Annual Report
for the year ended 30 September 2015

Continued Excellence

Corporate Social Responsibility

Bond with Growers

Innovative Farming

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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Corporate Information

Board of Directors

Mukhdoom Syed Ahmed Mahmud
Director / Chairman

Mr. Jahangir Khan Tareen
Director / Chief Executive

Mrs. Samira Mahmud

Mr. Ijaz Ahmed

Mr. Raheal Masud

Mr. Asim Nisar Bajwa

Mr. Qasim Hussain Safdar

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. Qasim Hussain Safdar
Member

HR & R Committee

Mr. Ijaz Ahmed
Chairman / Member

Mr. Raheal Masud
Member

Mr. Qasim Hussain Safdar
Member / Secretary

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registrar

Corplink (Pvt.) Ltd.

Legal Advisor

Cornelius, Lane & Mufti

Bankers

MCB Bank Limited
Faysal Bank Limited
The Bank of Punjab
Allied Bank Limited
NIB Bank Limited
United Bank Limited
BankIslami (Pakistan) Limited
Habib Bank Limited
Askari Bank Limited
Standard Chartered Bank (Pakistan) Limited
Meezan Bank Limited
Soneri Bank Limited
Habib Metropolitan Bank 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

- 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

Notice is hereby given that 26th 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 30, 2016 at 9:30 a.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of last Extra Ordinary General Meeting held on November 01, 2015.

2. To receive, consider and adopt the annual audited unconsolidated and consolidated financial information of the company for the financial year ended on 30th September, 2015 together with Directors' and Auditors' Reports thereon.

3. To approve a final cash dividend @ Rs. 7.00 (70%) per share as recommended by the Board of Directors on January 02, 2016 along with an interim dividend of Rs. 3.00 (30%) per share, which was paid in August 2015, the total dividend for the financial year ended on September 30, 2015 will amount to Rs. 10.00 (100%) per share.

4. To appoint Auditors of the Company for the next financial year 2015-16 and to 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 permission of the Chair.

By Order of the Board

(Muhammad Rafique)
Company Secretary

Dated: January 08, 2016
Lahore

NOTES:

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

   The share transfer books of the company will remain closed from 23rd January, 2016 to 30th January, 2016 (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 upto close of business on 22nd January, 2016 will be treated in time for entitlement of the dividend.

2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited (CDC) must bring his/her participant's ID number and CDC account/sub-account number alongwith original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at 17-Abid Majeed Road, Cantt, Lahore not later than 48 hours before the time of the meeting.

5. Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatorily required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Company's Shares Registrar.

6. In compliance with the SECP's Circular No.8(4) SM/CDC 2008 dated April 05, 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application to the Company's Shares Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank. CDC account holders should submit their request directly to their broker (participant)/CDC.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, the SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.jdw-group.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Company's Shares Registrar of any change in the registered e-mail address.

8. (i) Pursuant to the provisions of the Finance Act, 2015 applicable from July 1, 2015, the rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

   1. Rate of tax deduction for filer of income tax return will be 12.5%

   2. Rate of tax deduction for non-filers of income tax return will be 17.5%

   To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

   (ii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach to our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or Shares Registrar's Office. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

9. Members can also avail video conference facility (subject to availability of video conference facility in that city). In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the annual general meeting.

"I/we _____________ of ________________ being a member of JDW Sugar Mills Limited, holder of ________________ ordinary share(s) as per registered folio # _________________ hereby opt for video conference facility at _____________."

The Company will arrange the Video Conference Facility in that city (subject to availability of such facility in that city) if members collectively holding 10% or more shares are residing at that geographical location.

10. Form of Proxy (in english and urdu language) is annexed.

Financial Highlights

Earnings Per Share
25.38
Rupees

Sugar Production
564
Thousand Tonnes

Dividend Per Share
10.00
Rupees

Sales Revenue
34.98
Rupees in Billion

Profit After Tax
1,517
Rs. in Million

Contribution to National Exchequer
2.81
Rs. in Billion

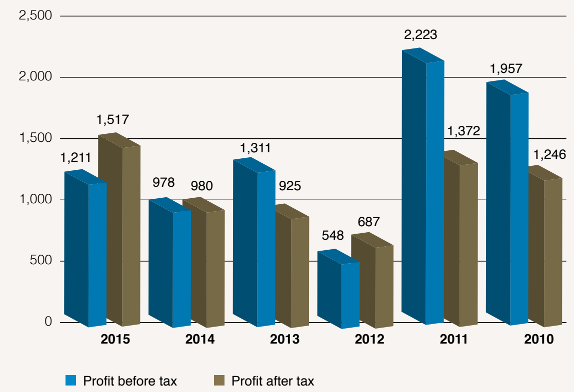
Operating Highlights

(Rupees in thousand)

Operating Results		2015	2014	2013	2012	2011	2010
Gross sales		**34,982,617**	32,327,134	28,516,197	24,491,645	26,467,626	21,386,484
Net sales		**32,663,443**	30,534,864	27,183,282	22,749,880	24,729,491	20,380,684
Cost of sales		**27,797,896**	27,306,099	23,981,411	20,387,895	20,594,228	16,744,651
Administrative and selling		**928,077**	651,127	769,318	485,546	445,618	356,151
Interest expenses		**2,241,797**	1,880,761	1,118,578	1,334,999	1,375,701	1,168,440
Other operating expenses		**680,314**	63,028	137,650	119,204	156,975	212,051
Other operating income		**(195,925)**	(344,544)	(134,507)	(126,044)	(66,439)	(58,066)
Profit before taxation		**1,211,285**	978,394	1,310,832	548,281	2,223,409	1,957,457
Profit after taxation		**1,517,250**	979,706	924,523	687,275	1,372,430	1,245,984
Basic earnings per share	Rs.	**25.38**	16.39	15.47	11.52	24.95	22.89
Interim cash dividend	%	**30**	20	-	-	-	-
Final cash dividend	%	**70**	50	60	60	90	70
Bonus shares	%	**-**	-	-	-	-	10

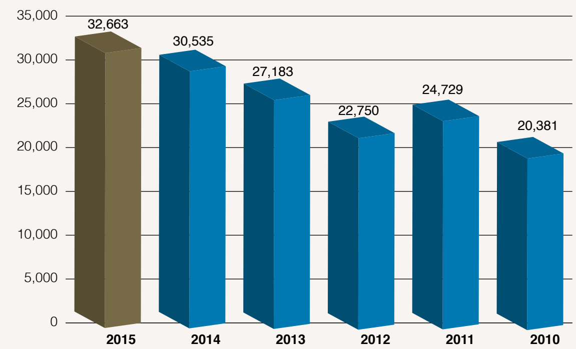
Profitability

(Rupees in Million)



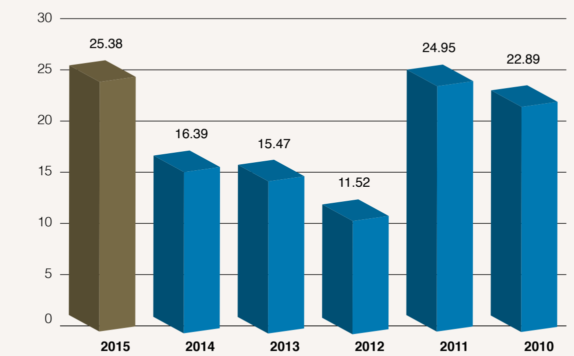
Net Sales

(Rupees in Million)



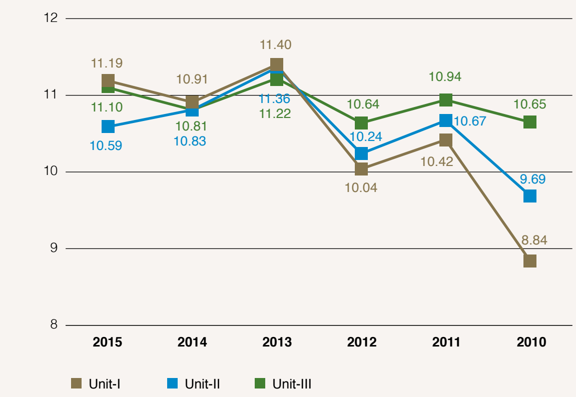
Earnings Per Share

(Rupees)



Sucrose Recovery

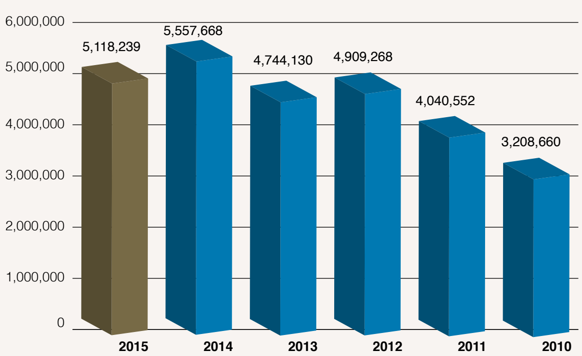
(% age)



Production Data		2015	2014	2013	2012	2011	2010
Unit - I							
Season started	Date	**29-Nov-14**	24-Nov-13	30-Nov-12	18-Nov-11	25-Nov-10	15-Nov-09
Season closed	Date	**4-Apr-15**	21-Apr-14	11-Apr-13	7-Apr-12	31-Mar-11	5-Mar-10
Days worked	Days	**127**	149	133	142	127	111
Average daily crushing	M.Tons	**19,506**	19,239	19,066	19,095	16,703	15,469
Sugarcane crushed	M.Tons	**2,477,239**	2,866,631	2,535,822	2,711,463	2,121,232	1,717,041
Sucrose recovery	% age	**11.19**	10.91	11.40	10.04	10.42	8.84
Sugar production	M.Tons	**277,155**	312,746	289,147	272,226	221,079	151,850
Molasses recovery	% age	**3.93**	4.30	3.90	4.40	3.84	4.48
Molasses production	M.Tons	**97,400**	123,377	99,001	119,229	81,466	77,006
Unit - II							
Season started	Date	**29-Nov-14**	24-Nov-13	30-Nov-12	18-Nov-11	25-Nov-10	15-Nov-09
Season closed	Date	**30-Mar-15**	17-Apr-14	7-Apr-13	31-Mar-12	30-Mar-11	1-Mar-10
Days worked	Days	**122**	145	129	135	126	107
Average daily crushing	M.Tons	**10,458**	8,181	7,811	7,872	6,887	6,592
Sugarcane crushed	M.Tons	**1,275,891**	1,186,269	1,007,658	1,062,742	867,796	705,363
Sucrose recovery	% age	**10.59**	10.83	11.36	10.24	10.67	9.69
Sugar production	M.Tons	**135,102**	128,421	114,516	108,864	92,595	68,352
Molasses recovery	% age	**4.30**	4.41	4.11	4.21	4.17	4.35
Molasses production	M.Tons	**54,841**	52,304	41,384	44,783	36,222	30,677
Unit - III							
Season started	Date	**29-Nov-14**	20-Nov-13	3-Dec-12	25-Nov-11	1-Dec-10	9-Nov-09
Season closed	Date	**19-Mar-15**	7-Apr-14	27-Mar-13	20-Mar-12	31-Mar-11	5-Mar-10
Days worked	Days	**111**	139	115	117	121	117
Average daily crushing	M.Tons	**12,298**	10,826	10,440	9,701	8,690	6,720
Sugarcane crushed	M.Tons	**1,365,110**	1,504,768	1,200,650	1,135,063	1,051,525	786,256
Sucrose recovery	% age	**11.10**	10.81	11.22	10.64	10.94	10.65
Sugar production	M.Tons	**151,562**	162,668	134,718	120,721	115,033	83,697
Molasses recovery	% age	**3.96**	4.16	4.01	4.38	4.27	4.41
Molasses production	M.Tons	**54,093**	62,572	48,155	49,675	44,936	34,685

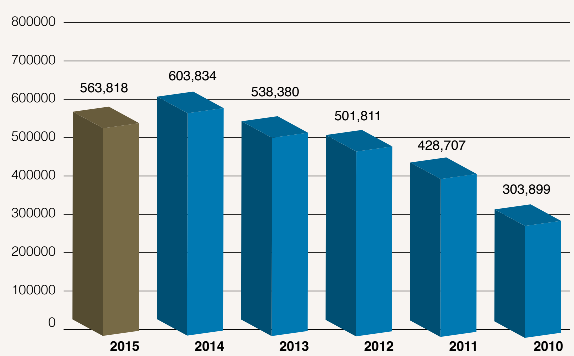
Sugarcane Crushed

(M.Tons)



Sugar Production

(M.Tons)



Directors' Report

It gives me pleasure in presenting you the Company's 26th Annual Report and Audited Accounts for the year ended 30th September 2015.

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

Operating Results

		2014-15				2013-14			
		JDW-I	JDW-II	JDW-III	COMBINED	JDW-I	JDW-II	JDW-III	COMBINED
Starting	Date	29.11.14	29.11.14	29.11.14	--	24.11.13	24.11.13	20.11.13	--
Ending	Date	04.04.15	30.03.15	19.03.15	--	21.04.14	17.04.14	07.04.14	--
Working	Days	127	122	111	**120**	149	145	139	**144**
Sugarcane crushed	M.Tons	2,477,239	1,275,891	1,365,110	**5,118,240**	2,866,631	1,186,269	1,504,768	**5,557,668**
Sugar Production	M.Tons	277,155	135,102	151,562	**563,819**	312,746	128,421	162,668	**603,835**
Sucrose Recovery	%age	11.19	10.59	11.10	**11.02**	10.91	10.83	10.81	**10.86**
Molasses Production	M.Tons	97,400	54,841	54,093	**206,334**	123,377	52,304	62,572	**238,253**
Molasses Recovery	%age	3.93	4.30	3.96	**4.03**	4.30	4.41	4.16	**4.29**

The comments on these results are as under:

- With average combined crushing of 42,652 tons per day, the Mills on the average were operated for 120 days producing 563,819 tons of sugar during the year under review as against 144 days with average crushing of 38,506 tons per day with total sugar production of 603,835 tons last year. There has been reduction of 7.91 % in sugar cane crushing and 6.63% in sugar production over last year. Our production results were still better when we compare these with overall reduction in sugar production in the country. On overall country basis the reduction in sugar production was 8.02 % as sugar industry produced 5.140 million tons of sugar this year as against 5.588 million tons produced in year 2013-14. Growers have experienced low yield per acre due to unfavorable crop conditions caused by almost no rains and non-availability of irrigated water which resulted in reduction in the sugar cane crop and resultantly sugar production came down this year.

- Average sucrose recovery achieved this time was 16 bps higher than last crushing season i.e., increased from 10.86% to 11.02%. However, molasses recovery has registered decrease from 4.29% to 4.03%.

- JDW Unit I has achieved 11.19 % sucrose recovery which was the highest in Punjab province and 2nd highest sucrose recovery achieved by any sugar mills in Pakistan. Sucrose recoveries achieved by other three sugar units must be among top five sugar mills.

Directors' Report

Deharki Sugar Mills being subsidiary of the company has achieved the following operating results in its 5th year of operation:

Operating Results Subsidiary Company

		2014-15	2013-14
Starting	Date	29.11.14	20.11.13
Ending	Date	20.03.15	10.04.14
Working	Days	112	142
Sugarcane crushed	M.Tons	1,314,776	1,590,946
Sugar Production	M.Tons	144,378	175,612
Sucrose Recovery	%age	10.98	11.04
Molasses Production	M.Tons	52,860	66,574
Molasses Recovery	%age	4.02	4.18

Financial Indicators

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

(Rs. in million)

	30 September 2015	30 September 2014
Gross Sales	34,983	32,327
Net Sales	32,663	30,535
Operating Profit	3,453	2,859
Profit before Tax	1,211	978
Profit after Tax	1,517	980
Earnings per share	Rs. 25.38	Rs. 16.39

- The Company's gross turnover has increased by 8% over last year with total sales volume has now reached to the level of Rs.35 billion. Operating profit has registered 21% increase compared to last year.

- The Company has earned a pre-tax profit amounting to Rs.1,211 million as against pre-tax profit of Rs.978 million last year registering an increase of 24% mainly due to better sugar prices, sale of electricity from our newly established co-generation plants and increase in sucrose recovery resultantly gross profit ratio has also increased from 10.57% to 14.90%. Profit after tax has also increased from Rs.980 million to Rs. 1,517 million due to reasons explained above. Earnings per share have improved from Rs.16.39 to Rs. 25.38. Sale of electricity and value addition of bagasse in the form of power generation have contributed significantly in the net profitability of the company. With addition of co-generation plants a reliable income stream has now developed for the company.

- Due to addition of new co-generation projects depreciation charges have increased by Rs.454 million. Administrative and other operating expenses have also gone up.

- Despite major reduction in the discount rate by SBP resulting about more than 3 % reduction in the KIBOR rate there has been substantial increase i.e., 19 % in the financial charges of the company which increased from Rs. 1.9 billion to Rs. 2.2 billion mainly due to increase in the bank borrowings on account of setting up of two pioneer co-generation projects, major BMR for steam economy, first year operations of Corporate Farm after merger and maximum utilization of working capital lines for making timely payments to growers. Company is fulfilling its financial obligations on time and enjoying good relations with all the financial institutions its dealing with. Efforts are being made to get reduction in banks' spread on the existing loans and take fresh loans on reduced markup rates to reduce burden of financial charges.

- For crushing season 2014-15 the minimum support prices of sugar cane increased by Rs. 10 in Punjab & Sindh provinces i.e. Rs. 180 per 40 kg and Rs. 182 per 40 kg respectively. However, for ongoing crushing 2015-16 Government of Punjab has notified the unchanged support price of sugar cane whereas Govt. of Sindh has reduced support price to Rs. 172 per 40 kg and notification in this regard has been issued. During period under review most of the sugar mills in Sindh province paid Rs. 160 per 40 kg to the growers and a subsidy of Rs. 12 per 40 kg was given by the Government of Sindh for payment to growers. For JDW III and DSML our share of cane subsidy is approx. Rs. 800 million which has not yet been released to us. In order to recover this amount a case has been filed in Sindh High Court, Karachi. Based on prudence, this amount will be accounted for in the books of accounts when it is certain that the amount will be realized.

- Due to huge carry over sugar stocks before start of 2014-15 season and expected surplus sugar production in the country Federal Government allowed export of sugar upto 650,000 tons with cash subsidy of Rs. 8 per kg and freight subsidy of Rs. 2 per kg. The company on group basis was able to export approx. 51,663 tons of sugar. Against sugar export quota of 650,000 tons sugar industry was able to export 549,000 tons of sugar by the due date and rest of the export quota was lapsed which increased the sugar stocks in the pipeline causing depression in the sugar prices from Rs. 63 per kg to Rs. 52 per kg during period from July to November, 2015.

- Ministry of Finance has not yet released funds of inland freight subsidy to Trade Development Authority (TDAP) hence accumulated freight subsidy on group basis amounting to approx. Rs. 306 million on account of export of sugar is still receivable from TDAP. This unresolved issue is still pending since last four years. This subsidy has also not been accounted for in the books of accounts and will be accounted for when it is certain that the amount will be realized.

- The company has been making investments on steam economy since last six years by virtue of which surplus bagasse is becoming available for internal consumption. Now whatever bagasse is saved is being entirely consumed internally for production of electricity. Even this year prior to start of crushing season 2015-16 huge amount has been invested on steam economy which are giving excellent results so far as far as saving of bagasse is concerned. Company will keep on investing more money in this area until targeted level of "Steam %age to Cane" is achieved.

- Apart from sale of electricity from two co-generation plants company is also selling power from its captive units i.e., JDW-I and DSML to MEPCO and SEPCO respectively. Total revenue from sale of electricity under this arrangement during the year was Rs. 214 million.

- The balance sheet size has increased from Rs. 34 billion to Rs. 35 billion. Accumulated reserves are now eleven times of the paid up capital registering increase from Rs. 5.4 billion to Rs. 6.5 billion. Total equity & reserves have increased from Rs. 6 billion to Rs. 7 billion. If you look at track record of dividend payouts of the company you will find that except year 2006-07 company has been making regular payments of dividend since 2000-01 despite the fact that company has very aggressively expanded during this period.

Other points of your interest are summarized below:

- The company's two co-generation projects of 26 MW each at Unit II (Sadiqabad) and Unit III (Ghotki) which were successfully commissioned in 2014 were operated for about ten months during the year. Payments against invoices from NTDC remained very good throughout the year.

- The Company continued its policy of prompt payment to growers during the season. After the close of the crushing season 2014-15 the Company had fully cleared the balance cane payment.

- The Company is struggling this year to improve its operating ratios. The core reasons are unfavorable

Directors' Report

sale prices of sugar from July to November, 2015, investments in group companies, massive expansion in co-gen projects, acquisition of Corporate Farm and additions to fixed assets through BMR. In order to put operating ratios in line with required standards the company is re-profiling its balance sheet every year. All BMR are now being carried out by raising long term loans and lease financing. We expect that within next three years we will be able to achieve desired operating ratios.

- In view of surplus sugar production in the crushing season 2014-15 both in the domestic and international markets federal government 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 payments to sugar cane growers. In addition to above 20 % regulatory duty was imposed on import of raw and refined sugar which was subsequently increased to 40 % to stop inflow of cheap imported sugar. Despite all these measures sugar prices during July – November, 2015 declined very sharply from the level of Rs. 63 per kg to Rs. 52 per kg.

- 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 Corporation 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 27, 2015 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 'Positive'.

- The company has been making investments in Faruki Pulp Mills Limited since last few years. The project was completed and put on trial but due to technical issues relating to steam and power operations could not be continued. The operations were stopped due to cost ineffectiveness. Mandate given to MCB Bank Limited to find an equity investor is progressing very well. MCB will be able independently to get final reports from technical, legal and tax consultants by 31st March, 2016 after which efforts would be made to raise required funds to revive this project. This project is being taken forward with new strategy and revised structuring to achieve desired results. On the basis of revised projections based on planned equity injection, the company has recorded an impairment loss of Rs. 394.67 million against the investment in Faruki Pulp Mills Limited.

Dividend

The Board of Directors of the company has recommended 30% interim & 70% final cash dividend, subject to approval of the shareholders in the Annual General Meeting.

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 Programmed (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 2015-16 was started on 30th November, 2015 for all the four sugar units and on group basis upto 2nd January 2016, 2,219,014 tons of sugar cane has already been crushed with average sucrose recovery of 10.00% and sugar production of 224,130 tons including sugar in process. Crop size this time is slightly higher than last crushing season, therefore, sugar production is expected to be same as was last year in view of addition of new sugar mills in our area.

- The minimum notified support price of sugar cane for crushing season 2015-16 is unchanged in Punjab province at Rs. 180 per 40kg. Govt. of Sindh, however, has reduced support price from Rs. 182 to Rs. 172 per 40kg and notification in this respect has been issued which will be applicable for entire season of 2015-16. For two units in Ghotki we will continue to purchase sugar cane at price not less than Rs. 180 per 40kg in view of its location very next to the Punjab Province. This disparity in sugar cane price will increase our production cost and will also impair our ability to compete with rest of the sugar mills in lower Sindh.

- The carryover sugar stocks were at the minimum level before start of crushing season 2015-16 i.e., not more than 150,000 tons on overall country basis. In view of expected higher sugar production in the country the Federal Govt. has recently allowed export of sugar up to 500,000 tons with export subsidy of Rs. 13 per kg which will be paid through State Bank of Pakistan. This export quota is valid until 31st March, 2016.

- 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 500,000 tons of sugar with Rs. 13 per kg subsidy. 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 value addition of its by-products, making its processes more efficient, saving more bagasse from the system and reduction in the financial charges.

