Annual Report
for the year ended 30 September 2016

Continued Excellence

Corporate Social Responsibility

Innovative Farming

Bond with Growers

Community Empowerment

JDW

JDW Sugar Mills Limited


JDW
SUGAR MILLS LTD

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

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

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BOARD OF **DIRECTORS**

Mukhdoom Syed Ahmed Mahmud
Director / Chairman

Mr. Jahangir Khan Tareen
Director

Mr. Raheal Masud
Director / Chief Executive

Mrs. Samira Mahmud

Mr. Ijaz Ahmed

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

Mrs. Samira Mahmud
Member

Mr. Qasim Hussain Safdar
Member

HR & **R Committee**

Mr. Ijaz Ahmed
Chairman / Member

Mrs. Samira Mahmud
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 27th 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 Tuesday, January 31, 2017 at 9:30 a.m., to transact the following business:

ORDINARY **BUSINESS:**

1. To confirm the minutes of 26th Annual General Meeting held on January 30, 2016.

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, 2016 together with Directors' and Auditors' Reports thereon.

3. To approve payment of Final Cash Dividend @ Rs. 15.00 (150%) per share, as recommended by the Board of Directors on January 02, 2017 in addition to 1st Interim Cash Dividend @ Rs. 2.00 (20%) per share paid in June 2016 and 2nd Interim Cash Dividend @ Rs. 3.00 (30%) per share paid in August 2016, totaling Rs. 20.00 (200%) for the year ended September 30, 2016.

4. To appoint Auditors of the Company for the next financial year 2016-17 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.

SPECIAL **BUSINESS:**

5. To consider and if thought fit to pass the following resolutions as special resolutions with or without amendment/modification:

AMENDMENT IN **ARTICLES OF ASSOCIATION:**

"Resolved that Articles of Association of the Company shall stand altered by replacing existing Article No.s 54, 64, 65 and 68 with the new Articles 54, 64, 65 and 68 below, which shall form part of the Articles of Association of the Company.

ARTICLE **54:**

The Company shall hold its annual general meeting in the city in which the Office is situated, provided that, it may, for any special reason and with permission of the Commission, hold the said meeting at any other place.

Provided that, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members.

Provided further that, if members collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

ARTICLE **64:**

Subject to the provisions of these Articles, votes may be given either personally or by proxy or by electronic means in the manner provided in the Ordinance and rules or regulations made thereunder. The instrument appointing a proxy shall be in writing in accordance with Section 161 and:

a) Signed by the appointer; or

b) Signed (such expression shall exclude any reference to the Electronic Transactions Ordinance in accordance with section 31(1)(b) of the Electronic Transactions Ordinance) by the attorney of the appointer, duly authorized in writing (such expression shall exclude Electronic transmission as prescribed by section 3 of the Electronic Transactions Ordinance); or

c) If the appointer is a body corporate, be:

(i) Under its seal; or

(ii) Signed by an authorized officer; or

(iii) Signed (such expression shall exclude any reference to the Electronic Transactions Ordinance in accordance with section 31(1)(b) of the Electronic Transactions Ordinance) by an attorney duly authorised by it.

d) The instrument of proxy must be signed by a witness.

ARTICLE **65:**

A member can appoint any person as his/its Proxy and the Instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorized in writing.

ARTICLE **68:**

An instrument appointing a proxy may be in the following form, or in any other form commonly used for the purpose:

JDW SUGAR **MILLS LIMITED**
PROXY **FORM**

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 ____________________ failing him/her, __________________________ of ________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on the _________________________ day of 20___ and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this_________ day of ___________ 20___.

Signature of member ________

FURTHER RESOLVED THAT, Mr. Muhammad Rafique, Company Secretary be and is hereby authorized to give effect to the above resolution and to take all necessary steps as required under law or otherwise and to sign and execute any letter, document etc. for and on behalf of the Company in relation to the above resolution.

FURTHER RESOLVED THAT in case of any omission or mistake if pointed out by the Securities and Exchange Commission of Pakistan and any other competent authority in the aforesaid resolutions, the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in the letter and spirit."

6. To consider and if thought fit to pass the following resolutions as special resolutions with or without amendment/modification:

DISPATCH OF ANNUAL ACCOUNTS **IN SOFT FORM (CD/DVD/USB):**

"**RESOLVED that** the Company be and is hereby authorized to transmit the annual audited accounts of the Company to Members through CD/DVD/USB instead of transmitting them in the form of hard copies subject to compliance with the notification issued by the Securities and Exchange Commission of Pakistan (SRO 470 (I)/2016 dated May 31, 2016).

FURTHER RESOLVED THAT, Mr. Muhammad Rafique, Company Secretary be and is hereby authorized to give effect to the above resolution and to take all necessary steps as required under law or otherwise and to sign and execute any letter, document etc. for and on behalf of the Company in relation to the above resolution."

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

By Order of the Board

Dated: January 09, 2017
Lahore

(Muhammad Rafique)
Company Secretary

NOTES:

1. CLOSURE OF SHARE **TRANSFER BOOKS:**

   The share transfer books of the company will remain closed from 24th January, 2017 to 31st January, 2017 (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 23rd January, 2017 will be treated as in time for entitlement of 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, Lahore Cantt. Lahore, not later than 48 hours before the scheduled 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 (I)/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 e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the members to timely update the Company's Shares Registrar of any change in their registered e-mail addresses.

8. (i) Pursuant to the provisions of the Finance Act, 2016 applicable from July 1, 2016, 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 12.50%
   2. Rate of tax deduction for non-filers of income tax return will be 20.00%

   To enable the Company to make tax deduction on the amount of cash dividend @ 12.50% instead of 20.00%, 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 @ 20.00% instead of 12.50%.

