Estimated yield per acre			
	-Punjab Zone	Maunds	793	-
	-Sindh Zone	Maunds	801	-
	Harvest age	Months	12-14	
	Estimated future sugarcane market price per Maund			
	- Punjab Zone	Rupees	180	-
	- Sindh Zone	Rupees	182	-
	Risk - adjusted discount rate	% per month	1.39%	-

Cost of Rs 10.5 million in respect of plantation on 250 acres of sugarcane crop is considered to approximate their respective fair values less point of sale costs as these assets are still at a very early stage of plantation and it is considered that in-significant biological transformation has taken place or the impact of fair value measurement is not significant.

18.5 Sensitivity analysis

Impact of changes in key subjective assumptions on fair value of biological assets is given below:

	2014 (Decrease) Rupees	2013 (Decrease) Rupees
Decrease of 10% in expected average yield per acre	(182,674,800)	–
Decrease of 10% in expected average selling price per maund	(261,723,790)	–
Increase of 10% in discount rate	(7,892,741)	–

18.6 Segment-wise composition

	Cost Rupees	Fair value Rupees	Total Rupees
Punjab	831,520,446	(65,480,414)	766,040,032
Sindh	811,374,305	114,573,446	925,947,751
Total	1,642,894,751	49,093,032	1,691,987,783

18.7 Risk management strategy related to agricultural activities

The Holding Company is exposed to the following risks relating to its sugarcane cultivation.

Regulatory and environmental risks

The Holding Company is subject to various laws and regulations in Pakistan. The Holding Company has established environmental policies and procedures aimed at ensuring compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Climate and other risks

Due to inherent nature of the biological assets, it contains elements of significant risks and uncertainties which may adversely affect business and resultant profitability, including but not limited to the following:

i) adverse weather conditions such as floods etc. affecting the quality and quantity of production; and

ii) potential insect, fungal and weed infestations resulting in crop failure and reduced yields

The Holding Company is principally dependent upon the Government's measures for flood control. The Holding Company follows an effective preventive pesticide / insecticide / fungicide program and regularly monitors the crop for any infestations and takes immediate curative measures.

Supply and demand risk

The price of sugarcane is driven by consumer demand of sugar as well as Government's intervention in setting of minimum / support price for the grower. Surplus production or bumper crop may result in a lower selling price hence affecting profitability of the Holding Company adversely. The Holding Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

		2014 Rupees	2013 Rupees
19	**INVESTMENT PROPERTY**		
	Balance as at 01 October	693,855,251	685,973,260
	Transfered to operating fixed assets	(520,828,321)	–
	Land purchased during the year	–	7,881,991
	Balance as at 30 September	173,026,930	693,855,251

19.1 It represents agricultural land given on lease. The fair value of investment property is Rs. 273 million (2013: Rs 1,675.97 million) on the basis of revaluation carried out on 14 April 2014 by an independent valuer.

		Note	2014 Rupees	2013 Rupees
20	**INTANGIBLE ASSETS**			
	Goodwill	20.1	608,310,693	608,310,693
	Computer software	20.2	18,800,889	431,451
			627,111,582	608,742,144

20.1 Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 paid by the Holding Company in excess of the fair value of identifiable net assets of United Sugar Mills Limited ("USML") and Ghotki Sugar Mills (Private) Limited ("GSML") respectively. This goodwill was merged in the Holding Company's financials at the time of merger of USML and GSML into the Holding Company. For impairment testing, the recoverable amount of both cash generating units has been determined based on the value in use calculations by discounting the five years cash flow projections at 17.84% per annum. The calculation of value in use is sensitive to discount rate and local inflation rates.

	Note	2014 Rupees	2013 Rupees
20.2 Computer software			
Cost			
As at 01 October		1,000,000	1,000,000
Acquired during the year	20.2.1	20,397,279	–
		21,397,279	1,000,000
Accumulated amortization			
As at 01 October		568,549	356,045
Amortization for the year	20.2.2	2,027,841	212,504
		2,596,390	568,549
As at 30 September		18,800,889	431,451
Rate of amortization		10% & 33%	33%

20.2.1 The software represents financial accounting software acquired during the current year from JKFS. The amortization of the software represents the total amortization charged during the current year which is equal to accumulated amortization..

20.2.2 Amortization charge for the year has been allocated as follows:

	Note	2014 Rupees	2013 Rupees
Cost of goods manufactured	31.1	1,885,463	-
Administrative expenses	32	142,378	212,504
		2,027,841	212,504

	Note	2014 Rupees	2013 Rupees
21 INVESTMENTS			
Investment in associated companies- unquoted			
Cost of investments			
As at 01 October		650,500,000	850,500,000
Acquired during the year		1,484,148,050	–
Less: investment classified as held for sale		-	(200,000,000)
		2,134,648,050	650,500,000
Share of loss			
As at 01 October		(410,767,064)	(70,150,907)
Share of loss for the year		(203,464,361)	(273,914,957)
Share of other comprehensive income		4,061,450	-
Impairment allowance for the year		–	(5,975,614)
Less: loss related to investment classified as held for sale		–	(60,725,586)
As at 30 September		(610,169,975)	(410,767,064)
	21.1, 21.2 & 21.3	1,524,478,075	239,732,936
21.1 Faruki Pulp Mills Limited ("FPML")			
Cost of investment			
51,500,000 (2013: 51,500,000) fully paid shares of Rs. 10 each		560,500,000	560,500,000
Acquired during the year: 148,414,805 (2013: Nil)	21.1.1	1,484,148,050	–
Equity held 48.39% (2013 : 47.69%)		2,044,648,050	560,500,000
Share of loss			
As at 01 October		(320,767,064)	(34,769,984)
Share of loss for the year		(203,464,361)	(285,997,080)
Share of other comprehensive income		4,061,450	-
As at 30 September		(520,169,975)	(320,767,064)
		1,524,478,075	239,732,936

		Note	2014 Rupees	2013 Rupees
21.2	**JK Dairies (Private) Limited ("JKDL")**			
	Cost of investment			
	Nil (2013: 10,000,000) fully paid shares of Rs. 10 each Equity held Nil (2013 : 22.22%)		–	200,000,000
	Share of profit			
	As at 01 October		–	54,619,077
	Share of profit for the year		–	6,106,509
	As at 30 September		–	60,725,586
			–	260,725,586
	Less: investment classified as held for sale	29	–	(260,725,586)
			–	–
21.3	**JDW Power (Private) Limited ("JDWPL")**			
	Cost of investment			
	9,000,000 (2013: 9,000,000) fully paid shares of Rs. 10 each Equity held 47.37% (2013 : 47.37%)		90,000,000	90,000,000
	Share of loss			
	As at 01 October	21.3.1	(90,000,000)	(90,000,000)
	Share of profit for the year		-	5,975,614
	As at 30 September		(90,000,000)	(84,024,386)
			-	5,975,614
	Less: impairment loss		-	(5,975,614)
			–	–

21.1.1 Additions in equity investment represents right shares issued by FPML.

21.3.1 The impairment was charged on the basis that board of JDWPL had decided to discontinue its operation and has no intention to build, own, operate and maintain a co-generation power plant.