Directors' Report

Code of Corporate of Governance

As required under the Code of Corporate Governance (CCG), the Board of Directors states that:

- 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;
- 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, Islamic Financial Accounting Standards 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.
- All the meetings of the board of directors were held in accordance with the provisions of the Companies Ordinance, 1984 and Code of Corporate Governance, 2012. 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.

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.

Human Resource Committee

The Board has constituted a Human Resource Committee in compliance with the Code of Corporate Governance 2012.

Directors' Training Program

The Company has arranged one training program for one of its Director namely Mr. Qasim Hussain Safdar 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, 2015 aggregating to Rs. 350 million (2014: Rs. 289 million).

Pattern of Shareholding

There were 1,238 shareholders of the Company as of 30 September 2015. 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. 2,806 million (2014: Rs. 2,047 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 28 to 30 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 dedication 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

Lahore
02 January 2016

Jahangir Khan Tareen
Chief Executive

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 — 30–09–2015

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
298	1	100	9,162
418	101	500	131,809
105	501	1,000	84,583
315	1,001	5,000	527,059
20	5,001	10,000	138,137
14	10,001	15,000	182,324
13	15,001	20,000	253,547
3	20,001	25,000	69,301
6	25,001	30,000	166,606
4	30,001	35,000	127,341
1	35,001	35,000	37,211
2	40,001	45,000	86,081
5	45,001	50,000	247,722
1	50,001	55,000	50,600
3	60,001	65,000	187,888
1	70,001	75,000	71,455
2	75,001	80,000	156,540
1	105,001	110,000	105,600
4	110,001	115,000	462,983
1	115,001	120,000	117,407
1	130,001	135,000	130,779
1	165,001	170,000	167,327
1	190,001	195,000	192,548
1	245,001	250,000	250,000
1	270,001	275,000	275,000
1	400,001	405,000	402,494
1	595,001	600,000	600,000
1	650,001	655,000	651,864
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	2,955,001	2,960,000	2,957,342
1	5,050,001	5,055,000	5,053,281
1	8,015,001	8,020,000	8,015,228
1	10,865,001	10,870,000	10,865,580
1	12,240,001	12,245,000	12,243,932
1,238			**59,776,661**

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officers, and their spouse and minor children	31,357,868	52.4584%
5.2	Associated Companies, undertakings and related parties	–	0.0000%
5.3	NIT and ICP	19,966	0.0334%
5.4	Banks, Development Financial Institutions, Non Banking Financial Institutions	49,183	0.0823%
5.5	Insurance Companies	–	0.0000%
5.6	Modarabas and Mutual Funds	63,150	0.1056%
5.7	Share holders holding 10% and more	36,428,021	60.9402%
5.8	General Public		
	a. Local	24,328,947	40.6997%
	b. Foreign	–	–
5.9	Others (to be specified)		
	Joint Stock Companies	862,245	1.4424%
	Investment Companies	2,085	0.0035%
	Foreign Companies	2,998,545	5.0162%
	Others	94,672	0.1584%

6. Signature of Company Secretary

7. Name of Signatory: MUHAMMAD RAFIQUE

8. Designation: COMPANY SECRETARY

9. CNIC Number: 35201-3029372-5

10. Date: 30–09–2015

Categories of Shareholders

As required under Code of Corporate Governance (CCG) As on September 30, 2015

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise):		**-**	**-**
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE AKD INDEX TRACKER FUND	6,450	0.0108%
2	CDC - UBL RETIREMENT SAVING FUND - EQUITY SUB FUND	50,600	0.0846%
Directors, CEO and their Spouse and Minor Chidren (Name Wise):			
1	MR. JAHANGIR KHAN TAREEN	15,918,861	26.6306%
2	MUKHDOOM SYED AHMED MAHMUD	12,493,932	20.9010%
3	MR. IJAZ AHMED	2,429	0.0041%
4	MR. ASIM NISAR BAJWA	1,421	0.0024%
5	MR. RAHEAL MASUD	500	0.0008%
6	MRS. SAMIRA MAHMUD W/O SYED AHMED MAHMUD	651,864	1.0905%
7	MR. QASIM HUSSAIN SAFDAR	500	0.0008%
8	MRS. AMINA TAREEN W/O JAHANGIR KHAN TAREEN	2,285,636	3.8236%
9	MRS. SARWAT SULTANA W/O IJAZ AHMED	2,725	0.0046%
Executives:		5,037,381	8.4270%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Intitutions, Insurance Companies and Modarabas:		**55,283**	**0.0925%**
Shareholders holding five percent or more voting intrest in the listed company (Name Wise)			
1	MR. JAHANGIR KHAN TAREEN	15,918,861	26.6306%
2	MUKHDOOM SYED AHMED MAHMUD	12,493,932	20.9010%
3	MR. ALI KHAN TAREEN	8,015,228	13.4086%
4	RANA NASIM AHMED	4,437,381	7.4233%

All trades in the shares of the listed company, carried out by its Directors, CEO, 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	400,000	-	(680,000)
2	MUKHDOOM SYED AHMED MAHMUD	-	680,000	-
3	MR. MUHAMMAD RAFIQUE	-	-	(175,000)

High Pressure Co-Generation Power Plants

Starting off 2015, the pioneering Co-Generation projects took an even start achieving their required capacity levels and maintaining it throughout the year. The plants ran smoothly contributing its share to the National Grid.

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 under 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 environment 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

Human resources, truly the backbone of industry today. 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;
- Designing and manufacturing of stubble cultivator or bed degenerator to replace rotavater: 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.

Sustaining field operations by replacing rotary hoe with stumble cultivator

Designing and fabrication of bed degenerator at site workshop is now ready to work in the fields. This will create revolution in term of time and energy saving in offset and seed bed operations. Replacement of rotary hoe will stop deterioration of soil structure which leads to improve soil by maintaining soil porosity, water holding capacity, soil drainage and reduction of surface sealing.

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. Addition of flow meters on irrigation sources is just started to quantify irrigation efficiency.

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 16 harvesters and has the capacity to mechanically harvest over 450,000/- tonnes of cane over 13,000/- 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.

Corporate Social Responsibility

1. Sugarcane Productivity Enhancement Project (SPEP)

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

SPEP has been designed to enhance small farm (less than 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.

The triangle relationship of JDW, NRSP and farming communities demonstrates not only the positive economic change in the lives of poor growers but also many other benefits of addressing social change (awareness and accessibility to government services and other institutions), reducing vulnerability, lack of strength and powerlessness that ultimately leads to eliminate poverty in different levels of income, assets, per capita gross national product in the covering area of SPEP.

With continued support from JDW Sugar Mills, NRSP extended its operation in 58 union councils. The number of active COs grew to 3,919 (2014: 1,772) with a membership of 40,843 (2014: 20,284) 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 new seeds, pesticides and farm machinery provided by JDW Sugar Mills on credit at subsidized rates.

NRSP has distributed loan of Rs. 1,335.82 million in 2015 (2014: 731.39 million) to raise the productivity & income of the farming communities, which is really helping to increase the social and economic life of the rural communities.

2. Integrated Pest Management

Currently JDW is using Integrated Pest Management (IPM) approach which is an Integrated control means mechanism which combines and integrates biological (natural predators & parasites) and chemical control and employed 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 into low yield and inferior quality juice.

Here in JDW IPM is used to control of 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 are 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 were 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.

3. Farmer Support Program / Livestock Support Project

Livestock has a major share in economy of rural community residing in rural areas of District Rahim Yar Khan. But due to lack of knowledge and skill farmers are not harnessing full potential of animals either in form of milk or meat. 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.

4. Support for Vocational Training

JDW Sugar Mills has supported to established the vocational training Institutes in Jamal Din Wali, Roshan Bhait and Rajan Pur Kalan These institutes are currently providing training in trades that include dress making, embroidery, repair and maintenance of electrical home appliances, tractor maintenance and computer operation. After completing professional training students will have an opportunity to generate income through self-employment in the market. Imparting of skill training in market relevant trades would obviously bring much higher rate of return than general education. With the establishment of VTI, training the young girls and boys into professionally equipped and trained craftsmen has brought quantifiable dividends in the lives of these people.

Vocational Training Institute progress

Jamal Din Wali– VTI						
Trades	Admitted Students			Pass out Students		
	Boys	Girls	Total	Boys	Girls	Total
Computer operator / office assistant	344	106	450	237	70	307
Dress making	-	382	382	-	294	294
Embroidery	-	357	357	-	289	289
Repair & maintenance of electrical	176	-	176	151	-	151
Tractor mechanic	308	-	308	209	-	209
Computer appliance & Office professional (self-finance)	25	-	25	20	-	20
Industrial electrician	205	-	205	132	-	132
Motor Cycle Mechanic	30	-	30	30	-	30
Motor Cycle Mechanic (PSDF)	25	-	25	25	-	25
Total	1,113	845	1,958	804	653	1,457
Rajan Pur Kalan– VTI						
Computer Operator / Office Assistant	276	-	276	276	57	333
Dress Making	207	35	242	207	207	414
Embroidery	254	-	254	-	254	254
Repair & Maintenance of Electrical	210	35	245	210	136	346
Total	947	70	1017	693	654	1347

5. Education

Quality Education for All (QEFA)

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

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.

Progress by the Quality Education Program Progress till 2014-2015.

Programs	Boys	Girls	Co-Education	Total
QEFA - Rahim Yar Khan				
No. of Schools	64	60	8	132
Enrollment	8,928	5,298	-	14,226
No. of Teachers	140	114	-	254
Ghotki – Khairpur				
No. of Schools	39	12	7	58
Enrollment	4,235	2,771	-	7,064
No. of Teachers	70	23	-	93
Grand Total				
No. of Schools	**103**	**72**	**15**	**190**
Enrollment	**13,163**	**8,069**	**-**	**21,290**
No. of Teachers	**210**	**137**	**-**	**347**

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 2014-15 JDW Sugar Mills has spent 7.42 million for district Rahim Yar khan whereas 9.35 million has been utilized in district Ghotki & khairpur to upgrade the level of education. These funds included employment of teachers, new classrooms, boundary walls, and furniture for students and teachers, toilets, sheds, water supplies, electricity & electrification, IT labs, supports material, walking bridge and whitewash.

Unconsolidated 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 non-executive directors and directors representing minority interest on its Board of directors. Present composition of the Board is as under:

Category	**Names**
Independent Directors	Mr. Raheal Masud Mr. Asim Nisar Bajwa Mr. Qasim Hussain Safdar
Executive Director	Mr. Jahangir Khan Tareen
Non-Executive Directors	Mukhdoom Syed Ahmed Mahmud Mrs. Samira 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. Due to the resignation of Mr. Zafar Iqbal, a causal vacancy was occurred on the Board of Directors on February 11, 2015 and same was filled within stipulated time period by co-opting Mr. Qasim Hussain Safdar as Director in his place.

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. All the meetings of the Board of directors were held in accordance with the provisions of the Companies Ordinance, 1984 and Code of Corporate Governance, 2012. 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. Qasim Hussain Safdar 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 were no new appointment of the CFO, Company Secretary and Head of Internal Audit during the year. However all such appointments including their remuneration and terms and conditions of employment are duly approved by the Board.

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 of following 03 (three) directors:

Name	Designation	Category
Mr. Asim Nisar Bajwa	Chairman/Member	Independent Director
Mr. Raheal Masud	Member	Independent Director
Mr. Qasim Hussain Safdar	Member	Independent Director

16. The meetings of the audit committee were held at least once in 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 an HR and Remuneration Committee. It comprises of following 03 (three) directors:

Name	Designation	Category
Mr. Ijaz Ahmed	Chairman/Member	Non-Executive Director
Mr. Raheal Masud	Member	Independent Directors
Mr. Qasim Hussain Safdar	Member	Independent Directors

18. The Board has set up an effective internal audit function.

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.

02 January 2016
Lahore

Jahangir Khan Tareen
Chief Executive / Director

KPMG Taseer Hadi & Co.
Chartered Accountants
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Servis House,
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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 Ltd ("the Company") for the year ended 30 September 2015 to comply with the requirements of Listing Regulation no. 35 of 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 personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of 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 Director's 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 of 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 the 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 under taken 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 2015.

02 January 2016
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

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Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of JDW Sugar Mills Limited ("the Company") as at 30 September 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 conducted 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 account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated 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 account and are further in accordance with accounting policies consistently applied;

   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 unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 2015 and of the profit, 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.

02 January 2016
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

Unconsolidated Balance Sheet

	Note	2015 Rupees	2014 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		5,740,528,115	4,705,196,874
		7,016,611,653	5,981,280,412
NON CURRENT LIABILITIES			
Redeemable capital - secured	8	194,444,444	305,555,555
Long term finances - secured	9	7,472,014,132	8,563,542,666
Liabilities against assets subject to finance lease - secured	10	627,413,203	796,721,716
Deferred taxation	11	1,405,403,969	1,712,957,399
Retirement benefits	12	75,844,689	68,256,699
		9,775,120,437	11,447,034,035
CURRENT LIABILITIES			
Short term borrowings - secured	13	9,313,746,057	9,067,052,946
Current portion of non-current liabilities	14	2,571,550,698	2,056,677,973
Trade and other payables	15	5,995,631,857	4,626,936,967
Accrued profit / interest / mark-up	16	286,506,817	498,818,831
		18,167,435,429	16,249,486,717
		34,959,167,519	33,677,801,164
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	18,668,676,450	17,136,243,480
Biological assets	19	2,766,282	10,471,822
Investment property	20	173,026,930	173,026,930
Intangibles	21	624,968,472	626,822,509
Long term investments	22	3,809,497,383	3,094,398,050
Long term advances	23	44,833,333	1,135,692,880
Long term deposits	24	116,804,861	113,273,041
		23,440,573,711	22,289,928,712
CURRENT ASSETS			
Biological assets	19	1,548,160,341	1,681,515,961
Stores, spare parts and loose tools	25	1,165,439,717	1,121,315,707
Stock-in-trade	26	4,860,648,469	4,383,863,382
Trade debts - unsecured	27	1,108,892,131	662,775,216
Advances, deposits, prepayments and other receivables	28	2,106,989,471	3,025,056,958
Advance tax - net		678,904,153	426,538,452
Cash and bank balances	29	49,559,526	86,806,776
		11,518,593,808	11,387,872,452
		34,959,167,519	33,677,801,164

Director

Unconsolidated Profit and Loss Account
For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
Gross sales		34,982,616,789	32,327,134,470
Federal excise duty, sales tax and others		(2,319,173,815)	(1,792,270,084)
Net sales	30	32,663,442,974	30,534,864,386
Cost of sales	31	(27,797,895,638)	(27,306,099,295)
Gross profit		4,865,547,336	3,228,765,091
Administrative expenses	32	(797,944,257)	(529,026,652)
Selling expenses	33	(130,132,823)	(122,100,729)
Other income	34	195,925,439	344,544,422
Other expenses	35	(680,314,303)	(63,027,822)
		(1,412,465,944)	(369,610,781)
Profit from operations		3,453,081,392	2,859,154,310
Finance cost	36	(2,241,796,543)	(1,880,760,719)
Profit before taxation		1,211,284,849	978,393,591
Taxation	37	305,965,305	1,312,304
Profit after taxation		1,517,250,154	979,705,895
Earnings per share - basic and diluted	38	25.38	16.39

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive Director

Unconsolidated Statement of Comprehensive Income

For the year ended 30 September 2015

	2015 Rupees	2014 Rupees
Profit after taxation	1,517,250,154	979,705,895
Other comprehensive loss		
Items that will not be reclassified to profit and loss account:		
Re-measurement of defined benefit liability	(5,293,750)	(13,625,594)
Related tax	1,588,125	4,496,446
	(3,705,625)	(9,129,148)
Total comprehensive income for the year	1,513,544,529	970,576,747

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive　　　　Director

Unconsolidated Cash Flow Statement

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	39	5,610,273,110	4,420,853,921
Taxes paid		(253,953,826)	(237,944,796)
Staff retirement benefits paid		(64,378,182)	(64,508,949)
Workers' profit participation fund paid		(61,593,779)	(83,042,212)
		(379,925,787)	(385,495,957)
Net cash generated from operating activities		5,230,347,323	4,035,357,964
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,557,456,810)	(5,504,956,047)
Investment in associated company		(684,338,333)	–
Advances to related parties - net		–	(189,253,280)
Long term advances		5,000,000	16,000,000
Long term deposits - net		(3,531,820)	(97,036,938)
Proceeds from sale of property, plant and equipment		128,800,725	312,728,699
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
Net cash used in investing activities		(3,111,526,238)	(7,736,507,994)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term finances - net		922,285,408	4,684,667,741
Short term borrowings - net		500,623,920	1,640,690,850
Finance cost paid		(2,414,352,059)	(2,331,599,937)
Lease rentals paid		(442,997,978)	(365,384,738)
Dividend paid		(467,696,817)	(473,680,399)
Net cash (used in) / generated from financing activities		(1,902,137,526)	3,154,693,517
Net increase / (decrease) in cash and cash equivalents		216,683,559	(546,456,513)
Cash and cash equivalents at beginning of the year		(3,557,551,694)	(3,011,095,181)
Cash and cash equivalents at end of the year		(3,340,868,135)	(3,557,551,694)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		49,559,526	86,806,776
- Running finances		(3,390,427,661)	(3,644,358,470)
		(3,340,868,135)	(3,557,551,694)

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive

Director

Unconsolidated Statement of Changes in Equity

For the year ended 30 September 2015

	Share capital	Reserves: Capital – Share premium	Reserves: Revenue – Accumulated profit	Total reserves	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2013	597,766,610	678,316,928	4,212,833,415	4,891,150,343	5,488,916,953
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
Transaction with owners of the Company					
Final cash dividend for the year ended 30 September 2013 @ Rs. 6.00 per share	–	–	(358,659,966)	(358,659,966)	(358,659,966)
Interim cash dividend 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)
Balance as at 30 September 2014	597,766,610	678,316,928	4,705,196,874	5,383,513,802	5,981,280,412
Total comprehensive income for the year					
Profit for the year ended 30 September 2015	–	–	1,517,250,154	1,517,250,154	1,517,250,154
Other comprehensive loss for the year ended 30 September 2015 - net of tax	–	–	(3,705,625)	(3,705,625)	(3,705,625)
	–	–	1,513,544,529	1,513,544,529	1,513,544,529
Transactions with owners of the Company					
Final cash dividend for the year ended 30 September 2014 @ Rs. 5.00 per share	–	–	(298,883,305)	(298,883,305)	(298,883,305)
Interim cash dividend for the period ended 30 June 2015 @ Rs. 3.00 per share	–	–	(179,329,983)	(179,329,983)	(179,329,983)
	–	–	(478,213,288)	(478,213,288)	(478,213,288)
Balance as at 30 September 2015	597,766,610	678,316,928	5,740,528,115	6,418,845,043	7,016,611,653

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.

Chief Executive

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 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.

2 BASIS OF PREPARATION

2.1 Separate financial statements

These unconsolidated 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 unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 unconsolidated financial statements have been prepared under the historical cost convention except for the following:

- certain financial instruments which are measured at fair value;
- employee retirement benefits at present value; and
- biological assets which are measured at fair value less estimated point of sale costs.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees ("Rs") which is also the Company's functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee, unless otherwise stated.

3 USE OF ESTIMATES AND JUDGMENTS

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

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

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

3.1 Property, plant and equipment

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

3.2 Stores, spare parts and loose tools

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

3.3 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.4 Provision for doubtful debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

3.5 Provisions and contingencies

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

3.6 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a 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 of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.7 Employee benefits

The Company operates un-funded gratuity scheme covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

3.8 Impairment

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

3.9 Intangibles

The Company reviews the rate of amortization and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

3.10 Taxation

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

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

3.11 Measurement of fair value for biological assets

The Company uses level 3 of the fair value hierarchy for valuation of biological assets due to non-availability of observable market data. Management of the Company regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustment might affect valuation of biological assets and accordingly charge to the profit and loss account.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

4.1 Property, plant and equipment

4.1.1 Tangible assets

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 assets' 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 18.1, except that straight-line method is used for assets related to Corporate Sugar Cane Farms.

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.

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

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

4.1.2 Intangibles

Goodwill

Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortization (for finite useful life of intangible asset) 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 with finite useful life 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.

4.2 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

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

4.3 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 weighted average manufacturing cost
Molasses and bagasse - by products	net realizable value

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

4.4 Trade debts

Trade debts are stated initially at the fair value. Subsequent to initial recognition, these are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

4.5 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 of harvested and consumed biological assets 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 19.4. 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.

4.6 Employee benefits

4.6.1 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.

4.6.2 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 2015 by a qualified actuary using the “Projected unit credit method”. Following significant assumptions are used for valuation of the scheme:

	2015	2014
Discount rate	9.25%	13.5%
Expected increase in eligible pay	7.75%	11.5%
Mortality rates	“Adjusted “SLIC 2001-05	Adjusted” SLIC 2001-05”
Withdrawal rates	Low	Moderate
Retirement age	60 years	60 years

Re-measurement of the net defined benefit liability, including actuarial gains and losses are recognized immediately in Statement of Comprehensive Income (“OCI”) net of related tax. 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.

4.7 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 recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.
Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.8 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and applicable taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably.

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- 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 Company's right to receive the dividend is established; and
- Sale of scrap is recognized on actual realization basis.

4.9 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise cash in hand and bank balances and running finance which are stated in the balance sheet at cost.

4.10 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.

4.11 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Company's depreciation policy on property and equipment. The finance cost is charged to profit and loss account.

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

Operating lease / Ijarah contracts

Leases including Ijarah financing, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease / ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

4.12 Financial instruments

4.12.1 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.

4.12.1(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.

4.12.1(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.

4.12.1(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.

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.

4.12.1(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 in case of available for sale financial assets, change in fair value is recognised in other comprehensive income and in case of fair value through profit and loss financial assets the change is recognised in profit and loss account for the year. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method. Loans and receivables and held to maturity investments are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables and held to maturity investments are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method less impairment loss, if any.

The fair values of quoted investments are based on current prices.

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.

4.12.2 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 expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.13 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

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 of financial assets and financial liabilities

Financial assets and financial liabilities are off set and the net amount is reported in the unconsolidated financial statements, when the Company has a legally enforceable right to off set the recognized amounts 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 directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in profit and loss account as incurred.

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

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in 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. 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.

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 Settlement date accounting

Regular way purchases and sale of financial assets are recognized on trade date.

4.23 Dividend

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability in the Company's financial statements in the year in which it is declared by the Company's shareholders.

4.24 Earnings per share (EPS)

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

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

4.25 Government grants

Government grants relating to export subsidy are recoginised when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

Export subsidy that become receivable with no future related cost are recognized in unconsolidated profit and loss of the period in which it become receivable.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

5.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective. However, the amendments or interpretations did not have any material effect on the unconsolidated financial statements of the Company.

5.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015. The Company either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- 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 a material impact on Company's unconsolidated financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The management is currently considering the effect of new standard.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's unconsolidated financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's unconsolidated financial statements.

- Agriculture: Bearer Plants [Amendments 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. The adoption of the amended standard is not likely to have an impact on Company's unconsolidated financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's unconsolidated financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The improvements are not likely to have an impact on the Company's unconsolidated financial statements.