   (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 the Company's 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 the Company's Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are held in equal proportions by the Principal shareholder and Joint Holder(s).

(iii) 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 when 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.

11. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of Company, along with relevant reports and disclosure for year ended September 30, 2016 have been placed on the Company's website: www.jdw-group.com for the information and review of shareholders.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, **1984 IN RESPECT OF THE SPECIAL BUSINESS**

Statement under Section 160(1)(b) of the Companies Ordinance, 1984 in respect of the Special Business

AGENDA **NO. 5:**

Amendment in Article No.s 54, 64, 65 and 68 of Articles of Association of the Company:

ARTICLE **54:**

Amendment in this Article is being made to facilitate shareholders of the Company to participate in General Meeting of the Company through Video Conference, in case Shareholder resides outside the Town where general meeting is being conducted.

ARTICLE **64:**

This article is being amended to incorporate the E-Voting facility for shareholders of the Company in General Meetings.

ARTICLES **65 & 68:**

By this amendment, members are being allowed to appoint his/her proxies other than members

AGENDA **NO. 6:**

DISPATCH OF ANNUAL ACCOUNTS **IN SOFT FORM (CD/DVD/USB):**

To give effect to the S.R.O 470 (l)/2016 dated May 31, 2016 of the SECP, Members approval is being sought for transmission of the annual audited accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies.

For convenience of Members a standard request form with appropriate details will be uploaded on the Company's website for Members who opt to receive the annual audited accounts in the form of hard copies (free of cost) at their registered addresses or through e-mail.

مزید قرار پایا کہ کمپنی سیکرٹری بذریعہ ہذا اس قرارداد کو مؤثر بنانے اور تمام عوامل، کام اور چیزیں جو ضروری یا درکار ہوں کرنے اور دستاویزات دستخط کرنے اور اس سے متعلقہ تمام اقدامات کرنے کے مجاز اور با اختیار ہیں۔"

7. چیئرمین صاحب کی اجازت سے دیگر امور پر کارروائی۔

مقام: لاہور	حسب الحکم بورڈ
تاریخ: 09 جنوری 2017ء	محمد رفیق کمپنی سیکرٹری

نوٹس:

1. **منتقلی حصص کی کتب کی بندش:-**
کمپنی کی منتقلی حصص کی کتب مورخہ 24 جنوری 2017ء تا 31 جنوری 2017ء (بشمول ہر دو ایام) بندر ہیں گی۔ ٹرانسفرز تا آنکہ مورخہ 23 جنوری 2017 کمپنی کے دفتر یا شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، دفتر واقع ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور کو اختتام دفتری اوقات وصول ہو جائیں وہ حتمی منافع منقسمہ کی ادائیگی کے لئے اہل تصور ہوں گی۔

2. ممبر، جو اپنے حصص سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ (سی ڈی سی) میں جمع کرا چکا ہو کو اجلاس میں شرکت کے وقت اپنے پارٹیسپینٹس آئی ڈی نمبر اور سی ڈی سی اکاؤنٹ/سب اکاؤنٹ نمبر بمعہ اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ لازماً اپنے ہمراہ لانا چاہیے۔

3. سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا مستحق ممبر اپنی جگہ کسی اور فرد کو اپنے نمائندے کے طور پر اجلاس میں شرکت اور ووٹ دینے کیلئے مقرر کر سکتا/سکتی ہے۔

4. پراکسی فارم کے کارآمد ہونے کیلئے مناسب پرشدہ/مکمل فارم کمپنی کے رجسٹرڈ دفتر واقع 17۔عابد مجید روڈ، لاہور کینٹ، لاہور پر اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہیے۔

5. سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایات کے تحت حصص داران کے CNIC نمبرز ڈیویڈینڈ وارنٹس پر تحریر ہونے ضروری ہیں۔ لہٰذا حصص داران سے التماس ہے کہ اپنے CNIC کی کاپی (اگر پہلے مہیا نہیں کی گئی) کمپنی کے شیئرز رجسٹرار، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور کے ہاں جمع کرائیں۔

JDW SUGAR **MILLS LIMITED**
PROXY **FORM**

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 ______________________ failing him/her, ____________________________ of _________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on the __________________________ day of 20___ and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this__________ day of ____________ 20___.

Signature of member _________

FURTHER RESOLVED THAT, Mr. Muhammad Rafique, Company Secretary be and is hereby authorized to give effect to the above resolution and to take all necessary steps as required under law or otherwise and to sign and execute any letter, document etc. for and on behalf of the Company in relation to the above resolution.

FURTHER RESOLVED THAT in case of any omission or mistake if pointed out by the Securities and Exchange Commission of Pakistan and any other competent authority in the aforesaid resolutions, the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in the letter and spirit."