	2014		
	FPML	JKDL	JDWPL
	Rupees	Rupees	Rupees
Assets	4,177,725,490	–	3,319,474
Liabilities	1,173,367,223	–	118,779
Equity	3,004,358,267	–	3,200,695
Revenues	–	–	–
(Loss) / profit after tax for the year	(423,511,969)	–	16,369

	2013		
	FPML	JKDL	JDWPL
	Rupees	Rupees	Rupees
Assets	4,350,846,580	1,192,313,018	3,354,508
Liabilities	3,983,328,153	287,549,848	170,182
Equity	367,518,427	904,763,170	3,184,326
Revenues	–	584,850,889	–
(Loss) / profit after tax for the year	(599,760,868)	30,956,611	22,360,070

Investments of the Group in associated companies has been accounted for under equity mehtod of accounting based on their audited financial statements for the year ended 30 June 2014.

	Note	2014 Rupees	2013 Rupees
22 LONG TERM ADVANCES			
Sukkur Electric Power Company ("SEPCO")	22.1	36,000,000	36,000,000
Less: current maturity presented under current assets		(9,000,000)	(3,000,000)
		27,000,000	33,000,000
Multan Electric Power Company ("MEPCO")	22.2	31,000,000	50,000,000
		58,000,000	83,000,000

22.1 This represents interest free soft loan given to meet 100 % expenses of grid interconnection at Unit III of the Holding Company for Co-Generation Power. The loan is recoverable in 36 equal monthly instalments starting after three months from the commercial operation date i.e. 03 October 2014.

22.2 This represents interest free soft loan given to meet 100 % expenses of grid interconnection at Unit II of the Holding Company for Co-Generation Power. The loan is recoverable in 36 equal monthly instalments starting after eighteen months from the commercial operation date i.e. 12 June 2014.

23 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.

	2014 Rupees	2013 Rupees
24 STORES, SPARES AND LOOSE TOOLS		
Stores		
- sugar	456,011,663	461,784,370
- Co-Generation Power	147,380,802	–
- corporate sugarcane farms	241,536,691	–
	844,929,156	461,784,370
Spares		
- sugar	473,843,146	349,673,689
- Co-Generation power	14,029,728	–
	487,872,874	349,673,689
Loose tools		
- sugar	23,915,097	20,561,347
- Co-Generation power	15,092,601	–
	39,007,698	20,561,347
	1,371,809,728	832,019,406
Less: provision for obsolescence	(44,082,604)	(44,082,604)
	1,327,727,124	787,936,802

24.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

	2014 Rupees	2013 Rupees
25 STOCK IN TRADE		
Raw material	211,237,719	89,193,107
Finished goods	5,759,080,079	3,688,497,105
	5,970,317,798	3,777,690,212

		Note	2014 Rupees	2013 Rupees
26	**TRADE DEBTS - UNSECURED**			
	Trade debts - considered good	26.1	671,430,276	655,358,234
	Trade debts - considered doubtful		14,486,141	14,486,141
			685,916,417	669,844,375
	Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
			671,430,276	655,358,234

26.1 This includes an amount of Rs. Nil (2013: Rs 72.31 million) due from Riaz Bottlers (Private) Limited, an associated Company.

26.2 Increase in trade debts mainly represents the receivable balance from NTDC on account sale of electricity under EPA.

		Note	2014 Rupees	2013 Rupees
27	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to growers			
	Unsecured - considered good	27.1	56,203,962	1,634,460,792
	Unsecured - considered doubtful		4,937,966	4,937,966
			61,141,928	1,639,398,758
	Less: Provision for doubtful advances	27.2	(4,937,966)	(4,937,966)
			56,203,962	1,634,460,792
	Advance to suppliers and contractors			
	Unsecured - considered good		561,447,265	207,817,960
	Unsecured - considered doubtful		20,472,883	20,472,883
			581,920,148	228,290,843
	Less: Provision for doubtful advances	27.3	(20,472,883)	(20,472,883)
			561,447,265	207,817,960
	Letters of credit		562,512,945	208,342,877
	Advances to related parties-unsecured, considered good	27.4	489,541,323	1,433,994,626
	Federal excise duty and sales tax receivable		244,125,343	-
	Prepaid expenses		43,279,977	20,597,423
	Advances to staff - unsecured, considered good			
	- against salaries	27.5	29,317,183	24,129,087
	- against expenses		5,316,864	3,956,209
	Deposits		18,240,003	45,918,492
	Current maturity of long term advances		9,000,000	3,000,000
	Excise duty receivable		-	9,888,364
	Other receivables	27.6	3,006,501	9,908,918
			2,021,991,366	3,602,014,748

27.1 It represents advance given to JKFS which includes markup of Rs. Nil (2013: 22.74 million) at markup rates ranging from 11.74% to 12.59% per annum (2013: 11.47% to 12.45% per annum). During the year this balance has been settled.

		2014 Rupees	2013 Rupees
27.2	**Movement in provision for doubtful advances to growers**		
	As at 01 October	4,937,966	34,976,616
	Less: provision written off	–	(30,038,650)
	As at 30 September	4,937,966	4,937,966

		2014 Rupees	2013 Rupees
27.3	**Movement in provision for doubtful advances to suppliers and contractors**		
	As at 01 October	20,472,883	25,438,633
	Less: provision written off	–	(4,965,750)
	As at 30 September	20,472,883	20,472,883

27.4 This amount includes markup of Rs. 32.54 million (2013: Rs. 183.99 million) charged at the rates ranging from 11.74% to 12.59% per annum (2013: 11.47% to 12.45% per annum).