		2015 Rupees	2014 Rupees
6	**SHARE CAPITAL**		
6.1	**Authorized share capital**		
	75,000,000 (2014: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
	25,000,000 (2014: 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 share capital**		
	32,145,725 (2014: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
	27,630,936 (2014: 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 SHARE PREMIUM RESERVE

This reserve can be utilized by the Company only for the purpose specified in section 83 (2) of the Companies Ordinance, 1984

		Note	2015 Rupees	2014 Rupees
8	**REDEEMABLE CAPITAL - SECURED**			
	Privately Placed Term Finance Certificates - II	8.1	305,555,555	416,666,666
	Current portion of non-current liabilities	14	(111,111,111)	(111,111,111)
			194,444,444	305,555,555

8.1 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 started 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 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.

		Note	2015 Rupees	2014 Rupees
9	**LONG TERM LOANS - SECURED**			
	United Bank Limited - Led Syndicated Loan	9.1	–	1,567,553,280
	MCB Bank Limited - Led Syndicated Loan	9.2	3,945,163,446	4,013,423,450
	Habib Bank Limited - Led Syndicated Loan	9.3	–	277,999,988
	Faysal Bank Limited	9.4	375,000,000	450,000,000
	Pak Brunei Investment Company Limited	9.5	33,750,000	48,750,000
	Saudi Pak Industrial & Agricultural Investment Company Limited - I	9.6	183,333,333	249,999,999
	Saudi Pak Industrial & Agricultural Investment Company Limited - II	9.7	144,444,445	188,888,888
	Pak Oman Investment Company Limited	9.8	475,000,000	500,000,000
	Silk Bank Limited	9.9	421,875,000	450,000,000
	The Bank of Punjab	9.10	700,000,000	700,000,000
	Dubai Islamic Bank (Pakistan) Limited	9.11	434,000,000	500,000,000
	Askari Bank Limited	9.12	300,000,000	300,000,000
	Faysal Bank Limited	9.13	514,583,335	622,916,667
	The Bank of Punjab	9.14	299,985,680	299,985,680
	United Bank Limited	9.15	400,000,000	–
	NIB Bank Limited	9.16	445,955,952	–
	Pakistan Kuwait Investment Company (Private) Limited	9.17	462,270,000	–
	Faysal Bank Limited	9.18	500,000,000	–
			9,635,361,191	10,169,517,952
	Current maturity presented under current liabilities	14	(2,163,347,059)	(1,605,975,286)
			7,472,014,132	8,563,542,666

9.1 United Bank Limited - Led Syndicated Loan

This syndicated loan had 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, during the current year 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 .

9.2 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 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 started 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.

9.3 Habib Bank Limited - Led Syndicated Loan

This syndicated loan had been obtained from a consortium of banking companies comprising 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, and has been repaid in full.

Principal repayment

This loan was repayable in 22 unequal quarterly instalments after a grace period of eighteen months started from June 2010 and ended in September 2015.

Rate of return

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

Security

This loan was 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.

9.4 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 started 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.

9.5 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 21 unequal quarterly instalments started 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.

9.6 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 started 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.

9.7 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 started 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.

9.8 Pak Oman Investment Company Limited

This loan has been obtained 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 started 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 joint pari passu charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors.

9.9 Silk Bank Limited

This loan has been obtained 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 started from September 2015 and ending in April 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 joint pari passu charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors.

9.10 The Bank of Punjab

This loan has been obtained 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 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.

9.11 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 started 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 joint pari passu charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors.

9.12 Askari Bank Limited

This loan has been obtained 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 six months KIBOR plus 225 bps per annum.

Security

This loan is secured by joint pari passu charge on land measuring 3,309 kanals, all present and future fixed assets, plant and machinery of the Company and personal guarantees of Directors.

9.13 Faysal Bank Limited

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

Principal repayment

This loan is repayable in 24 equal quarterly instalments started 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 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.

9.14 The Bank of Punjab

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

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 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.

9.15 United Bank Limited

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

Principal repayment

This loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from January 2016 and ending in October 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 joint parri pasu 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.

9.16 NIB Bank Limited

This loan has been obtained during the year to finance purchase of equipment/machinery for BMR of the Company.

Principal repayment

This loan is repayable in 20 unequal quarterly instalments after a grace period of twelve months started from June 2015 and ending in March 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 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.

9.17 Pakistan Kuwait Investment Company (Private) Limited

This loan has been obtained during the year to finance purchase of equipment/machinery for BMR of the Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments started from September 2015 and ending in June 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.

9.18 Faysal Bank Limited

This loan has been obtained during the year to finance purchase of equipment/machinery for BMR of the Company.

Principal repayment

This loan is repayable in 12 equal quarterly instalments starting from October 2015 and ending in July 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 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.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

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

		2015		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	14	369,331,769	72,239,241	297,092,528
Later than one year and not later than five years		707,834,492	80,421,290	627,413,203
		1,077,166,261	152,660,531	924,505,731

	2014		
	Minimum lease payments	Finance cost for future periods	Present value
	Rupees	Rupees	Rupees
Not later than one year	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

The Company has entered into various lease agreements with financial institutions for plant and machinery, agri 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 (2014: 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.

	2015 Rupees	2014 Rupees
11 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	2,196,783,954	1,866,904,277
- leased assets	381,520,043	299,950,310
- adjustment of losses related to Co-Generation Power	–	273,436,208
	2,578,303,997	2,440,290,795
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(277,351,719)	(367,976,889)
- provisions for doubtful debts and obsolescence	(25,193,878)	(27,713,266)
- employee retirement benefits	(22,777,107)	(27,021,157)
- other temporary differences	(164,529,250)	(46,693,152)
- tax loss for the year	(2,127,768)	(13,982,801)
- tax credits	(680,920,306)	(243,946,131)
	(1,172,900,028)	(727,333,396)
	1,405,403,969	1,712,957,399
11.1 Movement in deferred tax balances is as follows:		
As at 01 October	1,712,957,399	1,732,216,039
Recognized in profit and loss account:		
- accelerated tax depreciation on fixed assets	329,879,677	204,329,364
- leased assets	81,569,733	(73,144,061)
- (Reversal of) / adjustment of losses related to		
Co-Generation Power	(273,436,208)	273,436,208
- other temporary differences	(117,836,098)	(22,207,307)
- liabilities against assets subject to finance lease	90,625,170	(134,045,394)
- provisions for doubtful debts and obsolescence	2,519,388	1,679,592
- employee retirement benefits	5,832,175	(6,881,664)
- tax loss for the year	11,855,033	(13,982,801)
- tax credits	(436,974,175)	(243,946,131)
	(305,965,305)	(14,762,194)
Recognized in other comprehensive income:		
- employees' retirement benefits	(1,588,125)	(4,496,446)
	1,405,403,969	1,712,957,399

12 RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2015 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

	Note	2015 Rupees	2014 Rupees
Present value of defined benefit obligation	12.1	75,844,689	68,256,699
Liability as at 30 September		75,844,689	68,256,699
12.1 Movement in liability recoginised			
in balance sheet are as follows:			
Balance at beginning of the year		68,256,699	44,694,419
Charge to profit and loss account	12.3	15,147,173	14,827,458
Charge to other comprehensive income		5,293,750	13,625,594
Payments made during the year		(12,852,933)	(4,890,772)
Balance at end of the year		75,844,689	68,256,699

		2015 Rupees	2014 Rupees
12.2	**Movement in liability for defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	68,256,699	61,601,620
	Current service cost for the year	7,164,894	8,302,705
	Interest cost for the year	7,982,279	6,524,753
	Benefit paid during the year	(12,852,933)	(4,890,772)
	Actuarial loss / (gain) on present value of defined benefit obligation	5,293,750	(3,281,607)
	Present value of defined benefit obligation at end of year	75,844,689	68,256,699
12.3	**Charge for the year**		
	In profit and loss account:		
	Current service cost	7,164,894	8,302,705
	Interest cost for the year	7,982,279	6,524,753
		15,147,173	14,827,458
	In other comprehensive income:		
	Actuarial loss on obligation	5,293,750	13,625,594
		20,440,923	28,453,052
12.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	(16,907,201)
	Actuarial (loss) / gain arising during the year	(5,293,750)	3,281,607
	Charge to other comprehensive income	5,293,750	13,625,594
	Closing actuarial losses	–	–

12.5 Historical information

	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees
Present value of defined obligations	75,844,689	68,256,699	61,601,620	46,368,612	49,810,065
Experience adjustment (loss) / gain	5,293,750	(3,281,607)	8,397,486	7,928,777	2,458,352

12.6 Expected expense for the next year

The Company expects to charge Rs 15.08 million to unconsolidated profit and loss account on account of defined benefit plan in 2016.

12.7 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 2015 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	Rupees	Rupees
Discount rate 100 bps movement	(5,732,199)	6,735,798
Future salary increase 100 bps movement	7,095,115	(6,124,462)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation represented in the balance sheet.

	Note	2015 Rupees	2014 Rupees
13 SHORT TERM BORROWINGS - SECURED			
Banking & Financial Institutions			
Cash finances	13.1	3,439,212,000	4,062,795,770
Salam/Istisna finances	13.2	613,875,000	58,689,153
Running finances	13.3	3,390,427,661	3,644,358,470
Morabaha finances	13.4	1,148,906,048	1,048,906,049
Inland bill discounting	13.5	500,000,000	–
Finance against trust receipts	13.6	221,325,348	252,303,504
		9,313,746,057	9,067,052,946

13.1 The Company has obtained these facilities from various banks and financial institutions aggregating to Rs. 10,650 million (2014: Rs. 11,274 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 150 to 250 bps per annum (2014: 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.

13.2 The Company has obtained these facilities from various banks and financial institutions aggregating to Rs. 3,400 million (2014: Rs. 3,400 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 150 to 250 bps per annum (2014: 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.

13.3 The Company has obtained running finance facilities aggregating to Rs. 3,680 million (2014: Rs. 3,830 million). The markup rates applicable during the year ranges from one to three months KIBOR plus 150 to 275 bps per annum (2014: 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.

13.4 The Company has obtained morabaha finance facilities aggregating to Rs. 1,150 million (2014: Rs. 1,400 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 150 to 250 bps per annum (2014: 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.

13.5 The Company has obtained Inland bill discounting facility aggregating to Rs. 500 million (2014: Rs. Nil). The markup rate applicable during the year has remained three months KIBOR plus 125 bps per annum. This is secured against first pari passu/joint pari passu charge over current assets of the Company.

13.6 The limit of this facility is Rs. 650 million (2014: Rs. 600 million). It carries markup ranging from one to six months KIBOR plus 200 to 250 bps per annum (2014: one to six months KIBOR plus 200 to 250 bps per annum). It is secured against first ranking charge over current assets of the Company.

	Note	2015 Rupees	2014 Rupees
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital - secured	8	111,111,111	111,111,111
Long term finances - secured	9	2,163,347,059	1,605,975,286
Liabilities against assets subject to finance lease	10	297,092,528	339,591,576
		2,571,550,698	2,056,677,973

	Note	2015 Rupees	2014 Rupees
15 TRADE AND OTHER PAYABLES			
Advances from customers		3,995,379,124	2,177,189,975
Trade and other creditors	15.1	1,098,048,196	1,197,900,613
Payable on behalf of growers		699,284,064	612,226,324
Payable to Workers' Profit Participation Fund	15.2	63,751,833	51,494,400
Accrued expenses		25,013,593	22,671,487
Retention money		15,951,374	27,050,721
Unclaimed dividend		32,325,924	21,809,453
Tax deducted at source		21,618,464	27,180,851
Payable to provident fund trust		79,029	3,962,561
Payable to JKFS against purchase consideration		–	447,573,456
Other payables	15.3	44,180,256	37,877,126
		5,995,631,857	4,626,936,967

15.1 This includes an unsecured amount of Rs. 4.47 million (2014: Rs. 7.89 million), Rs. nil (2014: Rs. 3.14 million) and Rs. 1.94 million (2014: Rs. 50.09 million) due to JDW Aviation (Private) Limited, JK Dairies (Private) Limited ("JKDL") and Agro Industrial Solutions respectively (related parties).

	Note	2015 Rupees	2014 Rupees
15.2 Payable to Workers' Profit Participation Fund			
Balance as at 01 October		51,494,400	69,959,558
Add: Allocation for the year	35	63,751,834	51,494,400
Interest on funds utilized	36	10,099,378	13,082,654
		125,345,612	134,536,612
Less: Paid during the year		(61,593,779)	(83,042,212)
Balance as at 30 September		63,751,833	51,494,400

15.3 This includes an amount of Rs. 1.09 million (2014: Rs. 0.12 million) due to National Rural Support Program, a related party.

	2015 Rupees	2014 Rupees
16 ACCRUED PROFIT / INTEREST / MARK-UP		
Interest and accrued profit on:		
Redeemable capital - secured	7,324,292	13,306,393
Long term finances - secured	143,635,391	162,018,486
Short term borrowings - secured	135,547,134	310,679,821
Purchase consideration related to JKFS	–	12,814,131
	286,506,817	498,818,831

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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 has deposited Rs. 45 million. 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.

17.1.2 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, the 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 unconsolidated financial statements.

17.1.3 The Honorable Sindh High Court through its order dated March 01, 2013 declared the amendments made in 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. 126.62 million (2014: Rs. 102.39 million) for the current year. However, these unconsolidated 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 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.

17.1.4 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. The department filed appeal before appellate tribunal ("ATIR"). Respectable ATIR passed an order in favour of the Company except for two issues with an aggregate amount of Rs. 72.57 million. The Company is in the process of filing appeal before High Court, against the order of the ATIR. 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 unconsolidated financial statements.

17.1.5 The Company has filed a subsidy claim of Rs. 409 million to the Cane Commissioner, Government of Sindh which represents Rs. 12 per 40 kg of sugar cane purchased by the Company from sugar cane growers during the crushing season 2014-2015. The claim is still pending. However in order to recover this amount, a case has been filed in Sindh High Court, Karachi.

17.1.6 Counter guarantees given by the Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 2,795 million (2014: Rs. 5,701 million).

17.1.7 Cross corporate guarantees given by the Company to its bankers for DSML (a subsidary company) as at the reporting date amounts to Rs. 380.32 million (2014: Rs. 380.32 million).

17.1.8 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 87.67 million (2014: Rs. 232.04 million).

		2015 Rupees	2014 Rupees
17.2	**Commitments**		
17.2.1	Letters of credit for import of machinery and its related components	324,420,557	617,912,249

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

	2015 Rupees	2014 Rupees
Not later than one year	170,260,099	444,020,983
Later than one year but not later than five years	782,605,421	803,695,274
Later than five years	70,726,802	127,703,990
	1,023,592,322	1,375,420,247

17.2.3 The amount of future ijarah rentals for ijarah financing and the period in which these payments will become due are as follows:

	2015 Rupees	2014 Rupees
Not later than one year	52,251,774	–
Later than one year but not later than five years	88,969,956	–

		Note	2015 Rupees	2014 Rupees
18	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	18.1	17,594,986,572	12,612,116,268
	Capital work in progress	18.5	1,073,689,878	4,524,127,212
			18,668,676,450	17,136,243,480

18.1 Operating fixed assets

	Cost				Rate	Depreciation				Net book value as at 30 September 2015
	As at 01 October 2014	Additions/ (deletion) during the year	Transfers to / (from)	As at 30 September 2015		As at 01 October 2014	For the year	Adjustment/ (deletion) during the year	As at 30 September 2015	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,691,315,097	40,317,501	-	1,731,632,598	-	-	-	-	-	1,731,632,598
Factory building on freehold land	1,208,930,709	624,722,150	-	1,833,502,302	10	492,781,649	126,637,678	-	619,409,917	1,214,092,385
		(150,557)						(9,410)		
Non-factory building on freehold land	620,438,110	79,618,940	-	700,057,050	5-20	156,634,045	24,417,633	-	181,051,678	519,005,372
Plant and machinery	10,357,460,997	4,643,198,498	6,353,240	14,856,952,358	5-20	2,677,019,238	627,879,236	4,241,741	3,252,237,287	11,604,715,071
		(150,060,377)	-					(56,902,928)		
Motor vehicles	560,689,465	36,589,082	135,599,157	690,983,656	20	295,895,543	132,014,777	21,563,052	424,557,853	266,425,803
		(41,894,048)	-					(24,915,519)		
Electrical installation	102,533,101	45,610,474	-	146,752,575	10	46,354,186	9,281,405	-	55,291,201	91,461,374
		(1,391,000)						(344,390)		
Office equipment	68,910,559	56,763,837	-	125,670,502	20	35,682,604	16,334,382	-	52,015,951	73,654,551
		(3,894)	-					(1,035)		
Tools and equipment	95,088,527	17,762,661	-	112,851,188	10-20	29,589,932	3,256,519	-	32,846,451	80,004,737
Agri implements	510,516,555	236,017	899,000	507,017,572	10	176,477,260	2,000,258	415,717	176,865,750	330,151,822
		(4,634,000)						(2,027,485)		
Furniture and fixture	41,771,609	3,642,232	-	45,400,096	10	17,729,128	2,711,592	-	20,439,002	24,961,094
		(13,745)						(1,718)		
Weighbridge	10,454,656	-	-	10,454,656	10	8,054,567	240,009	-	8,294,576	2,160,080
Roads and boundary wall	56,763,632	10,155,889	-	66,919,521	10	24,015,059	3,841,572	-	27,856,631	39,062,890
Arms and ammunitions	7,991,517	-	-	7,907,517	10	3,908,537	407,402	-	4,240,898	3,666,619
		(84,000)						(75,041)		
Fire fighting equipment	44,945,259	32,378,499	-	77,323,758	20	2,750,748	14,879,119	-	17,629,867	59,693,891
Aircraft	398,645,628	71,336,196	-	469,981,824	10	170,536,982	30,802,078	-	201,339,060	268,642,764
Tube well	2,591,679	252,800	-	2,844,479	10	1,417,445	134,553	-	1,551,998	1,292,481
Computers	27,313,508	7,317,839	-	34,510,622	33	17,255,253	4,713,840	-	21,881,059	12,629,563
		(120,725)						(88,034)		
	15,806,360,608	5,669,902,615	142,851,397	21,420,762,274		4,156,102,176	999,552,053	26,220,510	5,097,509,179	16,323,253,095
		(198,352,346)						(84,365,560)		
Leased										
Plant and machinery	657,272,213	496,188,833	(6,353,240)	1,147,107,806	5	51,303,908	48,799,019	(4,241,741)	95,861,186	1,051,246,620
Agri implements	297,992,014	-	(899,000)	297,093,014	10	77,672,843	470,779	(415,717)	77,727,905	219,365,109
Motor vehicles	251,768,682	61,728,908	(135,599,157)	177,898,433	20	116,198,322	82,141,415	(21,563,052)	176,776,685	1,121,748
	1,207,032,909	557,917,741	(142,851,397)	1,622,099,253		245,175,073	131,411,213	(26,220,510)	350,365,776	1,271,733,477
	17,013,393,517	6,227,820,356	-	23,042,861,527		4,401,277,249	1,130,963,266	-	5,447,874,955	17,594,986,572
		(198,352,346)						(84,365,560)		

18.2 Additions in operating fixed assets included transfer from capital work in process amounting to Rs. 5,745.61 million (2014: Rs. 3,026.41 million).

	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/ (deletion) during the year	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	2,798,406,687	122,713,577	249,683,407	10,357,460,997	5-20	2,290,829,376	330,063,306	57,451,529	2,677,019,238	7,680,441,759
		(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
Fire fighting equipment	-	44,945,259	-	-	44,945,259	20	-	2,750,748	-	2,750,748	42,194,511
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)		

		Note	2015 Rupees	2014 Rupees
18.3	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods manufactured	31.1	864,534,757	469,371,342
	Administrative expenses	32	52,233,235	46,851,638
	Biological assets	19.2	214,195,274	162,398,702
			1,130,963,266	678,621,682

18.4 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale value Rupees	Gain/ (loss) Rupees	Mode of disposal Rupees
	Employees						
13 Vehicles	Employees	12,692,000	8,622,617	4,069,383	4,219,473	150,090	Company Policy
01 Vehicle	Mr. Awais Khalid	866,975	216,744	650,231	372,000	(278,231)	Negotiation
64 Motorcycles	Employees	4,168,569	2,827,955	1,340,614	2,104,086	763,472	Company Policy
01 Motorcycle	Mr. Umar Farooq	70,800	43,391	27,409	18,636	(8,773)	Negotiation
01 Tractor	Mr. Safdar Kanjoo	679,000	305,136	373,864	455,000	81,136	- do -
01 Laptop	Dr. Barat Ali Chaudhry	120,725	88,034	32,691	33,514	823	- do -
	Other Parties						
06 Tractors	Mr. Muhammad Shafiq Ahmed	2,262,288	1,261,428	1,000,860	3,385,000	2,384,140	Negotiation
06 Tractors	JK Dairies (Private) Limited	4,603,768	1,884,541	2,719,227	4,030,000	1,310,773	- do -
05 Tractors	Deharki Sugar Mills (Private) Limited	2,209,318	552,330	1,656,988	3,600,000	1,943,012	- do -
02 Tractors	Mr. Haroon Saeed	950,444	570,059	380,385	1,350,000	969,615	- do -
01 Tractor	Khursheed & Co.	423,690	105,923	317,767	412,500	94,733	- do -
01 Tractor	Mr. Muhammad Siddique	475,222	292,950	182,272	615,000	432,728	- do -
04 Vehicles	EFU General Insurance Limited	2,243,500	1,165,771	1,077,729	2,224,468	1,146,739	Insurance Claim
01 Vehicle	Mrs. Ulfat Mehmood	427,000	393,980	33,020	235,000	201,980	Negotiation
01 Vehicle	Mr. Khurram Imtiaz	1,506,000	1,170,824	335,176	1,054,545	719,369	- do -
01 Vehicle	Ch. Imitiaz	1,679,000	766,581	912,419	1,430,000	517,581	- do -
01 Vehicle	Mr. Adeel Masood	2,425,000	2,319,967	105,033	2,056,786	1,951,753	- do -
01 Vehicle	Mrs. Zartaj Begum	1,309,000	1,290,409	18,591	855,786	837,195	- do -
01 Vehicle	Mr. Habib Asad Khan	750,000	564,180	185,820	645,455	459,635	- do -
01 Vehicle	Mr. Moin Khalid	916,000	473,008	442,992	636,364	193,372	- do -
01 Vehicle	Mr. Irfan Khan	707,400	573,108	134,292	535,000	400,708	- do -
01 Vehicle	Mr. Abid Ansar	1,352,340	360,624	991,716	1,390,000	398,284	- do -
24 Motorcycles	Mr. Muhammad Javed	1,520,500	1,002,796	517,704	684,000	166,296	Negotiation
03 Motorcycles	EFU General Insurance Limited	198,520	98,149	100,371	145,920	45,549	Insurance Claim
01 Motorcycle	Mr. Muhammad Kashif	63,500	44,586	18,914	10,455	(8,459)	Negotiation
Plant and machinery	Deharki Sugar Mills (Private) Limited	149,969,804	56,233,468	93,736,336	93,736,336	-	Company Policy
01 Diesel generator	Mr. Muhammad Ikhlaq Qureshi	1,391,000	344,390	1,046,610	850,000	(196,610)	Negotiation
Dumper trolley	Diamond Electric	72,605	14,521	58,084	350,000	291,916	- do -
06 Guns	Gulzar Arms Store	84,000	75,040	8,960	5,200	(3,760)	- do -
Building on freehold land	Written off	150,557	9,409	141,148	-	(141,148)	- do -
Net book value of assets less than Rs. 50,000		2,063,821	693,641	1,370,180	1,360,201	(9,979)	- do -
	2015	198,352,346	84,365,560	113,986,786	128,800,725	14,813,939	
	2014	190,323,142	80,202,099	110,121,043	312,728,699	203,484,489	

		Note	2015 Rupees	2014 Rupees
18.5	**Capital work in progress**			
	As at 1 October		4,524,127,212	1,919,679,099
	Addition during the year		2,295,171,791	5,630,860,939
	Transfer made during the year		(5,745,609,125)	(3,026,412,826)
	As at 30 September	18.5.1	1,073,689,878	4,524,127,212
	Break-up of closing balances is as follows:			
	Building		58,222,882	298,434,693
	Plant and machinery		640,661,596	3,533,749,561
	Advances to supplier		374,805,400	691,942,958
			1,073,689,878	4,524,127,212

18.5.1 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.