6. غور و خوض اور اگر بہتر خیال کیا گیا درج ذیل قرارداد کو معہ یا بلا ترمیم/اصلاح منظور کرنا۔

سالانہ حسابات کی سوفٹ فارم (سی ڈی/ڈی وی ڈی/یو ایس بی) میں ترسیل:

"یہ منظور کیا گیا کہ کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نوٹیفکیشن (SRO 470(I)/2016 مورخہ 31 مئی 2016ء) کے مطابق ہارڈ کاپیوں کی بجائے ممبران کو کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس CD/DVD/USB کے ذریعے ارسال کرنے کی مجاز ہے۔

جے ڈی ڈبلیو شوگر ملز لمیٹڈ

27ویں سالانہ اجلاس عام کی اطلاع

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ (کمپنی) کا 27واں سالانہ اجلاس عام بروز منگل مورخہ 31 جنوری 2017ء کو بوقت صبح 9:30 بجے سمٹ ہال، رائل پام، گالف اینڈ کنٹری کلب، 52- کینال بینک روڈ، لاہور میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔:-

عمومی امور:

1. مورخہ 30 جنوری 2016ء کو منعقد ہونے والے کمپنی کے 26ویں سالانہ اجلاس عام کی کاروائی کی توثیق۔
2. سال مختتمہ بابت 30 ستمبر 2016ء کے لئے کمپنی کے منجمند و غیر منجمند مالیاتی معلومات سے متعلق تنصیح شدہ حسابات کی وصولی، غور وخوض اوران پر ڈائریکٹران اور آڈیٹران کی رپورٹس کی منظوری۔
3. سال مختتمہ بابت 30 ستمبر 2016ء کے لئے بورڈ آف ڈائریکٹرز کی جانب سے 02 جنوری 2017ء کو سفارش کردہ حتمی نقد منافع منقسمہ بابت مبلغ -/15 روپے (150%) فی حصص بمعہ پہلا عبوری نقد منافع منقسمہ مبلغ -/2 روپے (20%) فی حصص جون 2016 میں اور دوسرا عبوری نقد منافع منقسمہ -/3 روپے (30%) فی حصص جو کہ اگست 2016 کو ادا کیا جاچکا ہے جس سے کل منافع سال مختتمہ 30 ستمبر 2016 کیلئے مبلغ -/20 روپے (200%) ہوگا کی منظوری۔
4. سال 17-2016 کے لئے کمپنی آڈیٹران کی تقرری اور ان کے معاوضے کا تعین کرنا۔ میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس سبکدوش ہورہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

خصوصی امور:

5. غور وخوض اور اگر بہتر خیال کیا گیا درج ذیل قرارداد کو معہ یا بلا ترمیم/اصلاح منظور کرنا۔

آرٹیکلز آف ایسوسی ایشن میں ترامیم:

"Resolved that Articles of Association of the Company shall stand altered by replacing existing Article No.s 54, 64, 65 and 68 with the new Articles 54, 64, 65 and 68 below, which shall form part of the Articles of Association of the Company.

ARTICLE **54:**

The Company shall hold its annual general meeting in the city in which the Office is situated, provided that, it may, for any special reason and with permission of the Commission, hold the said meeting at any other place.

Provided that, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members.

Provided further that, if members collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

ARTICLE **64:**

Subject to the provisions of these Articles, votes may be given either personally or by proxy or by electronic means in the manner provided in the Ordinance and rules or regulations made thereunder. The instrument appointing a proxy shall be in writing in accordance with Section 161 and:

a) Signed by the appointer; or

b) Signed (such expression shall exclude any reference to the Electronic Transactions Ordinance in accordance with section 31(1)(b) of the Electronic Transactions Ordinance) by the attorney of the appointer, duly authorized in writing (such expression shall exclude Electronic transmission as prescribed by section 3 of the Electronic Transactions Ordinance); or

c) If the appointer is a body corporate, be:

- **(i)** Under its seal; or
- **(ii)** Signed by an authorized officer; or
- **(iii)** Signed (such expression shall exclude any reference to the Electronic Transactions Ordinance in accordance with section 31(1)(b) of the Electronic Transactions Ordinance) by an attorney duly authorised by it.

d) The instrument of proxy must be signed by a witness.

ARTICLE **65:**

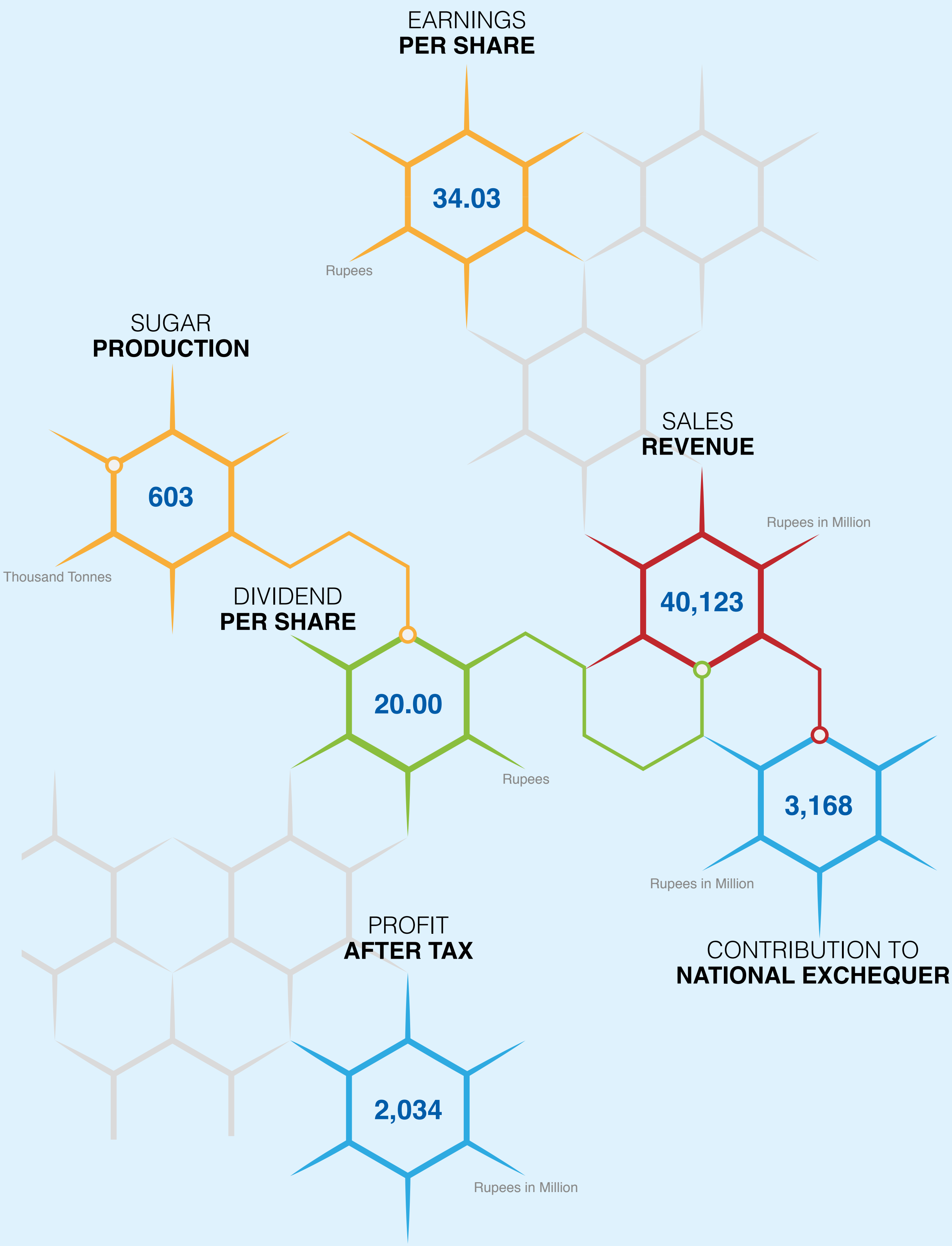
A member can appoint any person as his/its Proxy and the Instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorized in writing.