27.5 This includes an amount of Rs. 20.91 million (2013: Rs. 20 million) receivable from executives of the Holding Company.

27.6 Other receivables include an amount of Rs. 1.65 million (2013: 8.97 million) receivable from ATF Mango Farms (Private) Limited (a related party).

28 CASH AND BANK BALANCES

	Note	2014 Rupees	2013 Rupees
At banks:			
Current accounts		101,135,016	40,700,766
Saving accounts	28.1	5,641,109	35,668,902
		106,776,125	76,369,668
Cash in hand		1,987,691	1,395,055
		108,763,816	77,764,723

28.1 The balances in saving accounts carry markup at 6.00% to 10% per annum (2013: 6.00% to 8.00% per annum).

29 NON CURRENT ASSET HELD FOR SALE

The Board of Directors in their meeting held on 20 August 2013 decided to sell the Group's entire holding in JKDL to the CEO of the Holding Company and an advance of Rs. 100 million was received by the Group from CEO of the Holding Company for purchase of these shares. Accordingly, the said investment was presented as non current asset held for sale.

During the year, the sale transaction has been completed at a sale price of Rs. 22 per share on 28 December 2013.

	Note	2014 Rupees	2013 Rupees
Carrying value as at 20 August		–	260,725,586
Less: impairment loss	29.1	–	(40,725,586)
Fair value less cost to sell		–	220,000,000

29.1 Since the sale transaction completed at a sale price of Rs. 22 per share during the year end on 28 December 2013, therefore an impairment loss was charged in the previous year to measure the value of non current asset held for sale at lower of its carrying amount and fair value less costs to sell.

		Note	2014 Rupees	2013 Rupees
30	**SALES - NET**			
	Sugar	30.1	34,916,315,712	33,365,056,238
	Agriculture produce	30.2	26,650,311	–
	Electricity	30.3	1,395,190,830	475,597,322
	Molasses & Bagasse - by products		2,876,726,956	2,281,505,653
			39,214,883,809	36,122,159,213
	Less:			
	- Federal excise duty		(2,046,007,672)	(1,550,397,607)
	- Sales tax		(243,598,032)	(138,061,265)
	- Commission and others		(38,999,512)	(10,749,713)
			(2,328,605,216)	(1,699,208,585)
			36,886,278,593	34,422,950,628
	30.1 Sugar			
	- local		29,142,270,672	27,252,072,065
	- export		5,774,045,040	6,112,984,173
			34,916,315,712	33,365,056,238
	30.2 Agriculture produce			
	- sugarcane seed and others		26,650,311	–
	30.3 Electricity			
	- Captive Power		650,777,012	475,597,322
	- Co-Generation Power			
	variable energy price	30.3.1	422,076,402	–
	fixed energy price		322,337,416	–
		30.3.2	744,413,818	-
			1,395,190,830	475,597,322

30.3.1 Sales tax is being charged on the variable energy purchase price only as per Sales Tax Special Procedures Rules, 2007.

30.3.2 Co-Generation Power plant at Unit-II started its commercial operations on 12 June 2014 and it is supplying renewable electricity to the national grid.

		Note	2014 Rupees	2013 Rupees
31	**COST OF SALES**			
	Opening stock in trade		3,777,690,212	4,666,381,509
	Add: cost of goods manufactured	31.1	34,827,034,419	29,700,920,368
	Less: closing stock			
	- sugar		(5,739,198,134)	(3,688,497,105)
	- bagasse		(128,293,430)	(89,193,107)
			32,737,233,067	30,589,611,665

		Note	2014 Rupees	2013 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed (including procurement and other costs)	31.1.1	31,501,674,241	26,516,208,397
	Salaries, wages and other benefits	31.1.2	1,153,512,727	1,040,467,776
	Depreciation	17.1.2	653,550,779	642,141,488
	Packing materials consumed		409,807,527	299,841,954
	Stores and spares consumed	31.1.3	288,899,588	579,660,727
	Chemicals consumed		207,300,465	162,124,279
	Vehicle running expenses		176,978,660	141,679,587
	Oil, lubricants and fuel consumed		101,470,406	95,086,897
	Electricity and power		65,336,106	51,305,815
	Mud and bagasse shifting expenses		65,628,675	15,827,111
	Insurance		58,367,129	50,892,957
	Repairs and maintenance		19,758,827	29,988,174
	Freight and octroi		22,071,890	23,551,763
	Handling and storage		28,738,816	25,798,498
	Operation and maintenance costs	31.1.4	25,235,071	-
	Printing and stationery		9,343,400	6,772,068
	Amortization of computer software	20.2.2	1,885,463	-
	Travelling and conveyance		3,720,959	3,780,557
	Telephone and fax		4,750,497	3,127,391
	Assets written off		861,492	–
	Land vacation charges		8,327,896	-
	Other expenses		19,813,805	12,664,929
			34,827,034,419	29,700,920,368

		2014 Rupees	2013 Rupees
31.1.1	Cost of sugarcane consumed		
	- sugarcane produced	3,897,545,298	–
	- sugarcane purchased	27,604,128,943	26,516,208,397
		31,501,674,241	26,516,208,397

31.1.2 Salaries, wages and other benefits include Rs. 42.72 million (2013: Rs. 24.80 million) in respect of provident fund, Rs. 10.38 million (2013: 7.20 million) in respect of staff gratuity.

		2014 Rupees	2013 Rupees
31.1.3	Stores and spares consumed	542,400,399	579,660,727
	Less: bagasse capitalized during testing of Co-Generation Power	(253,500,811)	–
		288,899,588	579,660,727
31.1.4	**Operation and maintenance costs**		
	Reimbursable cost	19,749,221	–
	Operating fee	5,485,850	–
		25,235,071	–

	Note	2014 Rupees	2013 Rupees
32 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	32.1	336,227,345	342,007,159
Depreciation	17.1.2	46,851,638	46,214,232
Travelling and conveyance		42,564,886	25,004,438
Office rent and renovation		27,584,158	23,887,443
Vehicle running and maintenance		23,344,469	19,040,268
Legal and professional services		18,771,892	22,417,850
Repair and maintenance		15,453,319	9,347,329
Insurance		11,714,841	5,466,568
Charity and donations	32.2	9,204,000	82,319,105
Fee and taxes		8,552,282	10,083,545
Telephone, fax and postage		7,681,988	6,298,693
Subscription and renewals		7,614,113	4,214,664
Printing and stationery		6,702,247	5,444,906
Advertisement		1,679,052	1,511,790
Electricity and power		5,473,744	4,030,703
Auditors' remuneration	32.3	3,656,250	2,995,000
Entertainment		2,101,595	1,522,143
Newspapers, books and periodicals		171,632	161,801
Amortization of computer software	20.2.2	142,378	212,504
Assets written off		15,341	–
Arms and ammunition		–	31,000
Other expenses		15,896,531	9,581,601
		591,403,701	621,792,742

32.1 Salaries, wages and other benefits include Rs. 8.46 million (2013: Rs. 6.27 million) in respect of provident fund, Rs. 4.45 million (2013: Rs. 3.08 million) in respect of staff gratuity.