18.5.2 Additions to capital work in progress also include borrowing costs of Rs. 80.77 million (2014: Rs. 404.66 million) relating to specific borrowings at the rates ranging from 9.22% to 12.68% per annum (2014: 11.53% to 12.68% per annum).

		2015 Rupees	2014 Rupees
19	**BIOLOGICAL ASSETS**		
	Consumable biological assets represent:		
	Sugarcane		
	Immature - classified as non current assets	2,766,282	10,471,822
	Mature - classified as current assets	1,548,160,341	1,681,515,961
		1,550,926,623	1,691,987,783

19.1 **Movement in the carrying value of biological assets**

	Note	Cost Rupees	Fair value Rupees	Carrying value Rupees
Balance at 01 October 2014		1,642,894,751	49,093,032	1,691,987,783
Expenses incurred during the year	19.2	2,443,509,873	–	2,443,509,873
		4,086,404,624	49,093,032	4,135,497,656
Fair value gain at the point of harvest		–	85,163,422	85,163,422
Cost of crop harvested and fair value adjustment		(2,313,594,532)	(134,256,454)	(2,447,850,986)
Loss on fair value at year end		–	(221,883,469)	(221,883,469)
Balance at 30 September 2015		1,772,810,092	(221,883,469)	1,550,926,623

		Note	2015 Rupees	2014 Rupees
19.2	**Expenses incurred during the year**			
	Land rentals		769,065,284	469,102,257
	Salaries, wages and other benefits	19.2.1	294,946,186	242,367,251
	Harvesting expenses		264,350,779	125,126,218
	Fertilizer expenses		231,577,452	255,876,600
	Depreciation	18.3	214,195,274	162,398,702
	Irrigation expenses		182,603,504	308,200,328
	Seed and sapling expenses		151,510,102	87,897,537
	Land preparation & cultivation expenses		109,517,701	171,205,945
	Repairs and maintenance		53,318,783	91,031,325
	Pesticide and herbicide expenses		44,295,375	60,332,086
	Sowing expenses		30,614,133	22,316,657
	Insurance		22,697,588	21,984,692
	Bio-laboratory expenses		21,673,597	22,261,908
	Vehicle running expenses		16,434,975	20,779,202
	Utility expenses		6,065,731	8,077,342
	Freight		3,440,196	4,396,287
	Printing & stationary		1,390,980	1,702,144
	Travelling and conveyance		261,978	291,806
	Others		25,550,255	39,841,845
			2,443,509,873	2,115,190,132

19.2.1 Salaries, wages and other benefits include Rs. 8.6 million (2014: Rs. 13.50 million) in respect of provident fund.

19.3 The Company harvested 14,632,530 maunds of sugar cane and 27,985 maunds of wheat during the year at average yields of 808 and 34.9 maunds per acre respectively in addition to issuance of 1,303 acres of sugarcane mature crop for seeding purposes to internal farms and some external parties.

19.4 Measurement of fair values

19.4.1 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 which mainly include crop's expected yield. The expected cash flows are discounted using a risk adjusted discount rate.

19.4.2 Level 3 fair values

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

(Loss) / gain included in cost of good manufactured and other income / other expenses:

	Note	2015 Rupees	2014 Rupees
Change in fair value (realised)			
cost of goods consumed		134,256,454	(527,511,840)
Change in fair value (unrealised)			
other (loss) / income	34 & 35	(221,883,469)	49,093,032

19.4.3 Valuation techniques and significant unobservable inputs

The key variables, assumptions and the impact of changes in those is given below:

	Unit	2015 Value	2014 Value
Valued plantations (Actual)			
-Punjab Zone	Acres	8,682	9,064
-Sindh Zone	Acres	11,166	10,357
Estimated yield per acre			
-Punjab Zone	Maunds	876	793
-Sindh Zone (reduction in yield is due			
to floods)	Maunds	602	801
Harvest age	Months	12-14	12-14
Estimated future sugarcane			
market price per Maund			
-Punjab Zone	Rupees	180	180
-Sindh Zone	Rupees	180	182
Risk - adjusted discount rate	% per month	1.00%	1.39%

Cost of Rs. 2.8 million in respect of plantation on 168 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.

19.5 Sensitivity analysis

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

	(Decrease) 2015 Rupees	(Decrease) 2014 Rupees
Decrease of 10% in expected average yield per acre	(190,578,777)	(182,674,800)
Decrease of 10% in expected average selling price per maund	(247,082,689)	(261,723,790)
Increase of 10% in discount rate	(6,856,024)	(7,892,741)

19.6 Segment-wise composition

	Cost Rupees	Fair value Rupees	Total Rupees
Punjab	927,624,158	(2,934,140)	924,690,018
Sindh	845,185,934	(218,949,329)	626,236,605
Total	1,772,810,092	(221,883,469)	1,550,926,623

19.7 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 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 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 additionally 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	2015 Rupees	2014 Rupees
20	**INVESTMENT PROPERTY**			
	Balance as at 01 October		173,026,930	693,855,251
	Transferred to operating fixed assets		–	(520,828,321)
	Balance as at 30 September	20.1	173,026,930	173,026,930

20.1 It represents both agricultural land given on lease and kept for capital appreciation. The fair value of investment property is Rs. 320 million (2014: Rs. 273 million).

		Note	2015 Rupees	2014 Rupees
21	**INTANGIBLES**			
	Goodwill	21.1	608,310,693	608,310,693
	Oracle computer software	21.2	16,657,779	18,511,816
			624,968,472	626,822,509

21.1 Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Company. For impairment testing, the recoverable amount has been determined based on the recent value in use calculations by discounting the five years cash flow projections at 11.58% per annum. Assumptions used in preparing the cash flows are based on past trends. The calculation of value in use is sensitive to discount rate and local inflation rates.

		Note	2015 Rupees	2014 Rupees
21.2	**Oracle computer software**			
	Cost			
	As at 01 October		20,397,279	–
	Acquired during the year		–	20,397,279
			20,397,279	20,397,279
	Accumulated amortization			
	As at 01 October		1,885,463	–
	Amortization for the year	32	1,854,037	1,885,463
			3,739,500	1,885,463
	As at 30 September		16,657,779	18,511,816
	Rate of amortization		10.00%	10.00%

	Note	2015 Rupees	2014 Rupees
22 LONG TERM INVESTMENTS			
Investment in subsidiary company	22.1	1,049,750,000	1,049,750,000
Investment in associated companies	22.2	2,759,747,383	2,044,648,050
		3,809,497,383	3,094,398,050
22.1 Investment in subsidiary company - un quoted			
Deharki Sugar Mills (Private) Limited ("DSML")			
104,975,000 (2014: 104,975,000) fully paid			
shares of Rs. 10 each			
Equity held 99.98% (2014: 99.98%)		1,049,750,000	1,049,750,000
22.2 Investment in associated companies - unquoted			
Faruki Pulp Mills Limited ("FPML")			
199,914,805 (2014: 199,914,805) fully paid			
shares of Rs. 10 each			
Equity held 48.39% (2014: 48.39%)			
Cost as at 01 October		2,044,648,050	560,500,000
Acquired during the year: Nil (2014: 148,414,805)			
fully paid shares of Rs. 10 each	22.2.1	–	1,484,148,050
Cost as at 30 September		2,044,648,050	2,044,648,050
Advance for future issuance of shares		1,109,778,333	–
		3,154,426,383	2,044,648,050
Less: Impairment allowance	22.2.2	(394,679,000)	–
		2,759,747,383	2,044,648,050
JDW Power (Private) Limited ("JDWPL")			
Cost as at 01 October			
9,000,000 (2014: 9,000,000) fully paid		90,000,000	90,000,000
shares of Rs. 10 each			
Less: accumulated impairment allowance	22.2.3	(90,000,000)	(90,000,000)
Equity held 47.37% (2014: 47.37%)		–	–
		2,759,747,383	2,044,648,050

22.2.1 Additions in equity investment represents right shares issued by FPML during the year ended 30 September 2014.

22.2.2 The management has reassessed the recoverable amount of the Company's investment in FPML, using fair value in use method and accordingly has recognised the impairment loss of Rs. 394.67 million during the year. Value in use was determined by discounting cash flow using discount rate of 16%.

22.2.3 The impairment was charged on the basis that the Board of JDWPL had decided to discontinue its operations and has no intentions to build, own, operate and maintain a Co-Generation power plant.

	Note	2015 Rupees	2014 Rupees
23 LONG TERM ADVANCES			
Advance to subsidiary - unsecured			
considered good	23.1	–	1,077,692,880
Advances to electricity distribution companies	23.2	44,833,333	58,000,000
		44,833,333	1,135,692,880
23.1 Advance to subsidiary - unsecured considered good			
Advance given	23.1.1	–	1,567,553,280
Less: current maturity presented under current assets	28.1	–	(489,860,400)
		–	1,077,692,880

23.1.1 This represented amount given to DSML out of the proceeds of long term loan availed by the Company from United Bank Limited - led syndicated loan. During the year, the loan facility has been transferred from the Company to its subsidiary as disclosed in note 9.1 to these unconsolidated financial statements and accordingly the loan and advance given to DSML has been adjusted.

	Note	2015 Rupees	2014 Rupees
23.2 Advances to electricity distribution Companies			
Sukkur Electric Power Company ("SEPCO")	23.2.1	31,000,000	36,000,000
Less: current maturity presented under current assets		(12,000,000)	(9,000,000)
		19,000,000	27,000,000
Multan Electric Power Company ("MEPCO")	23.2.2	31,000,000	31,000,000
Less: current maturity presented under current assets		(5,166,667)	–
		25,833,333	31,000,000
		44,833,333	58,000,000

23.2.1 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.

23.2.2 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.

24 LONG TERM DEPOSITS

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

	2015 Rupees	2014 Rupees
25 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores		
- Sugar	510,796,424	337,754,398
- Co-Generation Power	63,920,973	147,380,802
- Corporate sugarcane farms	225,096,198	241,536,691
	799,813,595	726,671,891
Spare parts		
- Sugar	325,875,987	390,257,461
- Co-Generation Power	48,802,933	14,029,728
	374,678,920	404,287,189
Loose tools		
- Sugar	21,948,244	19,346,630
- Co-Generation Power	13,081,562	15,092,601
	35,029,806	34,439,231
	1,209,522,321	1,165,398,311
Less: Provision for obsolescence	(44,082,604)	(44,082,604)
	1,165,439,717	1,121,315,707

	2015 Rupees	2014 Rupees
26 STOCK-IN-TRADE		
Raw material	88,520,901	211,237,719
Finished goods	4,772,127,568	4,172,625,663
	4,860,648,469	4,383,863,382

	Note	2015 Rupees	2014 Rupees
27 TRADE DEBTS - UNSECURED			
Trade debts - considered good	27.1	1,108,892,131	662,775,216
Trade debts - considered doubtful		14,486,141	14,486,141
		1,123,378,272	677,261,357
Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
		1,108,892,131	662,775,216

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

		Note	2015 Rupees	2014 Rupees
28	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to growers			
	Unsecured - considered doubtful		4,937,966	4,937,966
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
			–	–
	Advance to suppliers and contractors			
	Unsecured - considered good		645,590,925	1,083,695,292
	Unsecured - considered doubtful		20,472,883	20,472,883
			666,063,808	1,104,168,175
	Less: Provision for doubtful advances		(20,472,883)	(20,472,883)
			645,590,925	1,083,695,292
	Advances to related parties -			
	Unsecured, considered good	28.1	878,163,817	1,590,675,044
	Advances to staff - unsecured, considered good			
	- against salaries	28.2	19,511,543	28,707,527
	- against expenses		3,768,409	5,275,937
	Deposits		31,163,024	18,240,003
	Sugar export subsidy		108,140,000	–
	Federal excise duty and sales tax		332,139,477	244,109,868
	Prepaid expenses		35,310,700	42,346,785
	Current maturity of long term advances	23.2	17,166,667	9,000,000
	Other receivables	28.3	36,034,909	3,006,502
			2,106,989,471	3,025,056,958

		Note	2015 Rupees	2014 Rupees
28.1	This represents advances given to following related parties:			
	Faruki Pulp Mills Limited		–	489,541,323
	Deharki Sugar Mills (Private) Limited	28.1.1	878,163,817	611,273,321
	Current portion of long term advances	23.1	–	489,860,400
			878,163,817	1,590,675,044

28.1.1 This amount includes markup of Rs. 14.65 million (2014: Rs. 83.04 million) charged at the rates ranging from 9.06% to 12.58% per annum (2014: 11.74% to 12.59% per annum).

28.2 This includes an amount of Rs. 10.41 million (2014: Rs. 20.91 million) receivable from executives of the Company.

28.3 Other receivables include an amount of Rs. nil (2014: Rs. 1.65 million) receivable from ATF Mango Farms (Private) Limited (a related party).

		Note	2015 Rupees	2014 Rupees
29	**CASH AND BANK BALANCES**			
	At banks:			
	Current accounts		44,453,739	80,057,180
	Saving accounts	29.1	2,717,564	5,114,688
			47,171,303	85,171,868
	Cash in hand		2,388,223	1,634,908
			49,559,526	86,806,776

29.1 The balances in saving accounts carry markup at 4.50% per annum (2014: 6.50% per annum).

		Note	2015 Rupees	2014 Rupees
30	**SALES - NET**			
	Sugar	30.1	28,467,199,139	27,861,547,306
	Agriculture produce	30.2	478,185,106	983,012,387
	Electricity	30.3	4,352,337,241	1,218,180,501
	Molasses and bagasse - by products		1,684,895,303	2,264,394,276
			34,982,616,789	32,327,134,470
	Less:			
	- Federal excise duty		(1,904,636,111)	(1,573,971,156)
	- Sales tax		(391,334,223)	(187,288,563)
	- Commission and others		(23,203,481)	(31,010,365)
			(2,319,173,815)	(1,792,270,084)
			32,663,442,974	30,534,864,386

		Note	2015 Rupees	2014 Rupees
30.1	**Sugar**			
	- local		25,712,584,749	22,638,758,366
	- export	30.1.1	2,754,614,390	5,222,788,940
			28,467,199,139	27,861,547,306

30.1.1 This includes sugar export subsidy of Rs. 383.11 million (2014: Rs. nil).

		Note	2015 Rupees	2014 Rupees
30.2	**Agriculture produce**			
	- Sugarcane to DSML		406,557,549	956,362,076
	- Sugarcane seed and others		71,627,557	26,650,311
			478,185,106	983,012,387
30.3	**Electricity**			
	- Captive Power		145,402,265	473,766,683
	- Co-Generation Power			
	variable energy price	30.3.1	2,381,614,994	422,076,402
	fixed energy price		1,825,319,982	322,337,416
			4,206,934,976	744,413,818
			4,352,337,241	1,218,180,501

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

		Note	2015 Rupees	2014 Rupees
31	**COST OF SALES**			
	Opening stock in trade		4,281,037,149	3,324,048,252
	Add: Cost of goods manufactured	31.1	28,377,506,958	28,263,088,192
	Less: Closing stock			
	- Sugar		(4,772,127,568)	(4,172,625,663)
	- Bagasse		(88,520,901)	(108,411,486)
			27,797,895,638	27,306,099,295

			2015 Rupees	2014 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed (including procurement and other costs)	31.1.1	23,979,022,953	25,688,088,014
	Cost of bagasse consumed		659,801,902	54,784,819
	Salaries, wages and other benefits	31.1.2	1,189,566,986	922,713,250
	Depreciation	18.3	864,534,757	469,371,342
	Packing materials consumed		291,357,666	316,295,329
	Stores and spares consumed		545,855,649	175,648,771
	Operation and maintenance costs	31.1.3	196,033,172	25,235,071
	Chemicals consumed		177,477,741	162,324,293
	Vehicle running expenses		96,298,165	144,211,993
	Oil, lubricants and fuel consumed		66,261,904	93,191,691
	Mud and bagasse shifting expenses		8,861,934	8,058,877
	Electricity and power		68,180,193	56,044,639
	Insurance		72,647,890	48,543,970
	Handling and storage		21,202,271	23,043,019
	Freight and octroi		19,125,156	18,603,555
	Repairs and maintenance		35,351,041	15,080,729
	Operating lease rentals		22,296,638	–
	Printing and stationery		9,958,660	6,926,048
	Telephone and fax		7,106,044	3,759,249
	Travelling and conveyance		3,500,853	3,136,930
	Assets written off		–	861,492
	Land vacation charges		6,302,302	8,327,896
	Other expenses		36,763,081	18,837,215
			28,377,506,958	28,263,088,192
31.1.1	**Cost of sugarcane consumed**			
	- sugarcane produced	31.1.1.1	2,597,466,952	3,897,545,298
	- fair value adjustment		49,093,032	–
			2,646,559,984	3,897,545,298
	- sugarcane purchased		21,332,462,969	21,790,542,716
			23,979,022,953	25,688,088,014

31.1.1.1 This amount includes depreciation of Rs. 196.07 million (2014: Rs. 139.25 million).

31.1.2 Salaries, wages and other benefits include Rs. 36.915 million (2014: Rs. 19.78 million) in respect of provident fund and Rs. 10.60 million (2014: Rs. 7.20 million) in respect of staff gratuity.

		2015 Rupees	2014 Rupees
31.1.3	**Operation and maintenance costs**		
	Reimbursable cost	165,448,218	19,749,221
	Operating fee	30,584,954	5,485,850
		196,033,172	25,235,071

		Note	2015 Rupees	2014 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	32.1	494,131,923	284,014,880
	Depreciation	18.3	52,233,235	46,851,638
	Travelling and conveyance		42,773,235	38,625,258
	Office rent and renovation		30,674,618	26,896,658
	Vehicle running and maintenance		20,458,392	23,004,938
	Legal and professional services		29,082,350	16,967,812
	Repair and maintenance		30,471,653	15,061,172
	Charity and donations	32.2	11,814,928	9,204,000
	Fee and taxes		9,784,588	8,135,429
	Subscription and renewals		8,751,386	7,614,113
	Insurance		8,127,036	11,688,368
	Telephone, fax and postage		7,423,137	7,594,198
	Printing and stationery		5,799,517	6,001,057
	Electricity and power		4,559,879	5,397,157
	Auditors' remuneration	32.3	3,540,000	2,595,000
	Operating lease rentals		2,033,573	–
	Entertainment		2,381,429	2,064,352
	Amortization	21.2	1,854,037	–
	Advertisement		1,463,184	1,679,052
	Assets written off		1,321,808	15,341
	Newspapers, books and periodicals		199,368	171,632
	Arms and ammunition		21,850	–
	Other expenses		29,043,131	15,444,597
			797,944,257	529,026,652

32.1 Salaries, wages and other benefits include Rs. 10.26 million (2014: Rs. 8.32 million) in respect of provident fund and Rs. 4.54 million (2014: Rs. 4.45 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.

		2015 Rupees	2014 Rupees
32.3	**Auditors' remuneration**		
	Statutory audit	2,250,000	2,000,000
	Half yearly review	400,000	350,000
	Other certificates	790,000	120,000
	Out of pocket expenses	100,000	125,000
		3,540,000	2,595,000

		Note	2015 Rupees	2014 Rupees
33	**SELLING EXPENSES**			
	Freight and handling charges		95,565,780	86,867,905
	Other selling expenses		11,589,706	20,924,442
	Salaries, wages and other benefits	33.1	22,977,337	14,308,382
			130,132,823	122,100,729

33.1 Salaries, wages and other benefits include Rs. 0.460 million (2014: Rs. 0.21 million) in respect of provident fund.

		Note	2015 Rupees	2014 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposits		1,533,861	1,567,374
	Markup on delayed payment from NTDC		37,093,648	2,281,018
			38,627,509	3,848,392
	Income from non-financial assets			
	Scrap sales		63,676,303	39,589,523
	Rental income	34.1	6,543,227	9,872,519
	Insurance claim		32,490,000	1,768,000
	Foreign exchange gain / (loss)		24,338,748	(405,999)
	Sale of mud		15,260,291	14,997,073
	Profit on sale of property, plant and equipment		14,813,939	203,484,489
	Fair value gain on biological assets	19.4.2	–	49,093,032
	Gain on sale of investment		–	20,000,000
	Others		175,422	2,297,393
			157,297,930	340,696,030
			195,925,439	344,544,422

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

		Note	2015 Rupees	2014 Rupees
35	**OTHER EXPENSES**			
	Fair value loss on biological assets		221,883,469	–
	Impairment against investment in Faruki Pulp Mills Limited		394,679,000	–
	Worker's profit participation fund	15.2	63,751,834	51,494,400
	Excise duty written off		–	9,888,364
	Sales tax receivable written off		–	1,645,058
			680,314,303	63,027,822

		Note	2015 Rupees	2014 Rupees
36	**FINANCE COST**			
	Interest and markup on:			
	- short term borrowings - secured	36.1	1,119,819,791	1,224,836,262
	- long term finances - secured	36.2	993,522,571	662,698,376
	- redeemable capital - secured		39,279,181	72,938,507
	- finance leases		110,162,399	79,151,502
	- Workers' Profit Participation Fund	15.2	10,099,378	13,082,654
	- purchase consideration related to JKFS		–	173,561,671
	Bank charges and commission		49,684,819	59,150,871
			2,322,568,139	2,285,419,843
	Less: Borrowing costs capitalized		(80,771,596)	(404,659,124)
			2,241,796,543	1,880,760,719

36.1 Markup on short term borrowings is net of markup from related parties amounting to Rs. 65.17 million (2014: Rs. 238.78 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 finances is net of markup from related party amounting to Rs. 15.79 million (2014: Rs. 232.44 million) on receivable from Deharki Sugar Mills (Private) Limited. This receivable was made from the proceeds of long term finance from United Bank Limited - Led Syndicated Loan.

		2015 Rupees	2014 Rupees
37	**TAXATION**		
	Income tax - current	–	13,449,890
	Deferred tax	(305,965,305)	(14,762,194)
		(305,965,305)	(1,312,304)
37.1	**Tax Charge Reconciliation**		
	Numerical reconciliation between tax expense and accounting profit		
	Profit before taxation	1,211,284,849	978,393,591
	Applicable tax rate as per Income Tax Ordinance, 2001	32%	33%
	Tax on accounting profit	387,611,152	322,869,885
	Tax credit	(436,773,706)	(243,946,131)
	Tax rate adjustment	(153,042,484)	(104,982,790)
	Effect of tax loss adjustment	(55,728,700)	-
	Effect of final tax regime	(6,620,421)	(2,961,398)
	Others	(41,411,146)	30,332,738
		(305,965,305)	(1,312,304)

37.2 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

As explained in note 48 to the unconsolidated financial statements, the Board of Directors in their meeting held on 02 January 2016 has recommended sufficient cash dividend for the year ended 30 September 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 30 September 2015.