ARTICLE **68:**

An instrument appointing a proxy may be in the following form, or in any other form commonly used for the purpose:


Summary

FINANCIAL **HIGHLIGHTS**



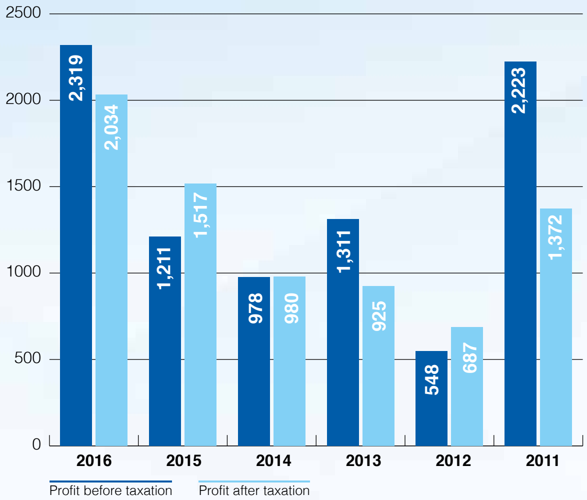
OPERATING HIGHLIGHTS

(Rupees in thousand)

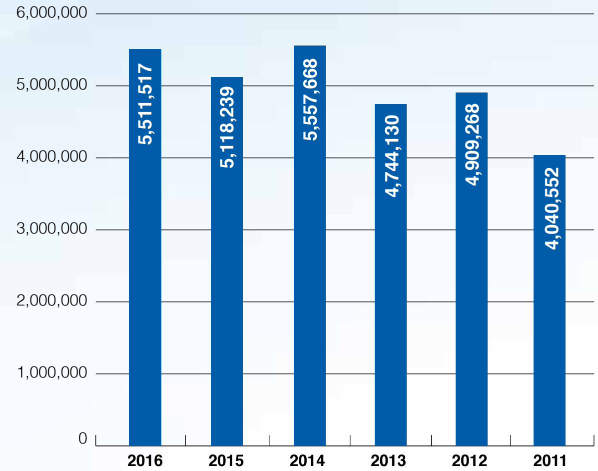
OPERATING RESULTS		2016	2015	2014	2013	2012	2011
Gross sales		**40,122,718**	34,982,617	32,327,134	28,516,197	24,491,645	26,467,626
Net sales		**37,287,426**	32,663,443	30,534,864	27,183,282	22,749,880	24,729,491
Cost of sales		**30,832,944**	27,797,896	27,306,099	23,981,411	20,387,895	20,594,228
Administrative and Selling expenses		**1,045,415**	928,077	651,127	769,318	485,546	445,618
Finance cost		**1,660,106**	2,241,797	1,880,761	1,118,578	1,334,999	1,375,701
Other operating expenses		**1,696,594**	680,314	63,028	137,650	119,204	156,975
Other operating income		**(266,648)**	(195,925)	(344,544)	(134,507)	(126,044)	(66,439)
Profit before taxation		**2,319,016**	1,211,285	978,394	1,310,832	548,281	2,223,409
Profit after taxation		**2,033,932**	1,517,250	979,706	924,523	687,275	1,372,430
Basic earnings per share	Rs.	**34.03**	25.38	16.39	15.47	11.52	24.95
Interim Dividend - cash	%	**50**	30	20	-	-	-
Final Dividend - cash	%	**150**	70	50	60	60	90
Total Dividend - cash	%	**200**	100	70	60	60	90