32.2 None of the Directors of the Group or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the Group during the year except for the National Rural Support Program ("NRSP") situated at 46, Aga Khan Road, F6/4, Islamabad in which Mr. Jahangir Khan Tareen is a Director.

	Note	2014 Rupees	2013 Rupees
32.3 Auditors' remuneration			
KPMG Taseer Hadi & Co.			
Statutory audit		2,000,000	1,750,000
Half yearly review		350,000	300,000
Other certificates		120,000	105,000
Out of pocket expenses		125,000	90,000
		2,595,000	2,245,000
Riaz Ahmed Saqib Gohar & Co.			
Statutory audit		375,000	315,000
Tax services		651,250	225,000
Other certificates		35,000	210,000
		1,061,250	750,000
		3,656,250	2,995,000
33 SELLING EXPENSES			
Salaries, wages and other benefits	33.1	17,197,348	15,467,939
Freight and handling charges		88,825,994	273,786,164
Other selling expenses		24,955,549	26,870,231
		130,978,891	316,124,334

33.1 Salaries, wages and other benefits include Rs. 0.29 million (Rupees: Rs. 0.24 million) in respect of provident fund.

		Note	2014 Rupees	2013 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposit		2,197,255	4,362,349
	Markup on delayed payment from NTDC		2,281,018	–
			4,478,273	4,362,349
	Income from non-financial assets			
	Profit on sale of property, plant and equipment	17.1.3	203,484,489	9,592,648
	Fair value gain on biological assets		49,093,032	–
	Scrap sales		41,328,079	52,494,220
	Rental income	34.1	9,872,519	20,780,887
	Insurance claim		1,768,000	12,505,030
	Gain on foreign exchange transactions		7,030,199	29,342,279
	Sale of mud		21,167,616	15,540,669
	Others	34.2	2,297,392	25,730,315
			336,041,326	165,986,048
			340,519,599	170,348,397

34.1 It mainly represents the rental income earned from investment property.

34.2 This amount includes markup amounting to Rs. 2.06 million (2013: Rs. Nil) to Riaz Bottlers (Private) Limited, an associated Company.

		Note	2014 Rupees	2013 Rupees
35	**OTHER EXPENSES**			
	Worker's profit participation fund	14.2	66,120,852	69,959,558
	Worker's welfare fund		5,558,052	18,399,509
	Federal excise duty written off		9,888,364	–
	Sales tax receivable written off		1,645,058	–
	Impairment of non current asset held for sale	29.1	–	40,725,586
	Other expenses		–	49,290,732
			83,212,326	178,375,385
36	**FINANCE COST**			
	Interest and mark-up on:			
	- short term borrowings - secured	36.1	1,408,163,152	1,041,305,112
	- long term loans - secured		1,021,100,338	420,454,740
	- purchase consideration related to JKFS		173,561,671	-
	- redeemable capital - secured		72,938,507	76,197,590
	- finance leases		106,988,733	95,042,600
	- Worker's profit participation fund	14.2	13,082,654	4,321,246
	Bank charges and commission		61,859,696	48,614,178
			2,857,694,751	1,685,935,466
	Less: Borrowing costs capitalized		(404,659,124)	(34,986,103)
			2,453,035,627	1,650,949,363

36.1 Markup on short term borrowings is net of markup from related parties amounting to Rs. 112.82 million (2013: Rs. 286.47 million) on receivable from these parties. This receivable is in respect of the proceeds of short term borrowings from banks.

	Note	2014 Rupees	2013 Rupees
37 TAXATION			
Income tax			
current	37.1 & 37.2	86,582,332	281,587,845
prior years		(40,265,259)	–
Deferred tax	37.3	20,201,797	306,980,939
		66,518,870	588,568,784

37.1 The provision for current tax includes the tax chargeable to the Holding Company under Punjab Agricultural Income Tax Act, 1997 (whether as an owner or cultivator of land, as the case may be) and that leviable on 'other operating income' under the Income Tax Ordinance, 2001.

37.2 The tax provision is charged by considering the provision of section 113 and other tax credits available under the Income Tax Ordinance, 2001. In addition to this, it also includes tax on exports and capital gains which is full and final discharge of Company's tax liability in respect of income arising from such source.

37.3 Deferred tax income relates to reversal and origination of temporary differences.

37.4 The assessments of the Holding Company are completed up to tax year 2014 except for the tax year disclosed in contingency.

37.5 Reconciliation of tax charge for the year	**2013 % age**
Applicable tax rate	34.00
Tax effects of amount not deductable for tax purposes	0.40
Tax effects of amount deductable for tax purposes	(1.27)
Tax effect of income chargeable under Final Tax Regime	(5.33)
Others	1.67
Average effective rate charged to profit and loss account	29.47

Numerical reconciliation between the average tax rate and applicable tax rate for the current year has not been presented in these financial statements as the Group is chargeable to minimum tax under section 113 of the Income Tax Ordinance, 2001.

37.6 The two new high-pressure Co-Generation Power plants have been set up by the Holding Company under the Federal Government's Framework for Power Co-Generation 2013 read with the Policy for Development of Renewable Energy for Power Generation, 2006.

As per the aforementioned policies, the Holding Company's sale of electricity from the power plants to CPPA/NTDC is exempt from income tax including turnover tax and withholding tax on imports, and for this purpose, the new power generation units of the Holding Company shall be treated as separate entities.

However, the Holding Company is seeking clarification on whether existing notified exemptions for other power projects shall also apply to the Holding Company's power projects or new exemptions shall be notified. In the meantime, the accounts of the Holding Company including the power projects are being prepared under normal taxation regime.