37.3 For tax contingency, refer note 17.1.4.

			2015	2014
38	**Earnings per share - basic and diluted**			
	Basic earnings per share			
	Profit after taxation	**Rupees**	1,517,250,154	979,705,895
	Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
	Basic earnings per share	**Rupees**	25.38	16.39

There is no dilution effect on the basic earnings per share.

	2015 Rupees	2014 Rupees
39 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,211,284,849	978,393,591
Adjustments for non-cash and other items:		
Finance cost	2,241,796,543	1,880,760,719
Depreciation	1,112,836,668	678,621,682
Amortization	1,854,037	1,885,463
Workers' profit participation fund	63,751,834	51,494,400
Staff retirement benefits	62,788,890	73,486,429
Impairment against investment in Faruki Pulp Mills Limited	394,679,000	-
(Gain) on disposal of property, plant and equipment	(14,813,939)	(203,484,489)
Assets written off	1,321,808	876,833
Biological assets acquired and consumed internally	-	2,554,455,770
Fair value loss / (gain) on biological assets	221,883,469	(49,093,032)
Gain on sale of investment	-	(20,000,000)
	4,086,098,310	4,969,003,775
Operating profit before working capital changes	5,297,383,159	5,947,397,366
(Increase) / decrease in current assets		
Stock in trade	(476,785,087)	(698,037,255)
Biological assets	(80,822,309)	(1,617,128,396)
Trade debts	(446,116,915)	(423,114,200)
Stores, spare parts and loose tools	(44,124,010)	(255,883,332)
Advances, deposits, prepayments and other receivables	10,933,754	170,178,176
	(1,036,914,567)	(2,823,985,007)
Increase in current liabilities		
Trade and other payables	1,349,804,518	1,297,441,562
Cash generated from operations	5,610,273,110	4,420,853,921

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:

	Directors					
	Chief Executive		Non - Executive		Executives	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Managerial remuneration	52,000,000	27,333,333	37,500,000	23,300,000	184,403,286	117,133,191
House allowance	20,800,000	10,933,333	15,000,000	9,320,000	73,761,314	46,853,276
Utilities	5,200,000	2,733,333	3,750,000	2,330,000	18,440,329	11,713,319
Bonus	24,000,000	12,666,667	17,600,000	10,900,000	160,244,819	47,853,972
Company's contribution towards provident fund	–	–	–	–	17,027,531	11,262,994
Staff retirement benefit- Gratuity	–	–	–	–	5,401,422	-
	102,000,000	53,666,666	73,850,000	45,850,000	459,278,701	234,816,752
Number of persons	1	1	2	2	114	90

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

No meeting fee was paid to directors during the year (2014: Rs. Nil)

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. 35.32 million (2014: Rs. 27.86 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 Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

41.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To manage credit risk, the Company maintains procedures covering the credit worthiness of debtors and monitoring of exposures . As part of these processes the financial viability of all counterparties is regularly monitored and assessed. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash security deposit.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2015 Rupees	2014 Rupees
Trade debts	1,108,892,131	662,775,216
Advances, deposits and other receivables	946,005,051	1,649,629,076
Long term advances	44,833,333	1,135,692,880
Bank balances	47,171,303	85,171,868
	2,146,901,818	3,533,269,040

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

Trade debts - considered good

Majority of the Company's sales are on advance basis and trade debts mainly represents receivable from NTDC a Government owned entity. Hence the management believes that no impairment allowance is necessary in respect of these trade debts.

	2015 Rupees	2014 Rupees
The aging of trade receivables at the reporting date is:		
Not past due	1,108,892,131	662,775,216
Past due 365 days	14,486,141	14,486,141
	1,123,378,272	677,261,357

	2015		2014	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	1,108,892,131	–	662,775,216	–
Past due more than 365 days	14,486,141	14,486,141	14,486,141	14,486,141
	1,123,378,272	14,486,141	677,261,357	14,486,141

Customer credit risk is managed subject to the Company's established policies, procedures and controls relating to customer credit risk management. Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Bank balances

The Company's exposure to credit risk against balances with various commercial banks is as follows:

	2015 Rupees	2014 Rupees
At banks:		
Current accounts	44,453,739	80,057,180
Saving accounts	2,717,564	5,114,688
	47,171,303	85,171,868

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Banks	Rating Long term	Rating Short term	Rating Agency	2015 Rupees	2014 Rupees
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	29,949	129,461
Allied Bank Limited	AA+	A1+	PACRA	59,059	54,126
Askari Bank Limited	AA	A1+	JCR-VIS	245,899	215,128
Bank Al Habib Limited	AA+	A1+	PACRA	21,035	16,520
Bank Alfalah Limited	AA	A1+	PACRA	2,066,771	631,807
Bank Islami Pakistan Limited	A+	A-1	PACRA	83,832	827,594
Burj Bank Limited	A-	A-2	JCR-VIS	79,211	46,892
Dubai Islamic Bank Pakistan Limited	A+	A-1	JCR-VIS	133,002	162
Faysal Bank Limited	AA	A1+	PACRA	4,424,226	368,724
Habib Bank Limited	AAA	A-1+	JCR-VIS	2,779,023	51,153,940
JS Bank Limited	A+	A1+	PACRA	14,315	143,896
MCB Bank Limited	AAA	A1+	PACRA	26,802,798	2,035,445
Meezan Bank Limited	AA	A-1+	JCR-VIS	3,390,450	3,146,098
National Bank of Pakistan	AAA	A1+	PACRA	416,363	2,369,547
NIB Bank Limited	AA-	A1+	PACRA	3,416,916	204,741
Soneri Bank Limited	AA-	A1+	PACRA	10,000	-
Sindh Bank Limited	AA	A-1+	JCR-VIS	33,656	17,363
Summit Bank Limited	A	A-1	JCR-VIS	2,848,756	5,227,880
The Bank of Khyber	A	A-1	PACRA	10,630	22,183
The Bank of Punjab	AA-	A1+	PACRA	179,549	18,117,501
The First Micro Finance Bank Limited	A	A-1	JCR-VIS	12,830	30,442
United Bank Limited	AA+	A-1+	JCR-VIS	113,033	390,814
KASB Bank Limited	B	C	PACRA	–	21,604
				47,171,303	85,171,868

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

41.3 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.

41.3.1 Exposure to liquidity risk

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

	2015				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	305,555,555	352,746,363	140,847,915	211,898,448	–
Long term loans	9,635,361,191	12,771,615,803	3,360,821,396	9,410,794,407	–
Short term borrowings	9,313,746,057	9,456,551,315	9,456,551,315	–	–
Liabilities against assets subject to finance lease	924,505,731	1,077,166,261	369,331,769	707,834,492	–
Interest and markup accrued	286,506,817	286,506,817	286,506,817	–	–
Trade and other payables	1,863,310,820	1,863,310,820	1,863,310,820	–	–
	22,328,986,171	25,807,897,379	15,477,370,032	10,330,527,347	–

	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 loan	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	1,859,849,145	1,859,849,145	1,859,849,145	–	–
	23,148,218,832	29,131,966,104	15,992,859,234	11,906,574,141	1,232,532,729

41.4 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.

41.4.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to foreign currency risk as at the reporting date.

41.4.2 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:

		2015		2014	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	**Note**	Rupees	Rupees	Rupees	Rupees
Advance to DSML	23.1 and 28.1	878,163,817	–	2,178,826,601	–
Advance to Faruki Pulp Mills Limited	28.1	–	–	489,541,323	–
Payable to JKFS against purchase consideration	14	–	–	–	447,573,456
Redeemable capital - secured	8	–	305,555,555	–	416,666,666
Long term loans - secured	9	–	9,635,361,191	–	10,169,517,952
Liabilities against assets subject to finance lease	10	–	924,505,731	–	1,136,313,292
Short term borrowings - secured	13	–	9,313,746,057	–	9,067,052,946
Variable rate instruments		878,163,817	20,179,168,534	2,668,367,924	21,237,124,312

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 2015.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2015	193,010,047	(193,010,047)
As at 30 September 2014	185,687,564	(185,687,564)

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

41.4.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The long and 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.

41.4.4 Other price risk

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

41.4.5 Fair values

Fair value estimation

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost (Carrying value of all financial instruments approximate their carrying value). The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Non-derivative financial assets

The fair value of non-derivative financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date.

42 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.

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

43 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated companies, other related companies, directors of the Company and entities under common directorship, key management personnel and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties except those disclosed elsewhere are as follows:

	Relationship	Nature of transactions	2015 Rupees	2014 Rupees
43.1	**Subsidiary**			
		Long term finance transferred	1,567,553,280	–
		Long term finance received	–	489,860,400
		Short term advances - net	513,548,249	671,836,820
		Markup income on:		
		- long term	15,792,448	232,444,236
		- short term	97,707,413	125,957,726
		Sale of sugarcane	406,557,549	956,362,076
		Purchase of bagasse	265,324,461	145,008,360
		Reimbursement on use of Company's aircraft	9,554,046	3,685,768
		Written down value of sale of property, plant and equipment	97,336,336	–
		Written down value of purchase of property, plant and equipment	104,083,529	–
43.2	**Associated Companies**			
		Advances given	684,338,333	425,440,000
		Payment against purchase of aircraft	4,050,000	4,000,000
		Sale of molasses	1,652,006	1,780,395
		Rent of land given on lease	14,484,154	16,403,264
		Rent of land acquired on lease	3,735,000	3,423,750
		Reimbursement on use of Company's aircraft	25,762,042	24,177,007
		Markup income	–	82,689,747
		Sale of sugar	–	156,471,000
		Investment in shares	–	1,484,148,050
43.3	**Other Related Parties**			
		Payment with respect to net assets acquired	447,573,456	2,393,990,428
		Mark up paid	16,913,489	–
43.4	**Post employment benefit plan**			
		Provident fund contribution	95,283,434	74,100,210
43.5	**Key management personnel**			
		Consultancy services	84,614,751	80,492,581
		Advances given	–	20,000,000
		Advances recovered	–	19,588,000

For remuneration and other benefits of Chief Executive and Non Executive Directors, refer note 40.

		2015		2014	
		Days	Tonnes	Days	Tonnes
44	**CAPACITY AND PRODUCTION**				
	Sugar				
	Unit I				
	Crushing capacity	120	2,460,000	120	2,460,000
	Sugarcane crushed	127	2,477,239	149	2,866,631
	Sugar production		277,155		312,746
	Unit II				
	Crushing capacity	120	1,200,000	120	1,020,000
	Sugarcane crushed	122	1,275,891	145	1,186,269
	Sugar production		135,102		128,421
	Unit III				
	Crushing capacity	120	1,680,000	120	1,560,000
	Sugarcane crushed	111	1,365,110	139	1,504,768
	Sugar production		151,562		162,668

	2015	2014
	MWh	MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Utilized capacity	189,692	64,202
Energy delivered	159,224	58,189
Unit III		
Installed capacity (based on 8,760 hours)	235,031	–
Utilized capacity	192,225	–
Energy delivered	165,001	–

	2015		2014	
Corporate Sugar Cane Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	23,942	Punjab & Sindh	24,000
Land under cultivation	Punjab & Sindh	19,421	Punjab & Sindh	19,671

44.1 Lower capacity utilization of sugar plant is due to lesser availability of sugar cane during the year.

45 PROVIDENT FUND TRUST

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

	Unit	30 June 2015	30 June 2014
Size of fund - total assets	Rupees	383,893,356	358,444,487
Cost of investments made	Rupees	340,052,297	285,071,435
Percentage of investments made	Percentage	88.58%	79.53%
Fair value of investment	Rupees	350,259,478	289,104,850

The breakup of fair value of investments is as follows:

	30 June 2015		30 June 2014	
	Rupees	Percentage	Rupees	Percentage
Shares in listed companies	123,054,608	35.13%	59,843,550	20.70%
Cash at bank	227,204,870	64.87%	229,261,300	79.30%
	350,259,478	100.00%	289,104,850	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:

	2015	2014
Average number of employees during the year	5,429	4,573
Total number of employees as at 30 September	3,665	3,534

47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 02 January 2016 by the Board of Directors of the Company.

48 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on 02 January 2016 has proposed a final cash dividend of Rs. 7.00 per share, for the year ended 30 September 2015, for approval of the members in the Annual General Meeting to be held on 30 January 2016.

Chief Executive 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 September 30, 2015.

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, 2015 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 2015	**30 September 2014**
	(Rs. in Million)	
Gross Sales	43,828	39,215
Net Sales	40,801	36,886
Operating Profit	4,781	3,684
Profit before Tax	2,045	1,027
Profit after Tax	2,111	961

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

02 January 2016
Lahore

Jahangir Khan Tareen
Chief Executive

KPMG

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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 as at 30 September 2015 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 were 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 2015 and the results of their operations for the year then ended.

02 January 2016
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(M. Rehan Chughtai)

Consolidated Balance Sheet

	Note	2015 Rupees	2014 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		5,772,211,315	4,143,243,160
Equity attributable to owners of the Company		7,048,294,853	5,419,326,698
Non-controlling interests		328,934	240,849
		7,048,623,787	5,419,567,547
NON CURRENT LIABILITIES			
Redeemable capital - secured	8	194,444,444	305,555,555
Long term finances - secured	9	8,209,846,612	8,563,542,666
Liabilities against assets subject to finance lease - secured	10	674,263,161	926,722,054
Deferred taxation	11	1,432,287,934	1,571,426,934
Retirement benefits	12	75,844,689	68,256,699
		10,586,686,840	11,435,503,908
CURRENT LIABILITIES			
Short term borrowings - secured	13	10,078,673,369	10,496,978,844
Current portion of non-current liabilities	14	3,184,312,718	2,130,032,413
Trade and other payables	15	6,212,690,666	5,168,489,507
Accrued profit / interest / mark-up	16	297,081,888	530,179,913
		19,772,758,641	18,325,680,677
		37,408,069,268	35,180,752,132
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	22,122,329,068	20,434,779,307
Biological assets	19	2,766,282	10,471,822
Investment property	20	173,026,930	173,026,930
Intangibles	21	625,162,151	627,111,582
Long term investments	22	2,583,508,705	1,524,478,075
Long term advances	23	44,833,333	58,000,000
Long term deposits	24	135,428,860	131,897,041
		25,687,055,329	22,959,764,757
CURRENT ASSETS			
Biological assets	19	1,548,160,341	1,681,515,961
Stores, spare parts and loose tools	25	1,416,727,918	1,327,727,124
Stock-in-trade	26	5,482,608,718	5,970,317,798
Trade debts - unsecured	27	1,185,677,434	671,430,276
Advances, deposits, prepayments and other receivables	28	1,357,315,463	2,021,991,366
Advance tax- net		672,145,792	439,241,034
Cash and bank balances	29	58,378,273	108,763,816
		11,721,013,939	12,220,987,375
		37,408,069,268	35,180,752,132

Director

Consolidated Profit and Loss Account

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
Gross sales		43,828,324,165	39,214,883,809
Federal excise duty, sales tax and others		(3,027,198,671)	(2,328,605,216)
Net sales	30	40,801,125,494	36,886,278,593
Cost of sales	31	(34,899,838,076)	(32,737,233,067)
Gross profit		5,901,287,418	4,149,045,526
Administrative expenses	32	(865,377,564)	(591,403,701)
Selling expenses	33	(136,614,893)	(130,978,891)
Other income	34	204,238,257	340,519,599
Other expenses	35	(322,108,656)	(83,212,326)
		(1,119,862,856)	(465,075,319)
Profit from operations		4,781,424,562	3,683,970,207
Finance cost	36	(2,685,094,742)	(2,453,035,627)
		2,096,329,820	1,230,934,580
Share of loss of associated companies	22	(50,972,318)	(203,464,361)
Profit before taxation		2,045,357,502	1,027,470,219
Taxation	37	65,393,036	(66,518,870)
Profit after taxation		2,110,750,538	960,951,349
Attributable to:			
Owners of the Company		2,110,662,453	960,902,655
Non-controlling interests		88,085	48,694
		2,110,750,538	960,951,349

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
Profit after taxation		2,110,750,538	960,951,349
Other comprehensive loss			
Items that will not be reclassified to profit and loss account:			
Re-measurement of defined benefit liability	12	(5,293,750)	(13,625,594)
Share in other comprehensive income of associated company		224,615	4,061,450
Related tax	11.1	1,588,125	4,496,446
		(3,481,010)	(5,067,698)
Total comprehensive income for the year		2,107,269,528	955,883,651
Attributable to:			
Owners of the Company		2,107,181,443	955,834,957
Non-controlling interests		88,085	48,694
		2,107,269,528	955,883,651

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Cash Flow Statement

For the year ended 30 September 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	38	7,512,575,154	4,581,609,800
Income tax paid		(306,650,722)	(306,020,975)
Workers' profit participation fund paid		(76,886,193)	(83,042,213)
Staff retirement benefits paid		(72,790,366)	(70,180,911)
		(456,327,281)	(459,244,099)
Net cash generated from operations		7,056,247,873	4,122,365,701
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(2,797,278,886)	(5,673,286,017)
Investment in associated company		(684,338,333)	–
Advances to related parties - net		–	(542,812,533)
Long term deposits - net		(3,531,820)	(97,036,938)
Long term advances		5,000,000	16,000,000
Proceeds realized from sale of property, plant and equipment		31,464,389	312,728,699
Payment with respect to net assets acquired from JK Farming Systems Limited		–	(2,393,990,428)
Proceeds from sale of investment of JK Dairies (Private) Limited		–	120,000,000
Net cash used in investing activities		(3,448,684,650)	(8,258,397,217)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans - net		622,425,008	4,684,667,741
Short term borrowings - net		(394,542,174)	2,462,516,748
Finance cost paid		(2,858,416,534)	(2,396,899,516)
Lease rentals paid		(535,954,948)	(451,482,360)
Dividend paid		(467,696,817)	(473,680,399)
Net cash generated from / (used in) financing activities		(3,634,185,465)	3,825,122,214
Net increase in cash and cash equivalents		(26,622,242)	(310,909,302)
Cash and cash equivalents at the beginning of the year		(3,535,594,654)	(3,224,685,352)
Cash and cash equivalents at the end of the year		(3,562,216,896)	(3,535,594,654)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		58,378,273	108,763,816
- Running finances		(3,620,595,169)	(3,644,358,470)
		(3,562,216,896)	(3,535,594,654)

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

Consolidated Statement of Changes in Equity

For the year ended 30 September 2015

	Attributable to Owners of the 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 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
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
Transaction with owners of the Company							
Final cash dividend for the year ended 30 September 2013 @ Rs. 6.00 per share	–	–	(358,659,966)	(358,659,966)	(358,659,966)	–	(358,659,966)
Interim cash dividend 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)
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
Total comprehensive income for the year							
Profit for the year ended 30 September 2015	–	–	2,110,662,453	2,110,662,453	2,110,662,453	88,085	2,110,750,538
Other comprehensive loss for the year ended 30 September 2015 - net of tax	–	–	(3,481,010)	(3,481,010)	(3,481,010)	–	(3,481,010)
	–	–	2,107,181,443	2,107,181,443	2,107,181,443	88,085	2,107,269,528
Transaction with owners of the Company							
Final cash dividend for the year ended 30 September 2014 @ Rs. 5.00 per share	–	–	(298,883,305)	(298,883,305)	(298,883,305)	–	(298,883,305)
Interim cash dividend for the period ended 30 June 2015 @ Rs. 3.00 per share	–	–	(179,329,983)	(179,329,983)	(179,329,983)	–	(179,329,983)
	–	–	(478,213,288)	(478,213,288)	(478,213,288)	–	(478,213,288)
Balance as at 30 September 2015	597,766,610	678,316,928	5,772,211,315	6,450,528,243	7,048,294,853	328,934	7,048,623,787

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

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"), collectively referred to as "the Group".

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 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 Company is manufacturing and sale of crystalline sugar. The Subsidiary Company started its commercial production on 03 December 2011. The Holding Company holds 99.98% shares of the subisdiary company and there have been no changes.

1.3 The Holding Company 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.

1.4 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.

1.5 Details regarding the Group's investments in associates are given in note 22 to these consolidated financial statements.

2 BASIS OF PREPARATION

Consolidated financial statements

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 2015 and the audited financial statements of the Subsidairy Company for the year ended 30 September 2015. Details regarding the financial information of associates used in the preparation of these consolidated financial statements are given in note 22 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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 the following:

- certain financial instruments which are measured at fair value;
- employee retirement benefits at present value; and
- biological assets which are measured at fair value less estimated point of sale costs.

2.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees (“Rs”) which is also the Group’s functional currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupee, unless otherwise stated.

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, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

3.1 Property, plant and equipment

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

3.2 Stores, spare parts and loose tools

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

3.3 Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.4 Provision for doubtful debts, advances and other receivables

The Group reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

3.5 Provisions and contingencies

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

3.6 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a 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 of the amount of obligation.

The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

3.7 Employee benefits

The Group operates un-funded gratuity scheme covering all its eligible employees who have completed the minimum qualifying period of service as defined under the respective scheme. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

3.8 Impairment

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

3.9 Intangibles

The Group reviews the rate of amortization and value of intangible assets for possible impairment, on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

3.10 Taxation

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

The Group also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

3.11 Measurement of fair value for biological assets

The Group uses level 3 of the fair value hierarchy for valuation of biological assets. Due to non-availability of observable market data, management of the Group regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustment might affect valuation of biological assets and accordingly charge to the consolidated profit and loss account.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Subsidiaries

Subsidiaries are those entities in which the Holding Company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences. The financial statements of the subsidiaries are consolidated on a line-by-line basis and the carrying value of investment held by the Holding Company is eliminated against the Holding Company's share in paid up capital of the subsidiaries. The Group applies uniform accounting policies for like transactions and events in similar circumstances except where specified otherwise.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Holding Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated.

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 consolidated 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 consolidated profit and loss account.

4.2 Property, plant and equipment

4.2.1 Tangible assets

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 consolidated 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 18.1, except that straight-line method is used for assets related to Corporate Sugar Cane Farms.

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.

The Group assesses at each consolidated 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

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. Depreciation on leased assets is charged by applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at end of the lease term.

4.2.2 Intangibles

Goodwill

Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses.

Computer software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortization (for finite useful life of intangible asset) 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 with finite useful life are amortized using straight-line method over its useful period except in the subsidiary company where these are amortized using reducing balance method. 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.

4.3 Stores, spare parts and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

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

4.4 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 consolidated balance sheet date.

Cost is determined as follows:

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

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

4.5 Trade debts

Trade debts are stated initially at the fair value, subsequent to initial recognition. These are stated at their amortized cost as reduced by appropriate provision for impairment, known impaired receivables are written off, while receivables considered doubtful are fully provided for.

4.6 Biological assets

Biological assets comprise of crop in fields. 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 consolidated profit and loss account.

Costs of harvested and consumed biological assets are charged to consolidated 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 19.4. 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 non-current assets. Those expected to mature before 12 months are included in current assets.

4.7 Employee benefits

4.7.1 Defined contribution plan

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

4.7.2 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 obligations 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 2015 by a qualified actuary using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2015	2014
Discount rate	9.25%	13.5%
Expected increase in eligible pay	7.75%	11.5%
Mortality rates	"Adjusted "SLIC 2001-05	Adjusted" SLIC 2001-05"
Withdrawal rates	Low	Moderate
Retirement age	60 years	60 years

Re-measurement of the net defined benefit liability, including actuarial gains and losses are recognized immediately in Statement of Comprehensive Income ("OCI") net of related tax. 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 consolidated profit and loss account.