PRODUCTION DATA		2016	2015	2014	2013	2012	2011
COMBINED							
Sugarcane crushed	M.Tons	**5,511,517**	5,118,240	5,557,668	4,744,130	4,909,268	4,040,552
Sugar recovery	% age	**10.94**	11.02	10.86	11.35	10.22	10.61
Sugar production	M.Tons	**602,878**	563,819	603,835	538,381	501,811	428,707
Molasses recovery	% age	**4.08**	4.03	4.29	3.97	4.35	4.02
Molasses production	M.Tons	**224,961**	206,334	238,253	188,540	213,687	162,624
UNIT - **I**							
Sugarcane crushed	M.Tons	**2,550,953**	2,477,239	2,866,631	2,535,822	2,711,463	2,121,232
Sugar recovery	% age	**10.99**	11.19	10.91	11.40	10.04	10.42
Sugar production	M.Tons	**280,418**	277,155	312,746	289,147	272,226	221,079
Molasses recovery	% age	**3.98**	3.93	4.30	3.90	4.40	3.84
Molasses production	M.Tons	**101,604**	97,400	123,377	99,001	119,229	81,466
UNIT - **II**							
Sugarcane crushed	M.Tons	**1,545,523**	1,275,891	1,186,269	1,007,658	1,062,742	867,796
Sugar recovery	% age	**10.99**	10.59	10.83	11.36	10.24	10.67
Sugar production	M.Tons	**169,872**	135,102	128,421	114,516	108,864	92,595
Molasses recovery	% age	**4.41**	4.30	4.41	4.11	4.21	4.17
Molasses production	M.Tons	**68,207**	54,841	52,304	41,384	44,783	36,222
UNIT - **III**							
Sugarcane crushed	M.Tons	**1,415,041**	1,365,110	1,504,768	1,200,650	1,135,063	1,051,525
Sugar recovery	% age	**10.78**	11.10	10.81	11.22	10.64	10.94
Sugar production	M.Tons	**152,588**	151,562	162,668	134,718	120,721	115,033
Molasses recovery	% age	**3.90**	3.96	4.16	4.01	4.38	4.27
Molasses production	M.Tons	**55,150**	54,093	62,572	48,155	49,675	44,936

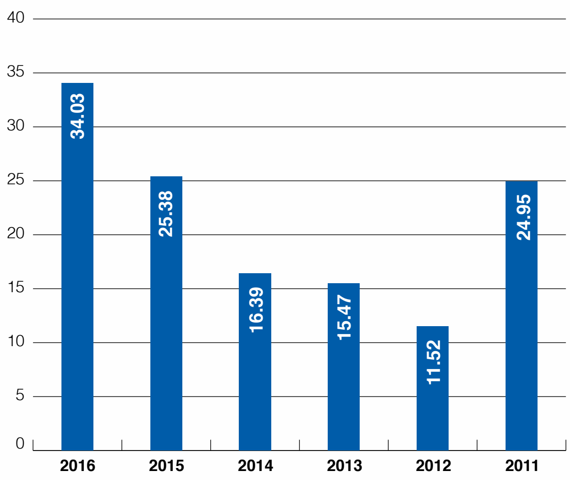
PROFITABILITY
(Rupees in Million)



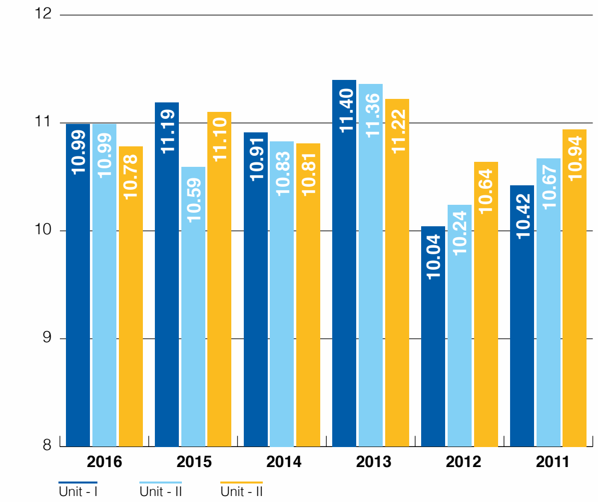
SUGARCANE **CRUSHED**
(M Tons)



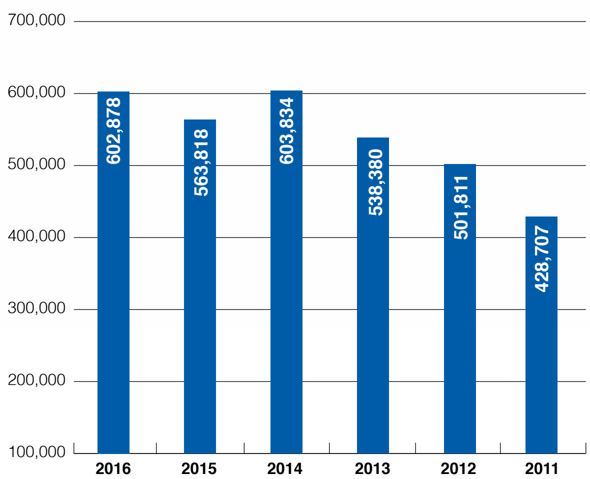
EARNINGS **PER SHARE**
(Rupees)