		2014	2013
38 EARNINGS PER SHARE - BASIC AND DILUTED			
38.1 Basic earnings per share			
Profit after taxation	**Rupees**	960,951,349	367,986,181
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic earnings per share	**Rupees**	16.08	6.16

38.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the current year as the Group has no such commitments.

	2014 Rupees	2013 Rupees
39 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,027,470,219	956,554,965
Adjustments for non cash and other items:		
Finance cost	2,453,035,627	1,650,949,363
Depreciation	862,801,119	688,355,720
Amortization	2,027,841	212,504
Workers' profit participation fund	66,120,852	69,959,558
Workers' welfare fund	5,558,052	18,399,509
Staff retirement benefits	79,509,995	41,601,410
Share of loss of associated companies	203,464,361	279,890,571
Assets written off	876,833	–
Biological assets acquired and consumed internally	2,554,455,770	–
Fair value gain on biological assets	(49,093,032)	–
Profit on disposal of property, plant and equipment	(203,484,489)	(9,592,648)
Impairment loss	–	40,725,586
	5,975,272,929	2,780,501,573
Operating profit before working capital changes	7,002,743,148	3,737,056,538
(Increase) / decrease in current assets		
Stock in trade	(1,830,849,711)	888,691,297
Biological assets	(1,617,128,396)	–
Trade debts	(16,072,042)	(203,897,798)
Stores, spares and loose tools	(262,919,541)	29,788,728
Advances, deposits, prepayments and other receivables	(271,424,332)	877,658,567
	(3,998,394,022)	1,592,240,794
Increase / (decrease) in current liabilities		
Trade and other payables	1,577,260,674	(46,419,202)
Cash generated from operations	4,581,609,800	5,282,878,130

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors: Executive		Directors: Non - Executives		Executives	
	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	27,333,333	24,000,000	-	-	23,300,000	20,800,000	174,867,351	89,877,347
House allowance	10,933,333	9,600,000	-	-	9,320,000	8,320,000	51,447,647	35,950,939
Utilities	2,733,333	2,400,000	-	-	2,330,000	2,080,000	12,861,912	8,987,735
Bonus	12,666,667	12,000,000	-	-	10,900,000	10,400,000	47,853,972	140,095,804
Company's contribution towards provident fund	-	-	-	-	-	-	11,993,188	8,291,605
	53,666,666	48,000,000	-	-	45,850,000	41,600,000	299,024,070	283,203,430
Number of persons	1	1	-	-	2	2	101	68

In addition to the above, Chief Executive, one Director and some of the Executives are provided with free use of Group maintained cars.

The Chief Executive is permitted to use the Holding Company maintained aircraft for private trips, subject to availability, for which the proportionate share of expenses is reimbursed to the Holding Company. During the year, the Chief Executive was charged Rs. 27.86 million (2013: Rs. 40.80 million) for the use of aircraft.

41 FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react changes in market conditions and the Group's activities.

41.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and other parties & and loans to / due from related parties. Out of the total financial assets of Rs. 1,383.55 million (2013: Rs. 2,518.64 million) financial assets which are subject to credit risk amount to Rs. 1,367.07 million (2013: Rs. 2,285.76 million).

Majority of the Company's sales are on advance basis and trade debts mainly represents receivable from NTDC.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Export sales are secured through letters of credit. The management has set a maximum credit period of 15 days to reduce the credit risk. Limits are reviewed periodically and the customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Group believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	Note	2014 Rupees	2013 Rupees
Trade debts		671,430,276	655,358,234
Advances, deposits, prepayments and other receivables		530,865,007	1,471,032,631
Long term advances		58,000,000	83,000,000
Bank balances		106,776,125	76,369,668
		1,367,071,408	2,285,760,533
The aging of trade receivables at the reporting date is:			
Not past due		671,430,276	655,358,234
Past due 365 days		14,486,141	14,486,141
		685,916,417	669,844,375

	2014		2013	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	671,430,276	–	655,358,234	–
Past due more than 365 days	14,486,141	14,486,141	14,486,141	14,486,141
	685,916,417	14,486,141	669,844,375	14,486,141

The analysis of trade receivables from Riaz Bottlers (Private) Limited, an associate of the Group as at the reporting date is as follows:

	2014		2013	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	-	–	72,313,484	–
	-	–	72,313,484	–

The Group's five significant customers account for Rs. 651.98 million (2013: Rs. 573.10 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 74.47% (2013`: 2%) of trade debts as at the reporting date.

Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables and there are reasonable grounds to believe that the amounts will be recovered in normal course.

Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Long term	Rating Short term	Rating Agency	2014 Rupees	2013 Rupees
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	144,946	148,785
Allied Bank Limited	AA+	A1+	PACRA	979,728	9,190,372
Askari Bank Limited	A1+	AA	PACRA	252,997	50,581
Bank Al Habib Limited	A1+	AA+	PACRA	16,520	14,733
Bank Alfalah Limited	A1+	AA	PACRA	3,805,157	5,169,192
Bank Islami Pakistan Limited	A1	A	PACRA	905,461	10,104,475
Burj Bank Limited	A-1	A	JCR-VIS	46,892	129,239
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	162	9,937
Faysal Bank Limited	A1+	AA	PACRA	368,724	176,988
Habib Bank Limited	A-1+	AAA	JCR-VIS	54,793,246	1,521,358
JS Bank Limited	A1	A+	PACRA	143,896	82,203
KASB Bank Limited	C	B	PACRA	21,604	8,575
MCB Bank Limited	A1+	AAA	PACRA	4,623,460	16,004,307
Meezan Bank Limited	A-1+	AA	JCR-VIS	3,149,286	177,664
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,842,323	1,430,792
NIB Bank Limited	A1+	AA-	PACRA	204,741	27,553,552
Silk Bank Limited	A-	A-2	JCR-VIS	6,911	25,474
Sindh Bank Limited	A-1+	AA-	JCR-VIS	18,363	-
Soneri Bank Limited	A1+	AA-	PACRA	16,860	266,878
Summit Bank Limited	A-3	A-	JCR-VIS	5,378,241	1,618,090
The Bank of Khyber	A1	A	PACRA	706,196	5,000
The Bank of Punjab	A1+	AA-	PACRA	18,117,501	116,209
The First Micro Finance Bank Limited	A-1	A	JCR-VIS	30,442	20,135
United Bank Limited	A-1+	AA+	JCR-VIS	10,202,468	2,545,129
				106,776,125	76,369,668

Remaining financial assets mainly represents receivable from related party.