4.8 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 recognized using the consolidated balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the consolidated balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to comprehensive income or equity, in which case it is included in comprehensive income or equity.

4.9 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and applicable taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably.

- Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- 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 Group's right to receive the dividend is established; and
- Sale of scrap is recognized on actual realization basis.

4.10 Cash and cash equivalents

For the purpose of consolidated cash flow statement cash and cash equivalents comprise cash in hand and bank balances and running finance which are stated in the consolidated balance sheet at cost.

4.11 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 consolidated balance sheet date and adjusted to reflect the current best estimate.

4.12 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Assets acquired under finance leases are depreciated in accordance with the Group's depreciation policy on property and equipment. The finance cost is charged to consolidated profit and loss account.

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

Operating lease / Ijarah contracts

Leases including Ijarah financing, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit and loss account on a straight-line basis over the lease / ijarah term unless another systematic basis is representative of the time pattern of the Holding Company.

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 consolidated balance sheet date.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized directly in equity are included in the consolidated 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 consolidated profit and loss account. Dividends on available-for-sale equity instruments are recognized in the consolidated 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.

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 consolidated 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 in case of available for sale financial assets, change in fair value is recognised in other comprehensive income and in case of fair value through profit and loss financial assets, the change is recognised in consolidated profit and loss account for the year. 'Loans and receivables' and 'held to maturity' investments are carried at amortized cost using effective interest rate method. Loans and receivables and held to maturity investments are recognized initially at fair value plus attributable transaction costs. Subsequent to initial recognition, loans and receivables and held to maturity investments are stated at amortized cost with any difference between cost and redemption value being recognized in the consolidated profit and loss account over the period of the investments on an effective yield method less impairment loss, if any.

The fair values of quoted investments are based on current prices.

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 consolidated balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

4.13.2 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 loses 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 consolidated profit and loss account.

4.14 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset.

4.15 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 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.

4.16 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 consolidated profit and loss account.

4.17 Offsetting of financial assets and financial liabilities

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

4.18 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in consolidated profit and loss account as incurred.

4.19 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.

4.20 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign currency differences arising on retranslation are generally recognized in consolidated profit and loss account.

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 Group's investment property comprises of land which is carried at cost less identified impairment loss, if any. The Group assesses at each consolidated 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 consolidated 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 amount of the asset is recognized as an income or expense.

4.22 Settlement date accounting

Regular way purchases and sale of financial assets are recognized on trade date.

4.23 Dividend

Dividend is recognized as a liability in the period in which it is approved.

4.24 Government grants

Government grants relating to export subsidy are recoginised when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

4.25 Operating segment

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are Sugar and other segment, Co-Generation segment and Corporate farms segment.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

5.1 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to standards or new interpretations became effective. However, the amendments or interpretation did not have any material effect on the consolidated financial statements of the Group.

5.2 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015. The Group either does not expect to have any effect or any material / significant effect on its accounting policy due to their application when become effective other than increase in disclosures, if any.

- 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 a material impact on Group's consolidated financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The management is currently considering the effect of new standard.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Group's consolidated financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or consolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Group's consolidated financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Group's consolidated financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Group's consolidated financial statements.

- Agriculture: Bearer Plants [Amendments 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. The adoption of the amended standard is not likely to have an impact on Group's consolidated financial statements.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Group's consolidated financial statements.
  Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The improvements are not likely to have an impact on the Group's consolidated financial statements.

		2015 Rupees	2014 Rupees
6	**SHARE CAPITAL**		
6.1	**Authorized share capital**		
	75,000,000 (2014: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
	25,000,000 (2014: 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 share capital**		
	32,145,725 (2014: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash - voting	321,457,250	321,457,250
	27,630,936 (2014: 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 SHARE PREMIUM RESERVE

This reserve can be utilized by the Holding Company only for the purpose specified in section 83 (2) of the Companies Ordinance, 1984.

	Note	2015 Rupees	2014 Rupees
8 REDEEMABLE CAPITAL - SECURED			
Privately Placed Term Finance Certificates - II	8.1	305,555,555	416,666,666
Current maturity presented under current liabilities	14	(111,111,111)	(111,111,111)
		194,444,444	305,555,555

8.1 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 started 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 charge on land measuring 4,262 kanals, all present and future fixed assets, plant and machinery of the Holding Company and its subsidiary Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

	Note	2015 Rupees	2014 Rupees
9 LONG TERM FINANCES - SECURED			
United Bank Limited - Led Syndicated Loan	9.1	1,077,692,880	1,567,553,280
MCB Bank Limited - Led Syndicated Loan	9.2	3,945,163,446	4,013,423,450
Habib Bank Limited - Led Syndicated Loan	9.3	–	277,999,988
Faysal Bank Limited	9.4	375,000,000	450,000,000
Pak Brunei Investment Company Limited	9.5	33,750,000	48,750,000
Saudi Pak Industrial & Agricultural Investment Company Limited - I	9.6	183,333,333	249,999,999
Saudi Pak Industrial & Agricultural Investment Company Limited - II	9.7	144,444,445	188,888,888
Pak Oman Investment Company Limited	9.8	475,000,000	500,000,000
Silk Bank Limited	9.9	421,875,000	450,000,000
The Bank of Punjab	9.10	700,000,000	700,000,000
Dubai Islamic Bank (Pakistan) Limited	9.11	434,000,000	500,000,000
Askari Bank Limited	9.12	300,000,000	300,000,000
Faysal Bank Limited	9.13	514,583,335	622,916,667
The Bank of Punjab	9.14	299,985,680	299,985,680
United Bank Limited	9.15	400,000,000	–
NIB Bank Limited	9.16	445,955,952	–
Pakistan Kuwait Investment Co. (Private) Limited	9.17	462,270,000	–
Faysal Bank Limited	9.18	500,000,000	–
Pak Brunei Investment Company Limited	9.19	190,000,000	–
		10,903,054,071	10,169,517,952
Current maturity presented under current liabilities	14	(2,693,207,459)	(1,605,975,286)
		8,209,846,612	8,563,542,666

9.1 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.

Principal repayment

The loan is repayable in 13 quarterly instalments.

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.

9.2 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 started 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.

9.3 Habib Bank Limited - Led Syndicated Loan

This syndicated loan had been obtained from a consortium of banking companies comprising 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, and has been repaid in full.

Principal repayment

This loan was repayable in 22 unequal quarterly instalments after a grace period of eighteen months started from June 2010 and ended in September 2015.

Rate of return

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

Security

This loan was 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.

9.4 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 started 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.

9.5 Pak Brunei Investment Company Limited

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

Principal repayment

This loan is repayable in 21 unequal quarterly instalments started 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.

9.6 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 started 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.

9.7 Saudi Pak Industrial & Agricultural Investment Company Limited - II

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

Principal repayment

The loan is repayable in 18 equal quarterly instalments after a grace period of six months started 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.

9.8 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 started 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 joint pari passu 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.

9.9 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 started from September 2015 and ending in April 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 joint pari passu 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.

9.10 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 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.

9.11 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 started 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 joint pari passu 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.

9.12 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 October 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 joint pari passu 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.

9.13 Faysal Bank Limited

This loan obtained to finance partial acquisition of assets of JK Farming Systems Limited.

Principal repayment

This loan is repayable in 24 equal quarterly instalments started 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 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.

9.14 The Bank of Punjab

This loan has been obtained 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 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.

9.15 United Bank Limited

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

Principal repayment

This loan is repayable in 16 equal quarterly instalments after grace a period of twelve months starting from January 2016 and ending in October 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 joint parri pasu 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.

9.16 NIB Bank Limited

This loan has been obtained during the year to finance purchase of equipment/machinery for BMR of the Holding company.

Principal repayment

This loan is repayable in 20 unequal quarterly instalments after grace a period of twelve months started from June 2015 and ending in March 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 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.

9.17 Pakistan Kuwait Investment Company (Private) Limited

This loan has been obtained during the year to finance purchase of equipment/machinery for BMR of the Holding Company.

Principal repayment

This loan is repayable in 20 equal quarterly instalments started from September 2015 and ending in June 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.

9.18 Faysal Bank Limited

This loan has been obtained during the year to finance purchase of equipment/machinery for BMR of the Holding Company.

Principal repayment

This loan is repayable in 12 equal quarterly instalments 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.

9.19 Pak Brunei Investment Company Limited

The Subsidiary Comapany has obtained loan from Pak Brunei Investment Company Limited to finance BMR requirement.

Principal repayment

This loan is repayable in 20 equal quarterly instalments started from September 2015 and ending in June 2020.

Rate of return

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

Security

The loan is secured against ranking hypothecation/mortgage on present and future fixed assets (including land and building) of the subsidiary company and its Holding Company with a 25% margin which will be converted into first pari passu charge within a period of 180 days from the date of first disbursement and personal guarantees of one director of the Holding Company.

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

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

		2015		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	14	460,339,842	80,345,694	379,994,148
Later than one year and not later than five years		755,322,891	81,059,731	674,263,161
		1,215,662,733	161,405,425	1,054,257,309

		2014		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	14	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

The Group has entered into various lease agreements with financial institutions for plant and machinery, agri 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 (2014: 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.

	2015 Rupees	2014 Rupees
11 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	2,725,129,198	2,461,311,042
- leased assets	381,520,043	299,950,310
- adjustment of losses related to Co-Generation Power	–	273,436,208
	3,106,649,241	3,034,697,560
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(310,509,571)	(428,959,166)
- provisions for doubtful debts and obsolescence	(25,193,878)	(27,713,266)
- employee retirement benefits	(35,386,529)	(27,021,157)
- other temporary differences	(46,125,550)	(53,354,038)
- tax loss for the year	(345,643,944)	(525,514,794)
- tax credits	(911,501,835)	(400,708,205)
	(1,674,361,307)	(1,463,270,626)
	1,432,287,934	1,571,426,934
11.1 Movement in deferred tax balances is as follows:		
As at beginning of the year	1,571,426,934	1,555,721,583
Recognized in profit and loss account:		
- accelerated tax depreciation on fixed assets	263,818,156	200,459,026
- leased assets	81,569,733	(73,144,061)
- (Reversal of) / adjustment of losses related to Co-Generation Power	(273,436,208)	273,436,208
- other temporary differences	118,449,595	(28,868,193)
- liabilities against assets subject to finance lease	2,519,388	(112,388,914)
- provisions for doubtful debts and obsolescence	(8,365,372)	1,679,592
- employee retirement benefits	8,816,613	(6,881,664)
- tax loss for the year	179,870,850	91,584,876
- tax credits	(510,793,630)	(325,675,073)
	(137,550,875)	20,201,797
Recognized in other comprehensive income:		
- employees' retirement benefits	(1,588,125)	(4,496,446)
	1,432,287,934	1,571,426,934

12 RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company's defined benefit plan was conducted on 30 September 2015 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

	Note	2015 Rupees	2014 Rupees
Present value of defined benefit obligation	12.1	75,844,689	68,256,699
Liability as at 30 September		75,844,689	68,256,699
12.1 Movement in liability recognised			
in balance sheet are as follows:			
Balance at beginning of the year		68,256,699	44,694,419
Charge to profit and loss account	12.3	15,147,173	14,827,458
Charge to other comprehensive income		5,293,750	13,625,594
Payments made during the year		(12,852,933)	(4,890,772)
Balance at end of the year		75,844,689	68,256,699

		2015 Rupees	2014 Rupees
12.2	**Movement in liability for defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	68,256,699	61,601,620
	Current service cost for the year	7,164,894	8,302,705
	Interest cost for the year	7,982,279	6,524,753
	Benefit paid during the year	(12,852,933)	(4,890,772)
	Actuarial loss / (gain) on present value of defined benefit obligation	5,293,750	(3,281,607)
	Present value of defined benefit obligation at end of year	75,844,689	68,256,699
12.3	**Charge for the year**		
	In profit and loss account:		
	Current service cost	7,164,894	8,302,705
	Interest cost for the year	7,982,279	6,524,753
		15,147,173	14,827,458
	In other comprehensive income:		
	Actuarial loss on obligation	5,293,750	13,625,594
		20,440,923	28,453,052
12.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	(16,907,201)
	Actuarial (loss) / gain arising during the year	(5,293,750)	3,281,607
	Charge to other comprehensive income	5,293,750	13,625,594
	Closing actuarial losses	–	–

12.5 Historical information

	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees	2011 Rupees
Present value of defined obligations	75,844,689	68,256,699	61,601,620	46,368,612	49,810,065
Experience adjustment (loss) / gain	5,293,750	(3,281,607)	8,397,486	7,928,777	2,458,352

12.6 Expected expense for the next year

The Holding Company expects to charge Rs 15.08 million to consolidated profit and loss account on account of defined benefit plan in 2016.

12.7 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 2015 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase Rupees	Decrease Rupees
Discount rate 100 bps movement	(5,732,199)	6,735,798
Future salary increase 100 bps movement	7,095,115	(6,124,462)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation represented in the consolidated balance sheet.

	Note	2015 Rupees	2014 Rupees
13 SHORT TERM BORROWINGS - SECURED			
Banking & Financial Institutions			
Cash finances	13.1	3,938,212,000	5,492,721,668
Salam/ Istisna finances	13.2	613,875,000	58,689,153
Running finances	13.3	3,620,595,169	3,644,358,470
Morabaha	13.4	1,148,906,049	1,048,906,049
Inland bill discounting	13.5	500,000,000	–
Finance against trust receipts	13.6	257,085,151	252,303,504
		10,078,673,369	10,496,978,844

13.1 The Group has obtained these facilities from various banks and financial institutions aggregating to Rs. 14,335 million (2014: Rs. 16,280 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 150 to 300 bps per annum (2014: one to six months KIBOR plus 150 to 300 bps per annum). These are secured against pledge of sugar and personal guarantees of the Directors.

13.2 The Group has obtained these facilities from various banks and financial institutions aggregating to Rs. 3,400 million (2014: Rs. 3,400 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 150 to 250 bps per annum (2014: 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.

13.3 The Group has obtained running finance facilities aggregating to Rs. 4,030 million (2014: Rs. 4,080 million). The markup rates applicable during the year ranges from one to three months KIBOR plus 150 to 300 bps per annum (2014: one to six months KIBOR plus 150 to 300 bps per annum). These are secured against present and future current assets of the Group and personal guarantees of the Directors.

13.4 The Group has obtained morabaha finance facilities aggregating to Rs. 1,150 million (2014: Rs. 1,400 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 150 to 250 bps per annum (2014: 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.

13.5 The Group has obtained Inland bill discounting facility aggregating to Rs. 500 million (2014: Rs. Nil). The markup rate applicable during the year has remained three months KIBOR plus 125 bps per annum. This is secured against first pari passu/joint pari passu over current assets of the Holding Company.

13.6 The limit of this facility is Rs. 686 million (2014: Rs. 600 million). It carries markup ranging from one to six months KIBOR plus 200 to 250 bps per annum (2014: one to six months KIBOR plus 200 to 250 bps per annum). It is secured against first ranking charge over current assets of the Group.

	Note	2015 Rupees	2014 Rupees
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital - secured	8	111,111,111	111,111,111
Long term finances - secured	9	2,693,207,459	1,605,975,286
Liabilities against assets subject to finance lease	10	379,994,148	412,946,016
		3,184,312,718	2,130,032,413

		Note	2015 Rupees	2014 Rupees
15	**TRADE AND OTHER PAYABLES**			
	Advances from customers		4,059,762,082	2,534,387,309
	Trade and other creditors	15.1	1,185,439,800	1,287,004,621
	Federal excise duty and sales tax payable		–	50,273,192
	Workers' profit participation fund payable	15.2	90,181,799	66,120,852
	Accrued expenses		38,549,389	46,445,089
	Workers' welfare fund	15.3	15,601,439	5,558,052
	Payable on behalf of growers		699,284,064	612,226,324
	Unclaimed dividend		32,325,924	21,809,453
	Tax deducted at source		21,618,464	27,180,851
	Retention money		25,668,420	27,050,721
	Payable to provident fund trust		79,029	4,982,462
	Payable to JKFS against purchase consideration		–	447,573,456
	Other payables	15.4	44,180,256	37,877,125
			6,212,690,666	5,168,489,507

15.1 This includes an amount of Rs. 4.47 million (2014: Rs. 7.89 million), Rs. Nil (2014: Rs. 3.14 million) and Rs. 1.94 million (2014: Rs. 66.34) million due to JDW Aviation (Private) Limited, JK Dairies (Private) Limited ("JKDL") and Agro Industrial Solutions respectively (related parties).

		Note	2015 Rupees	2014 Rupees
15.2	**Workers' Profit Participation Fund**			
	Balance as at 01 October		66,120,852	69,959,558
	Add: Allocation for the year	35	90,181,800	66,120,852
	Interest on funds utilized		10,765,340	13,082,654
			167,067,992	149,163,064
	Less: Paid during the year		(76,886,193)	(83,042,212)
	Balance as at 30 September		90,181,799	66,120,852
15.3	**Workers' Welfare Fund**			
	Balance as at 01 October		5,558,052	18,399,509
	Add: Allocation for the year	35	10,043,387	5,558,052
			15,601,439	23,957,561
	Less: Adjusted during the year		–	(18,399,509)
	Balance as at 30 September		15,601,439	5,558,052

15.4 This includes an amount of Rs. 1.09 million (2014: Rs. 0.12 million) due to National Rural Support Program ("NRSP"), a related party.

		2015 Rupees	2014 Rupees
16	**ACCRUED PROFIT / INTEREST / MARK-UP**		
	Interest and accrued profit on:		
	Redeemable capital - secured	7,324,292	13,306,393
	Long term finances - secured	144,227,890	162,018,489
	Short term borrowings - secured	145,529,706	342,040,900
	Purchase consideration related to JKFS	–	12,814,131
		297,081,888	530,179,913

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 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 of the Holding Company expects a favorable outcome in this case.

17.1.2 The tax department issued a show cause notice to the Holding Company on 09 April 2013 on the grounds that the Holding 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 of the Holding Company expects a favorable outcome in this case. Hence no provision has been made in the financial statements.

17.1.3 The Honourable Sindh High Court through its order dated March 01, 2013 declared the amendments made in 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. 126.62 million (2014: Rs. 102.39 million) for the current year. However, these consolidated financial statements do not include any adjustment to this effect since the Holding 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.

17.1.4 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. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR"), who vide order dated 06 April 2010 decided appeal in favour of the Holding 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 Holding 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 the consolidated financial statements.

17.1.5 The Group has filed a subsidy claim of Rs. 800 million to the Cane Commissioner, Government of Sindh which represents Rs. 12 per 40 kg of sugar cane purchased by the Group from sugar cane growers during the crushing season 2014-2015. The claim is still pending. However in order to recover this amount, a case has been filed in Sindh High Court, Karachi.

17.1.6 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 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.

17.1.7 The tax department issued a show cause notice to the Subsidiary Company on May 23, 2013 on the grounds that the Subsidiary Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made. Consequently, Subsidiary Company filed a writ petition against this notice in the Honorable Sindh 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 and the final outcome of the case is pending. Management of the Subsidiary Company expects a favorable outcome in this case. Hence no provision has been made in the consolidated financial statements.

17.1.8 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 sugar cane 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 is not seem to be interested to pursue his petition and this petition will dismiss in near future in the favor of Subsidiary Company.

17.1.9 Guarantee issued by the United Bank Limited on behalf of the Subsidiary Company in favor of various finance facilities as at reporting date amounts to Rs. 7.5 million (2014 : Rs. Nil)

17.1.10 Counter guarantees given by the Holding Company to its bankers on account of agricultural loan as at the reporting date amounts to Rs. 2,795 million (2014: Rs. 5,701.33 million).

17.1.11 Cross corporate guarantees given by the Holding Company to its bankers for DSML as at the reporting date amounts to Rs. 380.32 million (2014: Rs. 380.32 million).

17.1.12 Guarantees issued by the banks on behalf of the Holding Company in favour of various parties as at the reporting date amounts to Rs. 87.67 million (2014: Rs. 239.54 million).

		2015 Rupees	2014 Rupees
17.2	**Commitments**		
17.2.1	**Letters of credit for import of machinery and its related components**		
	Holding Company	324,420,557	617,912,249
	Subsidiary Company	25,000,000	–

17.2.2 The amount of future lease rentals and the period in which these payments will become due are as follows:

	2015 Rupees	2014 Rupees
Not later than one year	170,260,099	444,020,983
Later than one year but not later than five years	782,605,421	803,695,274
Later than five years	70,726,802	127,703,990
	1,023,592,322	1,375,420,247

17.2.3 The amount of future ijarah rentals for ijarah financing and the period in which these payments will become due are as follows:

	2015 Rupees	2014 Rupees
Not later than one year	52,251,774	–
Later than one year but not later than five years	88,969,956	–

	Note	2015 Rupees	2014 Rupees
18 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	18.1	20,673,979,655	15,819,652,556
Capital work in progress	18.2	1,448,349,413	4,615,126,751
		22,122,329,068	20,434,779,307

18.1 Operating fixed assets

	Cost						Depreciation				Net book value as at 30 September 2015
	As at 01 October 2014	Additions/ (deletion) during the year	Transfers to / (from)	Fair value of assets acquired	As at 30 September 2015	Rate	As at 01 October 2014	For the year	Adjustments/ (deletion) during the year	As at 30 September 2015	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	1,815,302,761	40,317,501	-	-	1,855,620,262	-	-	-	-	-	1,855,620,262
Factory building on freehold land	1,648,181,373	624,722,150	-	-	2,272,752,966	10	584,801,491	160,054,639	-	744,846,720	1,527,906,246
		(150,557)							(9,410)		
Non-factory building on freehold land	794,111,670	109,744,044	-	-	903,855,714	5-20	182,570,480	33,042,067	-	215,612,547	688,243,167
Plant and machinery	12,827,267,072	4,548,313,348	6,353,240	-	17,381,843,087	5-20	3,046,653,467	735,702,743	4,241,741	3,785,928,491	13,595,914,596
		(90,573)	-						(669,460)		
Motor vehicles	604,057,566	55,594,129	135,599,157	-	755,566,122	20	308,135,134	135,070,817	21,563,052	440,405,814	315,160,308
		(39,684,730)	-						(24,363,189)		
Electrical installation	121,602,406	46,186,714	-	-	166,398,120	10	49,301,771	10,291,440	-	59,248,821	107,149,299
		(1,391,000)							(344,390)		
Office equipment	163,181,774	57,062,239	-	-	220,240,119	20	36,535,378	16,589,268	-	53,123,611	167,116,508
		(3,894)	-						(1,035)		
Tools and equipment	100,342,460	18,039,803	-	-	118,382,263	10-20	30,777,763	3,673,680	-	34,451,443	83,930,820
Agri implements	415,125,507	236,017	899,000	-	411,626,524	10	177,251,542	2,262,330	415,717	177,902,104	233,724,420
		(4,634,000)							(2,027,485)		
Furniture and fixture	46,958,875	3,890,993	-	-	50,836,123	10	19,026,821	3,109,645	-	22,134,748	28,701,375
		(13,745)							(1,718)		
Weighbridge	10,454,656	-	-	-	10,454,656	10	8,054,567	240,009	-	8,294,576	2,160,080
Roads and boundary wall	119,072,307	10,155,889	-	-	129,228,196	10	38,128,016	8,661,144	-	46,789,160	82,439,036
Arms and ammunitions	7,991,517	-	-	-	7,907,517	10	3,908,537	407,402	-	4,240,898	3,666,619
		(84,000)							(75,041)		
Fire fighting equipments	44,945,259	32,378,499	-	-	77,323,758	20	2,750,748	14,879,119	-	17,629,867	59,693,891
Aircraft	398,645,628	71,336,196	-	-	469,981,824	10	170,536,982	30,802,078	-	201,339,060	268,642,764
Tube well	2,591,679	252,800	-	-	2,844,479	10	1,417,445	134,553	-	1,551,998	1,292,481
Computers	32,565,103	7,834,373	-	-	40,278,751	33	20,602,009	5,437,266	-	25,951,241	14,327,510
		(120,725)							(88,034)		
	19,152,397,613	5,626,064,695	142,851,397	-	24,875,140,481		4,680,452,151	1,160,358,200	26,220,510	5,839,451,099	19,035,689,382
		(46,173,224)							(27,579,762)		
Leased											
Plant and machinery	1,076,026,668	496,188,833	(6,353,240)	-	1,565,862,261	5	84,209,105	68,091,481	(4,241,741)	148,058,845	1,417,803,416
Agri implements	297,992,014	-	(899,000)	-	297,093,014	10	77,672,843	470,779	(415,717)	77,727,905	219,365,109
Motor vehicles	251,768,682	61,728,908	(135,599,157)	-	177,898,433	20	116,198,322	82,141,415	(21,563,052)	176,776,685	1,121,748
	1,625,787,364	557,917,741	(142,851,397)	-	2,040,853,708		278,080,270	150,703,675	(26,220,510)	402,563,435	1,638,290,273
	20,778,184,977	6,183,982,436	-	-	26,915,994,189		4,958,532,421	1,311,061,875	-	6,242,014,534	20,673,979,655
		(46,173,224)							(27,579,762)		

Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 5,859.78 million (2014: Rs. 3,033.62 million).