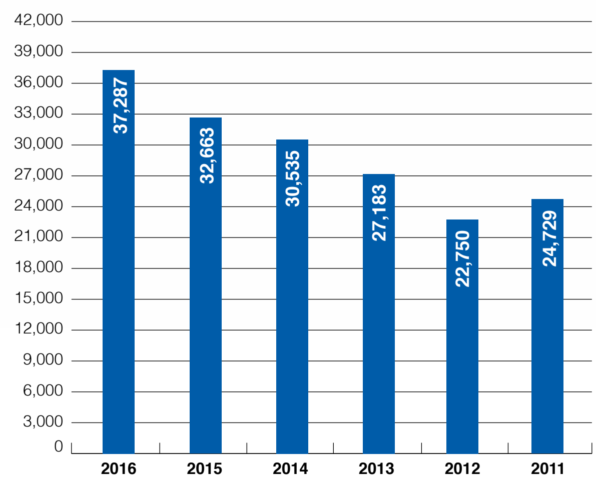
SUCROSE **RECOVERY**
(%age)



SUGAR **PRODUCTION**
(M. Tons)



NET **SALES**
(Rupees in Million)



DIRECTORS' **REPORT**

GROSS **SALES**

40,123

Rs. in Million

It gives me pleasure in presenting you the Company's 27th Annual Report and Audited Accounts for the year ended 30th September 2016.

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

OPERATING **RESULTS**

		2015-16				2014-15			
		JDW-I	JDW-II	JDW-III	COMBINED	JDW-I	JDW-II	JDW-III	COMBINED
Sugarcane crushed	M.Tons	2,550,953	1,545,523	1,415,041	**5,511,517**	2,477,239	1,275,891	1,365,110	**5,118,240**
Sugar Production	M.Tons	280,418	169,872	152,588	**602,878**	277,155	135,102	151,562	**563,819**
Sucrose Recovery	%age	10.99	10.99	10.78	**10.94**	11.19	10.59	11.10	**11.02**
Molasses Production	M.Tons	101,604	68,207	55,150	**224,961**	97,400	54,841	54,093	**206,334**
Molasses Recovery	%age	3.98	4.41	3.90	**4.08**	3.93	4.30	3.96	**4.03**

The comments on these results are as under:

- Aggregate sugar cane crushed this time was 7.68 % higher than last crushing season whereas increase in sugar production was 6.93 % which was marginally lower in comparison with increase in cane crushing mainly caused by 8 bps reduction in the sucrose recovery. Growers, however, have experienced better yield per acre due to favourable weather and crop conditions.

- Average sucrose recovery achieved this time was 8 bps lower than last crushing season because of seasonal factors. Average sucrose recovery achieved this time was 10.94% as compared to 11.02% achieved last year. However, molasses recovery has registered slight increase from 4.03% to 4.08%.

- JDW Units I & II have achieved 10.99 % sucrose recoveries which were the highest achieved by any mills in the province of Punjab. Sucrose recoveries achieved by other two group sugar units in Sindh province were also among top sugar mills of the province.

EARNINGS
PER SHARE
34.03
Rupees

Deharki Sugar Mills being 100 % owned subsidiary of the Company has achieved the following operating results in its 5th year of its operation:

OPERATING RESULTS – SUBSIDIARY COMPANY

		2015-16	2014-15
Sugarcane crushed	M.Tons	1,462,632	1,314,776
Sugar Production	M.Tons	160,388	144,378
Sugar Recovery	%age	10.97	10.98
Molasses Production	M.Tons	60,000	52,860
Molasses Recovery	%age	4.10	4.02

FINANCIAL INDICATORS

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

(Rs. in million)

	2015-16	2014-15
Gross Sales	40,123	34,983
Net Sales	37,287	32,663
Operating Profit	3,979	3,453
Profit before Tax	2,319	1,211
Profit after Tax	2,034	1,517
Basic earnings per share - Rs.	34.03	25.38

- The Company's gross turnover amounting to Rs. 40.123 billion has increased by 15% whereas gross sale of Deharki Sugar Mills was Rs. 10.22 billion higher by 7.4 % over last year. The aggregate sales volume has first time crossed the bench mark of Rs. 50 billion. Operating profit has also registered 15% increase over last year.

- The Company has earned a pre-tax profit amounting to Rs. 2,319 million as against pre-tax profit of Rs.1,211 million of last year registering substantial increase of 91% which is attributable to better sugar prices, receipt of sugarcane and export subsidies, increase in sugar production and smooth functioning of co-generation plants solely from internally produced bagasse resultantly gross profit ratio has also increased from 14.90% to 17.31%. Profit after tax has also increased from Rs.1,517 million to Rs. 2,034 million. Basic earnings per share have improved from Rs. 25.38 to Rs. 34.03.

- Saving in cost on account of consumption of oil & lubricants, chemicals and packing material has also contributed in the improvement of gross profit ratio.

- There has been normal annual increase in the Administration Expenses whereas increase in Selling Expenses is mainly due to export of sugar. Increase in Other Expenses is quite substantial mainly because of impairment of Rs.1,526 million against investment in a subsidiary Company provided in the books of accounts this time.

- The financial charges have reduced by Rs. 582 million as compared to last year. Reasons for this saving are reduction in the discount rate by SBP, reduction in mark-up rates by the financial institutions, more sale of sugar during the crushing season and timely repayment of long term loans & lease financing.

- Owing to continuous improvement in the 'Steam percentage to Cane' Company was able to save more bagasse for its power plants which was sufficient to meet off season requirements of both Co-Generation plants. Bagasse purchased from the market this time was just 4,964 tons. During the current year electricity sold to CPPA was for an amount of Rs. 3.89 billion net of sales tax as against Rs. 3.86 billion during last year. Company is regularly making investments in steam economy since last six years and will keep on making further investments in this area until target steam percentage to cane is achieved. With addition of Co-Generation plants a reliable income stream has developed for the Company.