41.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing 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. For this purpose the Group has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

41.2.1 Exposure to liquidity risk

41.2.1(a) Contractual maturities of financial liabilities, including estimated interest payments.

	2014 Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	416,666,666	1,037,876,774	564,773,989	473,102,785	-
Long term loans	10,169,517,952	9,902,786,570	1,714,470,439	6,965,361,852	1,222,954,279
Short term borrowings	10,496,978,844	7,750,735,658	7,750,735,658	-	-
Liabilities against assets subject to finance lease	1,339,668,070	1,594,929,352	527,506,674	1,067,422,678	-
Interest and markup accrued	530,179,913	530,179,913	530,179,913	-	-
Trade and other payables	2,103,516,647	2,103,516,647	2,103,516,647	-	-
	25,056,528,092	22,920,024,914	13,191,183,320	8,505,887,315	1,222,954,279

	2013				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
			Rupees		
Non-derivative financial liabilities					
Redeemable capital	724,465,726	1,037,876,774	564,773,989	473,102,785	–
Long term finances	5,177,051,151	9,902,786,570	1,714,470,439	6,965,361,852	1,222,954,279
Short term borrowings	7,692,553,702	7,750,735,658	7,750,735,658	–	–
Liabilities against assets subject to finance lease	929,990,868	1,081,417,524	372,398,677	709,018,847	–
Interest and mark-up accrued	325,116,640	325,116,640	325,116,640	–	–
Trade and other payables	1,230,123,586	1,230,123,586	1,230,123,586	–	–
	16,079,301,673	21,328,056,752	11,957,618,989	8,147,483,484	1,222,954,279

41.3 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 Group'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 the return.

41.3.1 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.

41.3.1(a) Exposure to currency risk

The Group is not exposed to foreign currency risk as at the reporting date.

41.3.1(b) Exchange rates applied during the year

foreign currency exchange rates applied during the year is as follows:

	2014		
	Spot rate		Average rate for the year
	Buying	Selling	
		Rupees	
EURO	124.28	131.92	139.21
USD	101.92	103.99	103.36
GBP	165.50	168.88	167.87
AUD	88.92	90.75	92.85
JPY	0.93	0.95	0.99
SEK	14.04	14.33	17.81

	2013		
	Spot rate		Average rate for the year
	Buying	Selling	
		Rupees	
EURO	142.20	142.47	131.78
USD	105.30	105.50	95.64
GBP	170.25	170.57	167.16
AUD	98.06	98.25	93.97
JPY	1.07	1.07	1.14
SEK	16.39	16.42	16.50

41.3.1(c) Sensitivity analysis

The Group does not has any variable rate financial instrument, hence sensitivity analysis has not been presented.

41.3.1(d) Currency risk management

The Group manages its exposure to currency risk through continuous monitoring of expected / forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities / payments to assets / receipts, using source inputs in foreign currency and arranging cross currency swaps to hedge non-functional currency debt. The Group maintains foreign currency working capital lines in order to finance production of exportable goods. Proceeds from exports are used to repay / settle / rollover the Group's obligations under these working capital lines which substantially reduces exposure to currency risk in respect of such liabilities. Balances in foreign currency are also maintained in current and saving / deposits accounts with banking companies. The Group also occasionally uses currency options to cover any significant unfavourable rate scenarios.

41.3.2 Interest rate risk

The effective interest / mark-up rates for interest/mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2014		2013	
		Financial asset	Financial liability	Financial asset	Financial liability
		Rupees			
Non-derivative financial instruments					
Advance to Faruki Pulp Mills Limited	27.4	489,541,323	-	1,433,994,626	-
Payable to JKFS against purchase consideration	14	-	447,573,456	-	-
Redeemable capital - secured	7	-	416,666,666	-	724,465,726
Long term loans - secured	8	-	10,169,517,952	-	5,177,051,151
Liabilities against assets subject to finance lease	9	-	1,339,668,070	-	929,990,868
Short term borrowings - secured	12	-	10,496,978,844	-	7,692,553,702
Variable rate instruments		489,541,323	22,870,404,988	1,433,994,626	14,524,061,447

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2014	223,808,637	(223,808,637)
As at 30 September 2013	130,900,668	(130,900,668)

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

41.3.3 The Group manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

41.3.4 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). Equity price risk arises from available-for-sale equity securities held. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The Group believes that it is not exposed to other price risk.

41.3.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their book values.

41.3.6 Capital 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 monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

a) 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

b) to provide an adequate return to shareholders.

The Group manages the 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 Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-equity ratio as follows:

	Unit	2014	2013
Total debt	Rupees	11,925,852,688	6,831,507,745
Total equity and total debt	Rupees	17,345,179,387	11,773,212,774
Debt-to-equity ratio	% age	69%	58%

Total debt comprises of redeemable capital, long term loans, liabilities against assets subject to finance lease and current portion of non-current liabilities.

The increase in the debt-to-equity ratio in 2014 is due to the increase in redeemable capital and long term loan availed during the year.

There were no changes in the Group's approach to capital management during the year.

42 BUSINESS SEGMENT INFORMATION

42.1 The Group has three reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The following summary describes the operations in each of the Group's reportable segments :

Reportable Segment	Operations
Sugar & other segment	production and sale of crystalline sugar and other related joint and by-products
Co-Generation segment	generation and sale of electricity to NTDC
Corporate farms segment	managing corporate farms.

42.2 Information regarding the Group's reportable segments is presented below:

	Sugar & other segment		Co-Generation segment		Corporate farms segment		Inter segment reconciliation		Total	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
42.2.1 Segment revenues and results										
Net external revenues	36,176,542,047	34,422,950,628	683,086,236	-	26,650,310	-	-	-	36,886,278,593	34,422,950,628
Inter-segment revenues	721,801,443	-	10,963,427	-	3,345,083,881	-	(4,077,848,751)	-	-	-
Reportable segment revenue	36,898,343,490	34,422,950,628	694,049,663	-	3,371,734,191	-	(4,077,848,751)	-	36,886,278,593	34,422,950,628
Depreciation and amortisation	653,026,190	688,568,224	47,518,605	-	164,284,165	-	-	-	864,828,960	688,568,224
Finance cost	2,202,384,844	1,650,949,363	75,836,298	-	174,814,485	-	-	-	2,453,035,627	1,650,949,363
Share of loss of equity-accounted investee's	(203,464,361)	(279,890,571)	-	-	-	-	-	-	(203,464,361)	(279,890,571)
Segment profit / (loss) before tax	1,556,436,728	956,554,965	123,517,157	-	(652,483,666)		-	-	1,027,470,219	956,554,965

42.2.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated.