	Cost						Depreciation				Net book value as at 30 September 2014
	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/ (deletion) during the year	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)		

		Note	2015 Rupees	2014 Rupees
18.2	**Capital work in progress**			
	As at 1 October		4,615,126,751	1,966,172,380
	Addition during the year		2,693,012,519	5,682,577,239
	Transfer made during the year		(5,859,789,857)	(3,033,622,868)
	As at 30 September	18.2.1	1,448,349,413	4,615,126,751
	Break-up of closing balances is as follows:			
	Building		87,018,898	174,674,490
	Plant and machinery		975,997,638	3,748,509,304
	Advances to suppliers		385,332,877	691,942,957
			1,448,349,413	4,615,126,751

18.2.1 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.

18.2.2 Additions to capital work in progress also include borrowing costs of Rs. 80.77 million (2014: Rs. 404.66 million) relating to specific borrowings at the rates ranging from 9.22% to 12.68% per annum (2014: 11.53% to 12.68% per annum).

		Note	2015 Rupees	2014 Rupees
18.3	Depreciation charge for the year has been allocated as follows:			
	Cost of goods manufactured	31.1	1,044,633,366	653,550,779
	Administrative expenses	32	52,233,235	46,851,638
	Biological assets	19.2	214,195,274	162,398,702
			1,311,061,875	862,801,119

18.4 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sale value Rupees	Gain/ (loss) Rupees	Mode of disposal Rupees
Employees							
13 Vehicles	Employees	12,692,000	8,622,617	4,069,383	4,219,473	150,090	Company Policy
01 Vehicle	Mr. Awais Khalid	866,975	216,744	650,231	372,000	(278,231)	Negotiation
64 Motor cycles	Employees	4,168,569	2,827,955	1,340,614	2,104,086	763,472	Company Policy
01 Motor cycle	Mr. Umar Farooq	70,800	43,391	27,409	18,636	(8,773)	Negotiation
01 Tractor	Mr. Safdar Kanjoo	679,000	305,136	373,864	455,000	81,136	- do -
01 Laptop	Dr. Barat Ali Chaudhry	120,725	88,034	32,691	33,514	823	- do -
Other Parties							
06 Tractors	Mr. Muhammad Shafiq Ahmed	2,262,288	1,261,428	1,000,860	3,385,000	2,384,140	Negotiation
06 Tractors	JK Dairies (Private) Limited	4,603,768	1,884,541	2,719,227	4,030,000	1,310,773	- do -
02 Tractors	Mr. Haroon Saeed	950,444	570,059	380,385	1,350,000	969,615	- do -
01 Tractor	Khursheed & Co.	423,690	105,923	317,767	412,500	94,733	- do -
01 Tractor	Mr. Muhammad Siddique	475,222	292,950	182,272	615,000	432,728	- do -
04 Vehicles	EFU General Insurance Limited	2,243,500	1,165,771	1,077,729	2,224,468	1,146,739	Insurance Claim
01 Vehicle	Mrs. Ulfat Mehmood	427,000	393,980	33,020	235,000	201,980	Negotiation
01 Vehicle	Mr. Khurram Imtiaz	1,506,000	1,170,824	335,176	1,054,545	719,369	- do -
01 Vehicle	Ch. Imitiaz	1,679,000	766,581	912,419	1,430,000	517,581	- do -
01 Vehicle	Mr. Adeel Masood	2,425,000	2,319,967	105,033	2,056,786	1,951,753	- do -
01 Vehicle	Mrs. Zartaj Begum	1,309,000	1,290,409	18,591	855,786	837,195	- do -

Description	Particulars of buyer	Cost	Accumulated depreciation	Book value	Sale value	Gain/ (loss)	Mode of disposal
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
01 Vehicle	Mr. Habib Asad Khan	750,000	564,180	185,820	645,455	459,635	- do -
01 Vehicle	Mr. Moin Khalid	916,000	473,008	442,992	636,364	193,372	- do -
01 Vehicle	Mr. Irfan Khan	707,400	573,108	134,292	535,000	400,708	- do -
01 Vehicle	Mr. Abid Ansar	1,352,340	360,624	991,716	1,390,000	398,284	- do -
24 Motor cycles	Mr. Muhammad Javed	1,520,500	1,002,796	517,704	684,000	166,296	Negotiation
03 Motor cycles	EFU General Insurance Limited	198,520	98,149	100,371	145,920	45,549	Insurance Claim
01 Motor cycle	Mr. Muhammad Kashif	63,500	44,586	18,914	10,455	(8,459)	Negotiation
01 Diesel generator	Mr. Muhammad Ikhlaq Qureshi	1,391,000	344,390	1,046,610	850,000	(196,610)	Company Policy
Dumper trolly	Diamond Electric	72,605	14,521	58,084	350,000	291,916	Negotiation
06 Guns	Gulzar Arms Store	84,000	75,040	8,960	5,200	(3,760)	- do -
Building on freehold land	Written off	150,557	9,410	141,147	-	(141,147)	- do -
Net book value of assets less than Rs. 50,000		2,063,821	693,641	1,370,180	1,360,201	(9,979)	- do -
	2015	46,173,224	27,579,763	18,593,461	31,464,389	12,870,928	
	2014	190,323,142	80,202,099	110,121,043	312,728,699	203,484,489	

	2015 Rupees	2014 Rupees
19 BIOLOGICAL ASSETS		
Consumable biological assets represent:		
Sugarcane		
Immature - classified as non current assets	2,766,282	10,471,822
Mature - classified as current assets	1,548,160,341	1,681,515,961
	1,550,926,623	1,691,987,783

19.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value Rupees	Carrying value Rupees
Balance at 01 October 2014		1,642,894,751	49,093,032	1,691,987,783
Expenses incurred during the year	19.2	2,443,509,873	–	2,443,509,873
		4,086,404,624	49,093,032	4,135,497,656
Fair value gain at the point of harvest		–	85,163,422	85,163,422
Cost of crop harvested and fair value adjustment		(2,313,594,532)	(134,256,454)	(2,447,850,986)
Loss on fair value at year end		–	(221,883,469)	(221,883,469)
Balance at 30 September 2015		1,772,810,092	(221,883,469)	1,550,926,623

		Note	2015 Rupees	2014 Rupees
19.2	**Expenses incurred during the year**			
	Land rentals		769,065,284	469,102,257
	Salaries, wages and other benefits	19.2.1	294,946,186	242,367,251
	Harvesting expenses		264,350,779	125,126,218
	Fertilizer expenses		231,577,452	255,876,600
	Depreciation	18.3	214,195,274	162,398,702
	Irrigation expenses		182,603,504	308,200,328
	Seed and sapling expenses		151,510,102	87,897,537
	Land preparation & cultivation expenses		109,517,701	171,205,945
	Repairs and maintenance		53,318,783	91,031,325
	Pesticide and herbicide expenses		44,295,375	60,332,086
	Sowing expenses		30,614,133	22,316,657
	Insurance		22,697,588	21,984,692
	Bio-laboratory expenses		21,673,597	22,261,908
	Vehicle running expenses		16,434,975	20,779,202
	Utility expenses		6,065,731	8,077,342
	Freight		3,440,196	4,396,287
	Printing & stationary		1,390,980	1,702,144
	Travelling and conveyance		261,978	291,806
	Others		25,550,255	39,841,845
			2,443,509,873	2,115,190,132

19.2.1 Salaries, wages and other benefits include Rs. 8.6 million (2014: Rs. 13.50 million) in respect of provident fund.

19.3 The Holding Company harvested 14,632,530 maunds, 27,985 maunds of sugar cane and wheat during the year at yields of 808 and 34.9 maunds per acre respectively in addition to issuance of 1,303 acres of sugar cane mature crop for seeding purposes to internal farms and some external parties.

19.4 Measurement of fair values

19.4.1 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 which mainly include crop's expected yield. The expected cash flows are discounted using a risk adjusted discount rate.

19.4.2 Level 3 fair values

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

(Loss) / gain included in cost of goods manufactured and other income:

	Note	2015 Rupees	2014 Rupees
Change in fair value (realised)			
cost of goods consumed		134,225,464	(527,511,840)
Change in fair value (unrealised)			
other (loss)/ income	34 & 35	(221,883,469)	49,093,032

19.4.3 Valuation techniques and significant unobservable inputs

The key variables, assumptions and the impact of changes in those is given below:

	Unit	2015 Value	2014 Value
Valued plantations (Actual)			
-Punjab Zone	Acres	8,682	9,064
-Sindh Zone	Acres	11,166	10,357
Estimated yield per acre			
-Punjab Zone	Maunds	876	793
-Sindh Zone	Maunds	602	801
Harvest age	Months	12-14	12-14
Estimated future sugarcane market price per Maund			
-Punjab Zone	Rupees	180	180
-Sindh Zone	Rupees	180	182
Risk - adjusted discount rate	% per month	1.00%	1.39%

Cost of Rs. 2.8 million in respect of plantation on 168 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.

19.5 Sensitivity analysis

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

	(Decrease) 2015 Rupees	(Decrease) 2014 Rupees
Decrease of 10% in expected average yield per acre	(190,578,777)	(182,674,800)
Decrease of 10% in expected average selling price per maund	(247,082,689)	(261,723,790)
Increase of 10% in discount rate	(6,856,024)	(7,892,741)

19.6 Segment-wise composition

	Cost Rupees	Fair value Rupees	Total Rupees
Punjab	927,624,158	(2,934,140)	924,690,018
Sindh	845,185,934	(218,949,329)	626,236,605
Total	1,772,810,092	(221,883,469)	1,550,926,623

19.7 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 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 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 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 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 Holding 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	2015 Rupees	2014 Rupees
20	**INVESTMENT PROPERTY**			
	Balance as at 01 October		173,026,930	693,855,251
	Transferred to operating fixed assets		–	(520,828,321)
	Balance as at 30 September	20.1	173,026,930	173,026,930

20.1 It represents both agricultural land given on lease and kept for capital appreciation. The fair value of investment property is Rs. 320 million (2014: Rs. 273 million).

		Note	2015 Rupees	2014 Rupees
21	**INTANGIBLES**			
	Goodwill	21.1	608,310,693	608,310,693
	Computer software	21.2	16,851,458	18,800,889
			625,162,151	627,111,582

21.1 Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Company. For impairment testing, the recoverable amount has been determined based on the recent value in use calculations by discounting the five years cash flow projections at 11.58% per annum. Assumptions used in preparing the cash flows are based on past trends. The calculation of value in use is sensitive to discount rate and local inflation rates.

		Note	2015 Rupees	2014 Rupees
21.2	**Computer software**			
	Cost			
	Opening		21,397,279	1,000,000
	Acquired during the year		–	20,397,279
			21,397,279	21,397,279
	Accumulated amortization			
	Opening		2,596,390	568,549
	Amortization for the year	32	1,949,431	2,027,841
			4,545,821	2,596,390
	As at 30 September		16,851,458	18,800,889
	Rate of amortization		10% - 33%	10% - 33%

		Note	2015 Rupees	2014 Rupees
21.3	Amortization charge for the year has been allocated as follows:			
	Cost of goods manufactured		–	1,885,463
	Administrative expenses		1,949,431	142,378
			1,949,431	2,027,841

		Note	2015 Rupees	2014 Rupees
22	**LONG TERM INVESTMENTS**			
	Investment in associated companies- unquoted			
	Cost of investments			
	As at 01 October		2,134,648,050	650,500,000
	Acquired during the year		–	1,484,148,050
	Advance for future issuance of shares		1,109,778,333	–
			3,244,426,383	2,134,648,050
	Share of loss			
	As at 01 October		(610,169,975)	(410,767,064)
	Share of loss for the year		(50,972,318)	(203,464,361)
	Share of other comprehensive income		224,615	4,061,450
			(660,917,678)	(610,169,975)
	As at 30 September	22.1, & 22.2	2,583,508,705	1,524,478,075
22.1	**Faruki Pulp Mills Limited ("FPML")**			
	Cost of investment			
	51,500,000 (2014: 51,500,000) fully paid shares of Rs. 10 each		2,044,648,050	560,500,000
	Acquired during the year: Nil (2014: 148,414,805)			
	Equity held 48.39% (2014: 48.39%)		–	1,484,148,050
	Advance for future issuance of shares		1,109,778,333	–
			3,154,426,383	2,044,648,050
	Share of loss			
	As at 01 October		(520,169,975)	(320,767,064)
	Share of loss for the year		(50,972,318)	(203,464,361)
	Share of other comprehensive income		224,615	4,061,450
			(570,917,678)	(520,169,975)
	As at 30 September		2,583,508,705	1,524,478,075
22.2	**JDW Power (Private) Limited ("JDWPL")**			
	Cost of investment			
	9,000,000 (2014: 9,000,000) fully paid shares of Rs. 10 each		90,000,000	90,000,000
	Equity held 47.37% (2014 : 47.37%)			
	Share of loss			
	As at 01 October		(90,000,000)	(90,000,000)
	Share of loss for the year		–	–
			(90,000,000)	(90,000,000)
	As at 30 September		–	–

Summarised financial information in respect of associated companies is set out below:

	2015	
	FPML	JDWPL
	Rupees	
Assets	4,161,527,574	3,283,550
Liabilities	152,266,316	113,779
Equity	4,009,261,258	3,169,771
Loss after tax for the year	(105,339,531)	(30,924)

	2014	
	FPML	JDWPL
	Rupees	
Assets	4,177,725,490	3,319,474
Liabilities	1,173,367,223	118,779
Equity	3,004,358,267	3,200,695
(Loss) / profit after tax for the year	(423,511,969)	16,369

Investments of the Group in associated companies have been accounted for under equity method of accounting based on its audited financial statements for the year ended 30 June 2015.

	Note	2015 Rupees	2014 Rupees
23 LONG TERM ADVANCES			
Sukkur Electric Power Company ("SEPCO")	23.1	31,000,000	36,000,000
Less: current maturity presented under current assets		(12,000,000)	(9,000,000)
		19,000,000	27,000,000
Multan Electric Power Company ("MEPCO")	23.2	31,000,000	31,000,000
Less: current maturity presented under current assets		(5,166,667)	–
		25,833,333	31,000,000
		44,833,333	58,000,000

23.1 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 started after three months from the commercial operation date i.e., 03 October 2014.

23.2 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.

24 LONG TERM DEPOSITS

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

		2015 Rupees	2014 Rupees
25	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores		
	- Sugar	664,760,028	456,011,663
	- Co-generation power	63,920,973	147,380,802
	- Corporate sugarcane farms	225,096,198	241,536,691
		953,777,199	844,929,156
	Spare parts		
	- Sugar	417,832,036	473,843,146
	- Co-generation power	48,802,933	14,029,728
		466,634,969	487,872,874
	Loose tools		
	- Sugar	27,316,792	23,915,097
	- Co-generation power	13,081,562	15,092,601
		40,398,354	39,007,698
		1,460,810,522	1,371,809,728
	Less: Provision for obsolescence	(44,082,604)	(44,082,604)
		1,416,727,918	1,327,727,124

		2015 Rupees	2014 Rupees
26	**STOCK-IN-TRADE**		
	Raw material	95,879,086	211,237,719
	Finished goods	5,386,729,632	5,759,080,079
		5,482,608,718	5,970,317,798

		Note	2015 Rupees	2014 Rupees
27	**TRADE DEBTS - UNSECURED**			
	Trade debts - considered good		1,185,677,434	671,430,276
	Trade debts - considered doubtful		14,486,141	14,486,141
			1,200,163,575	685,916,417
	Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
		27.1	1,185,677,434	671,430,276

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

		Note	2015 Rupees	2014 Rupees
28	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to growers:			
	Unsecured - considered good		11,812,280	56,203,962
	Unsecured - considered doubtful		4,937,966	4,937,966
			16,750,246	61,141,928
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
			11,812,280	56,203,962
	Advance to suppliers and contractors:			
	Unsecured - considered good		754,164,017	1,123,960,210
	Unsecured - considered doubtful		20,472,883	20,472,883
			774,636,900	1,144,433,093
	Less: Provision for doubtful advances		(20,472,883)	(20,472,883)
			754,164,017	1,123,960,210
	Advances to related parties:			
	Unsecured - considered good		–	489,541,323
	Advances to staff - unsecured, considered good:			
	- against salaries	28.1	19,527,419	29,317,183
	- against expenses		4,219,955	5,316,864
	Prepaid expenses		37,347,407	43,279,977
	Sugar export subsidy		108,140,000	–
	Federal Excise Duty and Sales Tax receivable		334,267,999	244,125,343
	Deposits		31,163,024	18,240,003
	Current maturity of long term advances		17,166,667	9,000,000
	Other receivables	28.2	39,506,695	3,006,501
			1,357,315,463	2,021,991,366

28.1 This includes an amount of Rs. 10.41 million (2014: Rs. 20.91 million) receivable from executives of the Holding Company.

28.2 Other receivables include an amount of Rs. Nil (2014: Rs. 1.65 million) receivable from ATF Mango Farms (Private) Limited (a related party).

		Note	2015 Rupees	2014 Rupees
29	**CASH AND BANK BALANCES**			
	At banks:			
	Current accounts		52,211,309	101,135,016
	Saving accounts	29.1	2,901,904	5,641,109
			55,113,213	106,776,125
	Cash in hand		3,265,060	1,987,691
			58,378,273	108,763,816

29.1 The balances in saving accounts carry markup at 4.5% to 10% per annum (2014: 6% to 10% per annum).

		Note	2015 Rupees	2014 Rupees
30	**SALES - NET**			
	Sugar	30.1	37,225,872,610	34,916,315,712
	Agriculture produce	30.2	71,627,557	26,650,311
	Electricity	30.3	4,420,941,911	1,395,190,830
	Molasses and baggase		2,109,882,087	2,876,726,956
			43,828,324,165	39,214,883,809
	Less:			
	- Federal excise duty		(2,549,526,735)	(2,046,007,672)
	- Sales Tax		(447,227,589)	(243,598,032)
	- Commission and others		(30,444,347)	(38,999,512)
			(3,027,198,671)	(2,328,605,216)
			40,801,125,494	36,886,278,593
30.1	**Sugar**			
	- local		34,418,489,420	29,142,270,672
	- export	30.1.1	2,807,383,190	5,774,045,040
			37,225,872,610	34,916,315,712

30.1.1 This includes sugar export subsidy of Rs. 383.11 million (2014: Rs. nil).

		Note	2015 Rupees	2014 Rupees
30.2	**Agriculture produce**			
	- sugarcane seed and others		71,627,557	26,650,311
30.3	**Electricity**			
	- Captive power		214,006,935	650,777,012
	- Co-Generation power			
	variable energy price	30.3.1	2,381,614,994	422,076,402
	fixed energy price		1,825,319,982	322,337,416
			4,206,934,976	744,413,818
			4,420,941,911	1,395,190,830

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

		Note	2015 Rupees	2014 Rupees
31	**COST OF SALES**			
	Opening stock in trade		5,867,491,565	3,777,690,212
	Cost of goods manufactured	31.1	34,514,955,229	34,827,034,419
	Less: Closing stock - sugar		(5,386,729,632)	(5,739,198,134)
	Less: Closing stock - bagasse		(95,879,086)	(128,293,430)
			34,899,838,076	32,737,233,067

		Note	2015 Rupees	2014 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed			
	(including procurement and other costs)	31.1.1	29,652,669,413	31,501,674,241
	Cost of bagasse consumed		394,477,442	54,784,819
	Salaries, wages and other benefits	31.1.2	1,438,957,159	1,153,512,727
	Depreciation	18.3	1,044,633,366	653,550,779
	Packing materials consumed		367,379,772	409,807,527
	Stores and spares consumed		657,663,290	288,899,588
	Operation and maintenance costs	31.1.3	196,033,172	25,235,071
	Chemicals consumed		213,348,726	207,300,465
	Vehicle running expenses		119,944,675	176,978,660
	Oil, lubricants and fuel consumed		74,904,324	101,470,406
	Mud and bagasse shifting expenses		10,307,514	10,843,856
	Electricity and power		79,513,662	65,336,106
	Insurance		82,583,513	58,367,129
	Handling and storage		25,563,961	28,738,816
	Freight and octroi		23,816,810	22,071,890
	Repairs and maintenance		40,024,468	19,758,827
	Oprating Lease		22,296,638	–
	Printing and stationery		11,976,942	9,343,400
	Telephone and fax		8,156,683	4,750,497
	Travelling and conveyance		4,214,606	3,720,959
	Assets written off		–	861,492
	Land vacation charges		6,302,302	8,327,896
	Other expenses		40,186,791	21,699,268
			34,514,955,229	34,827,034,419

		2015	2014
31.1.1	**Cost of sugarcane consumed**		
	- sugarcane produced	2,597,466,952	3,897,545,298
	- fair value adjustment	49,093,032	–
	- sugarcane purchased from third parties	27,006,109,429	27,604,128,943
		29,652,669,413	31,501,674,241

31.1.1.1 This amount includes depreciation of Rs. 196.07 million (2014: Rs. 139.25 million).

31.1.2 Salaries, wages and other benefits include Rs. 49.67 million (2014: Rs. 42.72 million) in respect of provident fund, Rs. 10.06 million (2014: Rs. 10.38million) in respect of staff gratuity.