- Apart from sale of electricity from two Co-Generation plants Company is also selling power from its Captive units i.e., JDW 1 and DSML to MEPCO and SEPCO respectively. Total revenue from sale of electricity under this arrangement during the year was Rs. 95 million (2014-15: Rs. 214 million)

- The Company from its unit 1 and 2 have made export of 24,710 tons of sugar mostly to Afghanistan on which Federal Government allowed export subsidy of Rs. 13 per kg which worked out Rs. 321 million out of which an amount of Rs. 136 million was received in the current year whereas rest of the amount was received in October, 2016.

- Disbursement of an aggregate inland freight subsidy of Rs. 306 million for JDWSML and Deharki Sugar Mills from TDAP is still awaited. Company has completed all its formalities relating to documentation and in certain cases instructions to banks were also issued by TDAP to release payments but as of today not a single payment has so far been received. This subsidy will be accounted for in the books of account when it is certain that the amount would be realized.

- Support price of Rs. 180 per 40 kgs of sugarcane remained unchanged in the province of Punjab whereas Government of Sindh notified sugar cane support price of Rs. 172 per 40 kgs. For our two sugar units located in district Ghotki we have purchased sugarcane from growers at same price which we paid to growers of the province of Punjab which has resulted in higher sugarcane cost as compared to other sugar mills in the Sindh province, mainly due to two reasons; i) less sugarcane production in Sindh province putting more pressure of supply on our area, and ii) competition among sugar mills due to installation and illegal shifting of new sugar mills in the area.

- The balance sheet size now is Rs. 34 billion and accumulated reserves are thirteen times of the paid up capital registering increase from Rs. 6.5 billion to Rs. 7.7 billion. Total equity & reserves have increased from Rs. 7.0 billion to Rs. 8.3 billion. If you ever look at the track record of dividend payouts of the Company you will find that except for 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 and is also slightly leveraged. Total dividend for current year already paid plus now recommended by the Board (Rs. 20 per share) is the highest ever paid by the Company.

OTHER POINTS OF YOUR **INTEREST ARE SUMMARIZED BELOW:**

- The Company is working at developing its capacity to store molasses in molasses tanks made of steel structure instead of in the open pits. Initially a molasses tank of 15,000 tons was added at Unit II couple of years ago and it went very well. Company in current year has added three more such tanks i.e., two at Unit I and one at Unit III. This investment in molasses tanks would give more flexibility to the Company to store certain quantity of molasses beyond summer season and to sell them during period from July to October every year when molasses prices are always better compared to rest of the year.

- As always our growers were happy with our consistent policy of making prompt payments. Grower's payments which were app. Rs. 33 billion on group basis were released on timely basis throughout the crushing season and cane payments relating to last 8 to 10 days of the crushing season were completely paid off immediately after closure of the crushing season 2015-16. The Company has also financially supported its growers by arranging and providing them agricultural loans in the form

DIRECTORS' **REPORT**

of seeds, fertilizers, pesticides and agricultural implements etc.

- The Company is fulfilling its financial obligations on time and enjoying cordial relationship with all the financial institutions it's dealing with.

- The Company during the year took initiatives to re-profile its balance sheet, re-price all its long term loans at base rate plus spread of 100 bps and security restructuring of all long term loans by virtue of which banks were offered charges on those companies only where the long term loans had actually been disbursed. All these tasks were initiated and successfully completed during the year. All financial institutions have also reduced their spread on working capital loan facilities. We have started getting similar relief on outstanding lease financing from all leasing companies we are dealing with.

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

- JCR-VIS Credit Rating Company Limited (JCR-VIS) on October 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'.

DIVIDEND

The Board of Directors of the Company has announced 150 % (Rs. 15 per share) final cash dividend. This is in addition to the already declared and paid interim cash dividends totaling 50% (Rs. 5 per share), thus making a total cash dividend to 200% (Rs. 20 per share) for the year ended 30 September 2016 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 Program (NRSP). During period under review, huge amount of agri loans were advanced to growers in the form of cash, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.

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

- Enhance technical skills through various extension and advisory programs.

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

FUTURE **OUTLOOK**

- The crushing season 2016-17 was started in November, 2016 for all the four sugar units and on group basis up to 1st January 2017, 3,208,517 tons of sugar cane has already been crushed with average sucrose recovery of 9.26% and 297,305 tons sugar has been produced including sugar in process. Crop size this time is higher than last crushing season. However due to early start of crushing season 2016-17, unfavorable weather conditions, massive logging of sugar cane and sowing of unapproved varieties of sugar cane by the growers are resulting in 100 to 125 bps reduction in the sucrose recoveries is going to be a major setback. In view of increase in area under cultivation it is expected that Company may achieve same sugar production this year as was produced last year. However, trend of sugar prices is encouraging since start of crushing season 2016-17 and it is expected that reduction in the sucrose recovery would hopefully be compensated by the favorable sugar prices in case these prices remain favorable in future as well.

- The minimum notified support price of sugar cane for crushing season 2016-17 is unchanged in Punjab province at Rs. 180 per 40 kg. Govt. of Sindh, however, has increased support price from Rs. 172 to Rs. 182 per 40 kg.

DIRECTORS' **REPORT**

- In view of the expected higher sugar production in the country the Federal Govt. has recently allowed export of sugar up to 225,000 tons without any export subsidy which is valid for export until 31st March, 2017. International prices of sugar are good and it is expected that this quota of sugar export would be fully exhausted and Sugar Industry may again request to the Federal Government for another quota of similar quantity after 31st March, 2017. Most of the export is expected to be made to Afghanistan.