42.2.3 Basis of inter-segment pricing

All inter-segment transfers are made at fair value.

	Sugar & other segment		Co-Generation segment		Corporate farms segment		Inter segment reconciliation		Total	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
42.2.4 Segment assets										
Total assets for reportable segments	26,562,682,371	22,740,260,419	6,171,868,844	1,781,458,529	7,170,342,140	-	(4,649,613,377)	-	35,255,279,978	24,521,718,948
Capital expenditure	2,590,143,064	1,008,276,696	3,579,727,904	1,781,458,529	1,850,668,096	-	(2,347,253,047)	(605,399,384)	5,673,286,017	2,184,335,841
Equity-accounted investment	1,524,478,075	239,732,936	-	-	-	-	-	-	1,524,478,075	239,732,936
42.2.5 Segment liabilities										
Total liabilities for reportable segments	28,009,511,860	17,961,184,284	5,205,609,323	1,618,637,480	1,270,204,625	-	(4,619,613,377)	-	29,835,712,431	19,579,821,764

		Total	
		2014 Rupees	2013 Rupees
42.3	**Reconciliation of reportable segment profit and loss**		
	Total profit before tax for reportable segments	1,027,470,219	956,554,965
	Unallocated corporate expense	(66,518,870)	(588,568,784)
	Profit after taxation	960,951,349	367,986,181

42.4 Geographical information

The segments of the Group are managed on a nationwide basis except export sales. Geographical information relating to segment is presented below:

		2014 Rupees	2013 Rupees
42.4.1	**Revenue**		
	Foreign revenue		
	Asia	5,774,045,040	6,112,984,173
	Local revenue		
	Pakistan	31,112,233,553	28,309,966,455
		36,886,278,593	34,422,950,628

42.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2014 are located in Pakistan.

43 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related companies, Directors of the Group, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties are as follows:

	Relationship	Nature of transactions	2014 Rupees	2013 Rupees
43.1	**Associated Companies**			
		Investment in shares	1,484,148,050	–
		Advances given	457,005,000	750,000,000
		Sale of sugar	156,471,000	861,899,000
		Markup income	82,689,747	106,877,779
		Payment against purchase of Aircraft	4,000,000	3,000,000
		Sale of molasses	1,780,395	563,573
		Rent of land given on lease	16,403,264	4,730,000
		Rent of land acquired on lease	3,423,750	–
43.2	**Other Related Parties**			
		Payment with respect to net assets acquired	2,393,990,428	–
		Purchase of sugarcane	–	2,940,548,145
43.3	**Post employment benefit plans**			
		Provident fund contribution	86,127,342	62,637,708
43.4	**Key management personnel**			
		Advances given	20,000,000	–
		Advances recovered	19,588,000	30,000,000
		Consultancy services	110,492,581	132,628,588

	2014		2013	
	Days	Tonnes	Days	Tonnes
44 CAPACITY AND PRODUCTION				
Sugar				
Holding Company				
Unit I				
Crushing capacity	120	2,460,000	120	2,460,000
Sugarcane crushed	149	2,866,631	133	2,535,822
Sugar production		312,746		289,147
Unit II				
Crushing capacity	120	1,020,000	120	1,020,000
Sugarcane crushed	145	1,186,269	129	1,007,658
Sugar production		128,421		114,516
Unit III				
Crushing capacity	120	1,560,000	120	1,320,000
Sugarcane crushed	139	1,504,768	115	1,200,650
Sugar production		162,668		134,718
Subsidiary Company				
Crushing capacity	120	1,440,000	120	1,320,000
Sugarcane crushed	142	1,590,946	119	1,204,234
Sugar production		175,612		137,185

	2014		2013	
	Based on hours	MWH	Based on hours	MWH
Co - Generation Power				
Holding Company				
Unit II				
Installed capacity	8,760	233,016	-	-
Utilized capacity	2,664	64,202	-	-
Energy delivered	2,664	58,189	-	-

Under utilization of available capacity has resulted because plant started its commercial operations on 12 June 2014.

	2014		2013	
	Area	Acres	Area	Acres
Corporate sugarcane farms				
Holding Company				
Land	Punjab & Sindh	24,000	-	-
Crop under cultivation	Punjab & Sindh	19,671	-	-

		2014 Rupees	2013 Rupees
45	**RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY**		
	Mortgages and charges		
	Hypothecation of all present and future assets and properties	11,051,481,000	8,429,143,667
	Mortgage over land and building	37,526,733,456	32,525,365,957
	Pledge		
	Finished goods	5,834,133,718	3,700,431,929

46 PROVIDENT FUND TRUST

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

	Unit	30 June 2014	30 June 2013
Holding Company			**(Restated)**
Size of fund - total assets	Rupees	358,444,487	313,343,371
Cost of investments made	Rupees	285,071,435	251,188,201
Percentage of investments made	Percentage	79.53%	80.16%
Fair value of investment	Rupees	289,104,850	278,166,938

The breakup of fair value of investments is as follows:

	30 June 2014		30 June 2013	
	Rupees	Percentage	Rupees	Percentage
			(Restated)	
Shares in listed companies	59,843,550	20.70%	65,151,232	23.42%
Cash at bank	229,261,300	79.30%	213,015,706	76.58%
	289,104,850	100.00%	278,166,938	100.00%

	Unit	30 June 2014	30 June 2013
Subsidiary Company			
Size of fund - total assets	Rupees	27,812,502	17,184,295
Cost of investments made	Rupees	25,023,435	15,835,661
Percentage of investments made	Percentage	90%	92%
Fair value of investment	Rupees	25,023,435	15,835,661

The breakup of fair value of investments is as follows:

	30 June 2014		30 June 2013	
	Rupees	Percentage	Rupees	Percentage
Cash at bank	25,023,435	100%	15,835,661	100%
	25,023,435	100%	15,835,661	100%

The investments of the Provident Fund Trust of the Group are in compliance with the provision of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

		2014	2013
47	**NUMBER OF EMPLOYEES**		
	Holding Company		
	The average and total number of employees are as follows:		
	Average number of employees during the year	4,573	3,886
	Total number of employees as at 30 September	3,534	3,244
	Subsidiary Company		
	The average and total number of employees are as follows:		
	Average number of employees during the year	1,035	981
	Total number of employees as at 30 September	760	741

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 03 January 2015 by the Board of Directors of the Group.