		2015 Rupees	2014 Rupees
31.1.3	**Operation and maintenance costs**		
	Reimbursable cost	165,448,218	19,749,221
	Operating fee	30,584,954	5,485,850
		196,033,172	25,235,071

		Note	2015 Rupees	2014 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	32.1	506,648,553	336,227,345
	Depreciation	18.3	52,233,235	46,851,638
	Travelling and conveyance		57,887,871	42,564,886
	Office rent and renovation		31,323,618	27,584,158
	Vehicle running and maintenance		20,737,834	23,344,469
	Legal and professional services		39,202,350	18,771,892
	Repair and maintenance		30,471,653	15,453,319
	Charity and donations	32.2	36,814,928	9,204,000
	Fee and taxes		11,394,249	8,552,282
	Subscription and renewals		8,751,386	7,614,113
	Insurance		8,152,636	11,714,841
	Telephone, fax and postage		7,672,394	7,681,988
	Printing and stationery		5,976,167	6,702,247
	Electricity and power		4,620,559	5,473,744
	Auditors' remuneration	32.3	4,467,250	3,656,250
	Operating lease rentals		2,033,573	–
	Entertainment		2,422,704	2,101,595
	Amortization	21.2	1,949,431	142,378
	Advertisement		1,463,184	1,679,052
	Assets written off		1,321,808	15,341
	Newspapers, books and periodicals		199,368	171,632
	Arms and ammunition		21,850	–
	Other expenses		29,610,963	15,896,531
			865,377,564	591,403,701

32.1 Salaries, wages and other benefits include Rs. 17.48 million (2014: Rs. 8.46 million) in respect of provident fund, Rs. 5.88 million (2014: Rs. 4.45 million)

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.

		2015 Rupees	2014 Rupees
32.3	**Auditors' remuneration**		
	KPMG Taseer Hadi & Co.		
	Statutory audit	2,250,000	2,000,000
	Half yearly review	400,000	350,000
	Other certificates	790,000	120,000
	Out of pocket expenses	100,000	125,000
	Riaz Ahmed Saqib Gohar & Co.		
	Statutory audit	450,000	375,000
	Tax certificates	125,000	651,250
	Other certificates	352,250	35,000
		4,467,250	3,656,250

		Note	2015 Rupees	2014 Rupees
33	**SELLING EXPENSES**			
	Freight and handling charges		97,372,780	88,825,994
	Salaries, wages and other benefits	33.1	25,624,846	17,197,348
	Other selling expenses		13,617,267	24,955,549
			136,614,893	130,978,891

33.1 Salaries, wages and other benefits include Rs. 0.54 million (2014: Rs. 0.29 million) in respect of provident fund.

		Note	2015 Rupees	2014 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposit		1,648,959	2,197,255
	Mark-up on delayed payment form NTDC		37,093,648	2,281,018
			38,742,607	4,478,273
	Income from non-financial assets			
	Scrap sales		71,908,978	41,328,079
	Rental income	34.1	6,543,227	9,872,519
	Insurance claim		32,490,000	1,768,000
	Foreign exchange gain		26,199,550	7,030,199
	Sale of mud		15,307,545	21,167,616
	Profit on sale of property, plant and equipment	18.4	12,870,928	203,484,489
	Fair value gain on biological assets		–	49,093,032
	Others		175,422	2,297,392
			165,495,650	336,041,326
			204,238,257	340,519,599

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

		Note	2015 Rupees	2014 Rupees
35	**OTHER EXPENSES**			
	Fair value loss on biological assets		221,883,469	–
	Worker's Profit Participation Fund	15.2	90,181,800	66,120,852
	Worker's Welfare Fund	15.3	10,043,387	5,558,052
	Excise Duty written off		–	9,888,364
	Sales Tax receivable written off		–	1,645,058
			322,108,656	83,212,326

		Note	2015 Rupees	2014 Rupees
36	**FINANCE COST**			
	Interest and mark-up on:			
	- short term borrowings - secured		1,399,882,853	1,408,163,152
	- long term finances - secured		1,133,643,421	1,021,100,338
	- redeemable capital - secured		39,279,181	72,938,507
	- finance leases		129,516,170	106,988,733
	- Worker's Profit Participation Fund		10,765,340	13,082,654
	- purchase consideration markup		–	173,561,671
	Bank charges and commission		52,779,373	61,859,696
			2,765,866,338	2,857,694,751
	Less: Borrowing costs capitalized		(80,771,596)	(404,659,124)
			2,685,094,742	2,453,035,627

		Note	2015 Rupees	2014 Rupees
37	**TAXATION**			
	Income tax			
	current		(77,957,382)	(86,582,332)
	prior years		5,799,542	40,265,259
	Deferred tax	11	137,550,875	(20,201,797)
			65,393,036	(66,518,870)

		2015 Rupees	2014 Rupees
37.1	**Reconciliation of tax charge for the year**		
	Profit before taxation	2,045,357,502	1,027,470,219
	Applicable tax rate as per Income Tax Ordinance, 2001	32%	33%
	Tax on accounting profit	654,514,401	339,065,172
	Tax credit	(524,496,871)	(313,040,507)
	Tax rate adjustment	(140,176,078)	(94,897,393)
	Effect of tax loss adjustment	(55,728,700)	50,000,000
	Effect of final tax regime	(7,283,228)	(7,172,726)
	Others	7,777,440	92,564,324
		(65,393,036)	66,518,870

37.2 For tax contingency, refer note 17.1.4.

37.3 The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

As explained in note 48 to the consolidated financial statements, the Board of Directors of the Holding Company in their meeting held on 02 January 2016 has recommended sufficient cash dividend for the year ended 30 September 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves have been recognized in these financial statements for the year ended 30 September 2015.

		2015 Rupees	2014 Rupees
38	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	2,045,357,502	1,027,470,219
	Adjustments for non cash and other items:		
	Finance cost	2,685,094,742	2,453,035,627
	Depreciation	1,292,935,277	862,801,119
	Amortization	1,949,431	2,027,841
	Workers' profit participation fund	90,181,800	66,120,852
	Workers' welfare fund	10,043,387	5,558,052
	Staff retirement benefits	70,181,173	79,509,995
	Share of loss of associated companies	50,972,318	203,464,361
	Assets written off	1,321,808	876,833
	Opening biological assets consumed internally	–	2,554,455,770
	Fair value (loss) / gain on biological assets	221,883,469	(49,093,032)
	Profit on disposal of property, plant and equipment	(12,870,928)	(203,484,489)
		4,411,692,477	5,975,272,929
	Operating profit before working capital changes	6,457,049,979	7,002,743,148
	(Increase) / decrease in current assets:		
	Stock in trade	487,709,080	(1,830,849,711)
	Biological assets	(80,822,309)	(1,617,128,396)
	Trade debts	(514,247,158)	(16,072,042)
	Stores, spare parts and loose tools	(89,000,794)	(262,919,541)
	Advances, deposits, prepayments and other receivables	247,402,570	(271,424,332)
		51,041,389	(3,998,394,022)
	Increase in current liabilities:		
	Trade and other payables	1,004,483,786	1,577,260,674
	Cash generated from operations	7,512,575,154	4,581,609,800

39 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 Group is as follows:

	Directors					
	Chief Executive		Non - Executive		Executives	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Managerial remuneration	52,000,000	27,333,333	37,966,667	23,300,000	206,160,983	174,867,351
House allowance	20,800,000	10,933,333	15,186,667	9,320,000	80,344,919	51,447,647
Utilities	5,200,000	2,733,333	3,796,667	2,330,000	20,086,230	12,861,912
Bonus	24,000,000	12,666,667	17,666,667	10,900,000	160,244,819	47,853,972
Group's contribution towards provident fund	-	-	-	-	18,198,220	11,993,188
Staff retirement benefit Gratuity	-	-	-	-	5,401,422	-
	102,000,000	53,666,666	74,616,668	45,850,000	490,436,593	299,024,070
Number of persons	1	1	3	2	129	101

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

No meeting fee was paid to directors during the year (2014: Rs. Nil)

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. 35.32 million (2014: Rs. 27.86 million) for the use of aircraft.

40 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

41.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counterparty. To manage credit risk, the Group maintains procedures covering the credit worthiness of debtors and monitoring of exposures . As part of these processes the financial viability of all counterparties is regularly monitored and assessed. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of cash security deposit.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2015 Rupees	2014 Rupees
Trade debts	1,185,677,434	671,430,276
Advances, deposits and other receivables	52,549,646	530,865,007
Bank balances	55,113,213	106,776,125
Long term advances	44,833,333	58,000,000
	1,338,173,626	1,309,071,408

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty.

Trade debts - considered good

Majority of the Group's sales are on advance basis and trade debts mainly represents receivable from NTDC a Government owned entity. Hence the management believes that no impairment allowance is necessary in respect of these trade debts.

	2015 Rupees	2014 Rupees
The aging of trade receivables at the reporting date is:		
Not past due	1,185,677,434	671,430,276
Past due 365 days	14,486,141	14,486,141
	1,200,163,575	685,916,417

	2015		2014	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	1,185,677,434	–	671,430,276	–
Past due more than 365 days	14,486,141	14,486,141	14,486,141	14,486,141
	1,200,163,575	14,486,141	685,916,417	14,486,141

Customer credit risk is managed subject to the Group's established policies, procedures and controls relating to customer credit risk management. Based on past experience the management believes that no impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Bank balances

The Group's exposure to credit risk against balances with various commercial banks is as follows:

	2015 Rupees	2014 Rupees
At banks:		
Current accounts	52,211,309	101,135,016
Saving accounts	2,901,904	5,641,109
	55,113,213	106,776,125

The credit quality of Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Banks	Rating Long term	Rating Short term	Rating Agency	2015 Rupees	2014 Rupees
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	169,385	144,946
Allied Bank Limited	AA+	A1+	PACRA	3,093,880	979,728
Askari Bank Limited	AA	A1+	JCR-VIS	256,312	252,997
Bank Al Habib Limited	AA+	A1+	PACRA	21,035	16,520
Bank Alfalah Limited	AA	A1+	PACRA	2,553,215	3,805,157
Bank Islami Pakistan Limited	A+	A1	PACRA	150,071	905,461
Burj Bank Limited	A-	A-2	JCR-VIS	79,211	46,892
Dubai Islamic Bank Pakistan Limited	A+	A-1	JCR-VIS	141,311	162
Faysal Bank Limited	AA	A1+	PACRA	4,424,226	368,724
Habib Bank Limited	AAA	A-1+	JCR-VIS	4,225,532	54,793,246
JS Bank Limited	A+	A1+	PACRA	14,315	143,896
MCB Bank Limited	AAA	A1+	PACRA	26,950,695	4,623,460
Meezan Bank Limited	AA	A-1+	JCR-VIS	3,826,130	3,149,286
National Bank of Pakistan	AAA	A1+	PACRA	445,159	2,842,323
NIB Bank Limited	AA-	A1+	PACRA	3,416,916	204,741
Soneri Bank Limited	AA-	A1+	PACRA	19,467	16,860
Sindh Bank Limited	AA	A-1+	JCR-VIS	33,844	18,363
Summit Bank Limited	A	A-1	JCR-VIS	2,948,240	5,378,241
The Bank of Khyber	A	A1	PACRA	10,630	706,196
The Bank of Punjab	AA-	A1+	PACRA	394,098	18,117,501
The First Micro Finance Bank Limited	A	A-1	JCR-VIS	12,830	30,442
United Bank Limited	AA+	A-1+	JCR-VIS	1,692,467	10,202,468
KASB Bank Limited	B	C	PACRA	–	21,604
Silk Bank Limited	A-	A-2	JCR-VIS	234,244	6,911
				55,113,213	106,776,125

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

40.3 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.

40.3.1 Exposure to liquidity risk

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

	2015				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	305,555,555	352,746,363	140,847,915	211,898,448	–
Long term finances	10,903,054,071	14,039,308,683	3,890,681,796	10,148,626,887	–
Short term borrowings	10,078,673,369	11,084,994,366	11,084,994,366	–	–
Liabilities against assets subject to finance lease	1,054,257,309	1,206,917,839	452,233,389	754,684,450	–
Interest and markup accrued	297,081,888	311,729,966	311,729,966	–	–
Trade and other payables	1,948,941,672	1,948,941,672	1,948,941,672	–	–
	24,587,563,864	28,944,638,889	17,829,429,104	11,115,209,785	–

	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 finances	10,169,517,952	14,661,008,759	2,848,537,126	10,579,938,904	1,232,532,729
Short term borrowings	10,496,978,844	12,147,832,642	12,147,832,642	–	–
Liabilities against assets subject to finance lease	1,339,668,070	1,562,492,664	507,135,536	1,055,357,128	–
Interest and markup accrued	530,179,913	613,221,715	613,221,715	–	–
Trade and other payables	1,972,726,755	1,972,726,755	1,972,726,755	–	–
	24,925,738,200	31,520,758,790	18,251,651,582	12,036,574,479	1,232,532,729

40.4 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.

40.4.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency. The Group is not exposed to foreign currency risk as at the reporting date.

40.4.2 Interest rate risk

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

		2015		2014	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	**Note**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Advance to Faruki Pulp Mills Limited		–	–	489,541,323	–
Redeemable capital - secured	8	–	305,555,555	–	305,555,555
Long term loans - secured	9	–	10,903,054,071	–	10,169,517,952
Liabilities against assets subject to finance lease	10	–	1,054,257,309	–	1,339,668,070
Short term borrowings - secured	13	–	10,078,673,369	–	10,496,978,844
Variable rate instruments		–	22,341,540,304	489,541,323	22,311,720,421

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 consolidated 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 2015.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2015	223,415,403	(223,415,403)
As at 30 September 2014	218,221,791	(218,221,791)

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

40.4.3 Interest rate risk management

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

40.4.4 Other price risk

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

40.4.5 Fair values

Fair value estimation

All financial assets and financial liabilities are initially recognised at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost (Carrying value of all financial instruments approximate their carrying value). The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non-derivative financial assets

The fair value of non-derivative financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosures purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the reporting date.

41 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.

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

42 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated companies, other related companies, directors of the Group and entities under common directorship, key management personnel and post employment benefit plans. Amounts due from and due to related parties are shown under respective notes to the accounts. Other significant transactions with related parties except those disclosed elsewhere are as follows:

	Relationship	Nature of transactions	2015 Rupees	2014 Rupees
42.1	**Associated Companies**			
		Advances given	684,338,333	425,440,000
		Payment against purchase of Aircarft	4,050,000	4,000,000
		Sale of molasses	1,652,006	1,780,395
		Rent of land given on lease	14,484,154	16,403,264
		Rent of land acquired on lease	3,735,000	3,423,750
		Sale of sugar	–	156,471,000
		Investment in shares	–	1,484,148,050
		Markup income	–	82,689,747
42.2	**Other Related Parties**			
		Payment with respect to net assets acquired	447,573,456	2,393,990,428
		Mark up paid	16,913,489	–
42.3	**Post employment benefit plans**			
		Provident fund contribution	110,068,000	86,127,342
42.4	**Key management personnel**			
		Consultancy services	112,415,022	110,492,581
		Advances given	–	20,000,000
		Advances recovered	–	19,588,000

For remuneration and other benefits of Chief Executive and Non Executive Directors, refer note 39.

43 CAPACITY AND PRODUCTION

	2015 Days	2015 Tonnes	2014 Days	2014 Tonnes
Holding Company				
Unit I				
Crushing capacity	120	2,460,000	120	2,460,000
Sugarcane crushed	127	2,477,239	149	2,866,631
Sugar production		277,155		312,746
Unit II				
Crushing capacity	120	1,200,000	120	1,020,000
Sugarcane crushed	122	1,275,891	145	1,186,269
Sugar production		135,102		128,421

	2015		2014	
	Days	Tonnes	Days	Tonnes
Unit III				
Crushing capacity	120	1,680,000	120	1,560,000
Sugarcane crushed	111	1,365,110	139	1,504,768
Sugar production		151,562		162,668
Subsidiary Company				
Crushing Capacity	120	1,560,000	120	1,440,000
Sugar crushed	112	1,314,776	142	1,590,946
Sugar production		144,378		175,612

	2015	2014
	MWh	MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Utilized capacity	189,692	64,202
Energy delivered	159,224	58,189
Unit III		
Installed capacity (based on 8,760 hours)	235,031	–
Utilized capacity	192,225	–
Energy delivered	165,001	–

	2015		2014	
Corporate Sugar Cane Farms	Area	Acres	Area	Acres
Land	Punjab & Sindh	23,942	Punjab & Sindh	24,000
Land under cultivation	Punjab & Sindh	19,421	Punjab & Sindh	19,671

43.1 Lower capacity utilization of sugar plant is due to lesser availability of sugar cane during the year.

44 BUSINESS SEGMENT INFORMATION

44.1 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 that is submitted to chief operating decision maker:

Reportable Segment	Operations
Sugar and other segment	Production and sale of crystalline sugar and other related joint and by-product
Co-Generation segment	Generation and sale of electricity to NTDC
Corporate farms segment	Managing corporate farms for cultivation of sugar cane and the small quantity of wheat.

44.2 Information regarding the Group's reportable segments is presented below:

	Sugar & other segment		Co-Generation segment		Corporate farms segment		Inter segment reconciliation		Total	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
44.2.1 Segment revenues and results										
Net external revenues	36,870,052,215	36,176,542,047	3,859,445,722	683,086,236	71,627,557	26,650,310	-	-	40,801,125,494	36,886,278,593
Inter-segment revenues	2,093,686,472	721,801,443	1,066,826,243	10,963,427	2,857,854,827	3,345,083,881	(6,018,367,542)	(4,077,848,751)	-	-
Reportable segment revenue	38,963,738,687	36,898,343,490	4,926,271,965	694,049,663	2,929,482,384	3,371,734,191	(6,018,367,542)	(4,077,848,751)	40,801,125,494	36,886,278,593
Depreciation and amortisation	799,177,610	650,998,349	346,216,614	47,518,605	165,667,651	164,284,165	-	-	1,311,061,875	862,801,119
Finance cost	1,850,196,772	2,202,384,844	643,384,486	75,836,298	191,513,484	174,814,485	-	-	2,685,094,742	2,453,035,627
Share of loss of equity-accounted investee's	(50,972,318)	(203,464,361)	-	-	-	-	-	-	(50,972,318)	(203,464,361)
Segment profit / (loss) before tax	928,028,362	1,556,436,728	1,304,024,703	123,517,157	(186,695,564)	(652,483,666)	-	-	2,045,357,501	1,027,470,219

44.2.2 Inter-segment sales and purchases

Inter-segment sales and purchases have been eliminated from total figures.

44.2.3 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	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
44.2.4 Segment assets and liabilities										
Total assets for reportable segments	26,941,962,684	26,488,154,525	9,933,714,467	6,171,868,844	6,550,759,659	7,170,342,140	(6,018,367,542)	(4,649,613,377)	37,408,069,268	35,180,752,132
Total liabilities for reportable segment	28,361,360,590	27,934,984,014	7,580,296,376	5,205,609,323	436,156,056	1,270,204,625	(6,018,367,542)	(4,649,613,377)	30,359,445,480	29,761,184,585
Capital expenditure	3,186,197,007	2,590,143,064	3,162,230,197	3,579,727,904	132,007,898	1,850,668,096	(296,452,666)	(2,347,253,047)	6,183,982,436	5,673,286,017
Equity-accounted investment	2,583,508,705	1,524,478,075	-	-	-	-	-	-	2,583,508,705	1,524,478,075

	2015 Rupees	2014 Rupees
44.3 Reconciliation of reportable segment profit and loss		
Total profit before tax for reportable segments	2,045,357,501	1,027,470,219
Unallocated corporate income / (expenses)	65,393,036	(66,518,870)
Profit after taxation	2,110,750,537	960,951,349

44.4 Geographical information

The segments of the Group are managed on nationwide basis except export sale. Geographical information relating to segment is presented below:

		Note	2015 Rupees	2014 Rupees
44.4.1	**Revenue**			
	Foreign revenue			
	Asia		2,807,383,190	5,774,045,040
	Local revenue			
	Pakistan		41,020,940,975	31,112,233,553
			43,828,324,165	36,886,278,593

44.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2015 are located in Pakistan.

45 PROVIDENT FUND TRUST

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

Holding Company	Unit	30 June 2015	30 June 2014
Size of fund - total assets	Rupees	358,444,487	358,444,487
Cost of investments made	Rupees	285,071,435	285,071,435
Percentage of investments made	Percentage	79.53%	79.53%
Fair value of investment	Rupees	350,259,478	289,104,850

The breakup of fair value of investments is as follows:

	30 June 2015		30 June 2014	
	Rupees	Percentage	Rupees Restated	Percentage
Shares in listed companies	123,054,608	35.13%	59,843,550	20.70%
Cash at bank	227,204,870	64.87%	229,261,300	79.30%
	350,259,478	100%	289,104,850	100%

Subsidiary Company	Unit	30 June 2015	30 June 2014
Size of fund - total assets	Rupees	41,194,316	27,812,502
Cost of investments made	Rupees	38,221,611	25,023,435
Percentage of investments made	Percentage	92.78%	90%
Fair value of investment	Rupees	38,549,861	25,023,435

The breakup of fair value of investments is as follows:

	30 June 2015		30 June 2014	
	Rupees	Percentage	Rupees	Percentage
Investment in mutual fund	25,290,736	66%	–	–
Cash at bank	13,259,125	34%	15,835,661	100%
	38,549,861	100%	15,835,661	100%

The investments out of the provident fund/ provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

Holding Company

The average and total number of employees are as follows:

	2015	2014
Average number of employees during the year	5,429	4,573
Total number of employees as at 30 September	3,505	3,534

Subsidiary Company

The average and total number of employees are as follows:

Average number of employees during the year	1,431	1,035
Total number of employees as at 30 September	798	760

47 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 02 January 2016 by the Board of Directors of the Group.

48 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Group in its meeting held on 02 January 2016 has proposed a final cash dividend of Rs. 7.00 per share, for the year ended 30 September 2015, for approval of the members in the Annual General Meeting to be held on 30 January 2016.

Chief Executive Director

INVESTOR'S AWARENESS

In pursuance of SRO 924(1)/2015 dated 09 September 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

Proxy Form

JDW Sugar Mills Limited

26th 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 26th 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 30, 2016 at 9:30 a.m. and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this ______________ day of January, 2016

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.

پراکسی فارم

جے ڈی ڈبلیو شوگر ملز لمیٹڈ کا 26 ویں سالانہ اجلاسِ عام

فولیو/سی ڈی سی اکاؤنٹ نمبر: ________________

میں/ہم ________ ساکن ________________________________
ضلع ________ بحیثیت رُکن جے ڈی ڈبلیو شوگر ملز لمٹیڈ حامل ________________ عام حصص مبلغ 10 روپے ہر ایک شیئر ،
مسمّی/مسماۃ ________________ کمپنی رکن بروُے رجسٹرڈ فولیو/سی ڈی سی اکاؤنٹ ________________ ساکن ________________
نمبر ________________ یا اُس کی عدم موجودگی میں ________________ کو بطور مختار (پراکسی) مقرر کرتا/ کرتے ہیں تا کہ وہ میری/ہماری طرف سے کمپنی کے
26 ویں سالانہ اجلاسِ عام بتاریخ 30 جنوری 2016ء بروز ہفتہ بوقت صبح 9:30 بجے بمقام سمٹ ہال رائل پام گولف اینڈ کنٹری کلب 52 کنال بینک روڈ لاہور پر منعقد ہو رہا کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ جنوری ________ 2016 کو میرے دستخط سے جاری ہوا۔

مطلوبہ ریوینیو ٹکٹ
چسپاں کریں

ممبر کے دستخط

گواہان:

1- ________________
نام: ________________
شناختی کارڈ نمبر: ________________
پتہ: ________________

2- ________________
نام: ________________
شناختی کارڈ نمبر: ________________
پتہ: ________________

نوٹ:

پراکسی فارم کے موثر ہونے کیلیئے لازم ہے کہ ہر لحاظ سے مکمل فارم کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً جمع ہو جانا چاہیئے ۔

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 2015

JDW Sugar Mills Limited

Head Office: 17-Abid Majeed Road,

Lahore Cantt, Pakistan.