49 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group has proposed a final cash dividend for the year ended 30 September 2014 of Rs. 5.00 per share (2013: Rs. 6.00 per share).

50 FIGURES

Figures have been rounded off to the nearest rupee.

51 GENERAL

Statement under section 241(2) of the Companies Ordinance, 1984.

These consolidated statements have been signed by two Directors instead of Chief Executive Officers and one Director, as the Chief Executive Officer is for the time being not in Pakistan.

03 January 2015
Lahore

Director

Director

Notes

Proxy Form

JDW Sugar Mills Limited

25th Annual General Meeting

Folio No./CDC A/c No. ____________________

I/We ________________________________ of ________________________________

in the district of ____________________________ being a member/members of JDW Sugar Mills Limited

holding ________________ shares of Rs.10 each, hereby appoint Mr./Ms.____________________

of ____________________________________ a member of the Company, vide Registered Folio/CDC

A/c No. ____________________ or failing him / her, ____________________ as my/our proxy to vote for

me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held at Summit Hall, Royal Palm, Golf & Country Club, 52–Canal Bank Road, Lahore on Saturday, January 31, 2015 at 9:00 a.m. and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this ______________ day of January, 2015

Witnesses:

1. Signature ____________________

   Name: ____________________

   CNIC: ____________________

   Address: ____________________

   ____

Affix Revenue stamp of Rupees Five

Signature by Member(s)

2. Signature ____________________

   Name: ____________________

   CNIC: ____________________

   Address: ____________________

   ____

Note:

All proxies, in order to be effective, must be received at the Company's Registered Office not less than forty eight (48) hours before the time fixed for holding the Annual General Meeting and must be duly stamped, signed and witnessed as required.

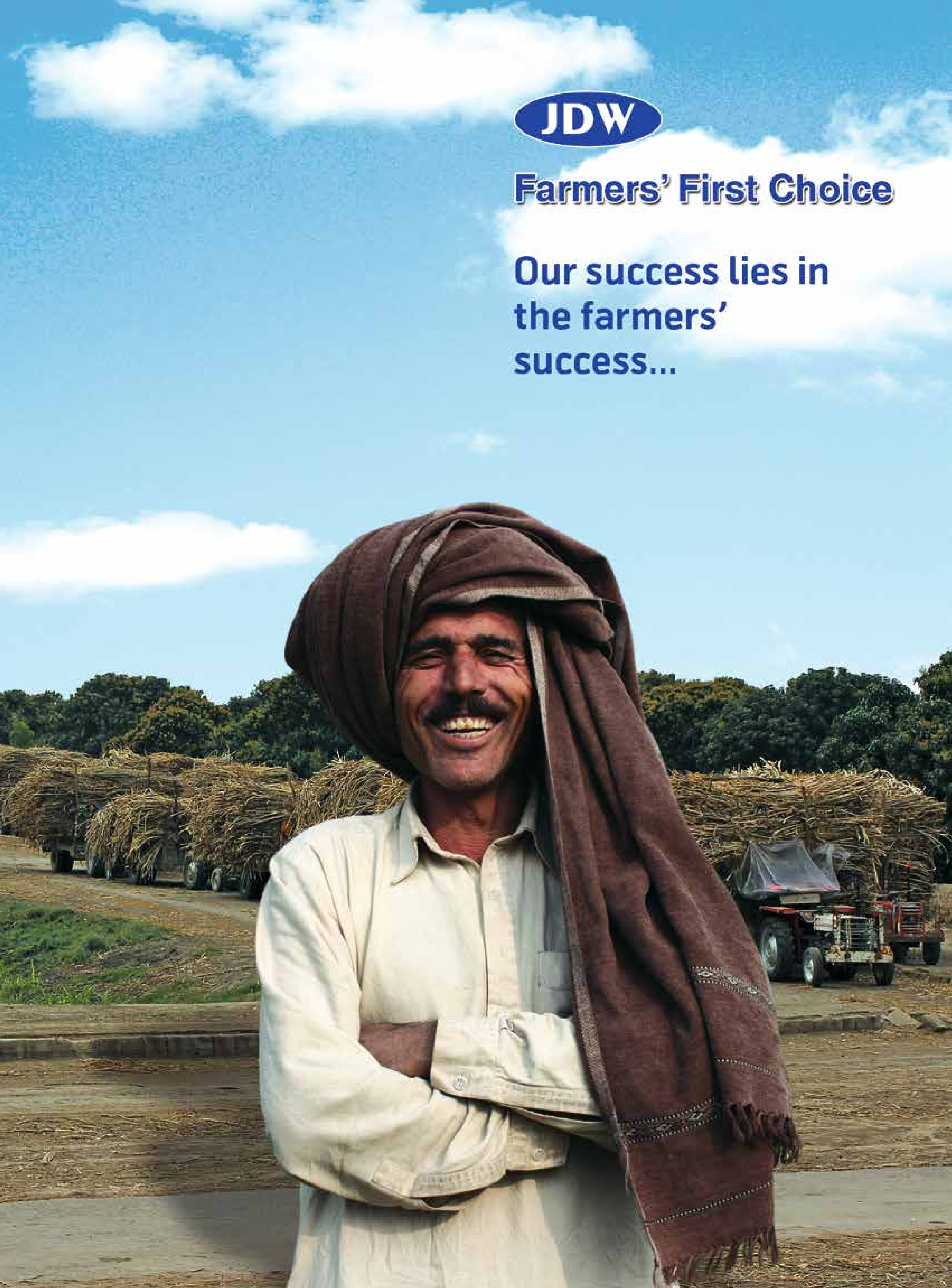
AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantt. Pakistan.


JDW
Farmers' First Choice
Our success lies in the farmers' success...

Annual Report 2014

Annual Report 2014

JDW Sugar Mills Limited

Head Office: 17-Abid Majeed Road,
Lahore Cantt, Pakistan.

www.vantagepakistan.com