- Year under review was relatively good year for the sugar industry due to favorable sugar prices, higher sugar production and release of export subsidies by the Federal and Provincial Governments. However, imposition of 15 % Regulatory Duty by the previous Government on export of molasses is causing loss of app. 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. 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 help the sugar industry to stabilize more and move forward.

- In view of maintaining continued good performance we want to focus more on value addition of its by-products, making its processes more efficient, saving more bagasse from the system, further expansion of Co-Generation facilities and reduction in the financial charges.

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 flows 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 and prudent judgment;

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

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

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

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

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

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

- During the year 11 board meetings were held. The minutes of the meetings were appropriately recorded and circulated. Attendance was as under:

		Meetings attended
1.	Jahangir Khan Tareen	11
2.	Mukhdoom Syed Ahmed Mahmud	6
3.	Mrs. Samira Mahmud	4
4.	Ijaz Ahmed	11
5.	Raheal Masud	10
6.	Asim Nisar Bajwa	11
7.	Qasim Hussain Safdar	11

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

AUDIT **COMMITTEE**

The Board has constituted an Audit Committee consisting of three members including Chairman of the Committee. The committee regularly meets as per requirement of the code. The committee assists the Board in reviewing internal audit manual and internal audit system.

HUMAN RESOURCE **COMMITTEE**

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

DIRECTORS' TRAINING **PROGRAM**

As required by the Code, Company had conducted professional training for its Directors.

VALUE OF PROVIDENT FUND **AND GRATUITY FUND INVESTMENT**

The Company operates a recognized provident fund scheme covering all its permanent employees working at Unit I and III. Equal monthly contributions to the fund are made both by the Company and its employees in accordance with Fund's Rules. As per audited accounts of the Employees Provident Fund the value of its investments as on June 30, 2016 is aggregating to Rs. 436 million (2015: Rs. 378 million).

The Company also operates a funded Gratuity Fund Scheme covering all its permanent employees of Unit II in accordance with Gratuity Fund Rules. The value of its investments as on December 31, 2016 was aggregating to Rs. 106 million.

PATTERN OF **SHAREHOLDING**

There were 1,127 shareholders of the Company as of 30 September 2016. A statement of pattern of shareholding is enclosed in this report.

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

NATIONAL **EXCHEQUER**

The Company contributed a sum of Rs. 3,168 million (2015: Rs. 2,806 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 34 to 38 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 for achieving record profitability this year. 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 in re-profiling, re-pricing and security restructuring of its debt.

On behalf of the Board of Directors

Lahore
02 January 2017

Raheal Masud
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 — 30–09–2016

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
284	1	100	7,475
380	101	500	120,009
80	501	1,000	61,917
294	1,001	5,000	480,503
18	5,001	10,000	123,556
13	10,001	15,000	170,349
6	15,001	20,000	117,947
3	20,001	25,000	126,643
4	25,001	30,000	57,386
3	30,001	35,000	96,228
1	35,001	35,000	37,211
1	40,001	45,000	41,203
5	45,001	50,000	247,509
1	50,001	55,000	53,122
1	55,001	60,000	57,661
2	60,001	65,000	126,927
2	75,001	80,000	156,540
1	90,001	95,000	90,300
1	105,001	110,000	105,600
2	110,001	115,000	229,551
3	115,001	120,000	350,839
1	130,001	135,000	130,779
1	165,001	170,000	167,327
1	190,001	195,000	192,548
1	195,001	200,000	200,000
1	285,001	290,000	287,120
1	345,001	350,000	348,494
1	650,001	655,000	651,864
1	670,001	675,000	675,000
2	775,001	780,000	1,551,472
1	1,495,001	1,500,000	1,500,000
1	1,920,001	1,925,000	1,925,000
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	4,040,001	4,045,000	4,043,281
1	6,210,001	6,215,000	6,211,988
1	10,865,001	10,870,000	10,865,580
1	13,500,001	13,505,000	13,503,932
1,127			**59,776,661**

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	31,355,143	52.4538%
5.2	Associated Companies, undertakings and related parties.	–	0.0000%
5.3	NIT and ICP	19,965	0.0334%
5.4	Banks Development Financial Institutions Non Banking Financial Institutions.	48,639	0.0814%
5.5	Insurance Companies	–	0.0000%
5.6	Modarabas and Mutual Funds	12,750	0.0213%
5.7	Share holders holding 10% and more	36,549,781	61.1439%
5.8	General Public		
	a. Local	23,857,827	39.9116%
	b. Foreign	–	0.0000%
5.9	Others (to be specified)		
	Joint Stock Companies	1,475,188	2.4678%
	Investment Companies	2,085	0.0035%
	Foreign Companies	2,998,545	5.0162%
	Others	6,519	0.0109%

6. Signature of Company Secretary

7. Name of Signatory: MUHAMMAD RAFIQUE

8. Designation: COMPANY SECRETARY

9. CNIC Number: 35201-3029372-5

10. Date: 30–09–2016

CATEGORIES OF **SHAREHOLDERS**

AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG) AS ON SEPTEMBER 30, 2016

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	6,650	0.0111%
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	MR. JAHANGIR KHAN TAREEN	14,908,861	24.9409%
2	MUKHDOOM SYED AHMED MAHMUD	13,503,932	22.5906%
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	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%
Executives:		5,112,381	8.5525%
Public Sector Companies & Corporations:		–	–
Banks, Development Finance Institutions, Non Banking Finance Intitutions, Insurance Companies and Modarabas:		**54,739**	**0.0916%**
Shareholders holding five percent or more voting intrest in the listed company (Name Wise)			
1	MR. JAHANGIR KHAN TAREEN	14,908,861	24.9409%
2	MUKHDOOM SYED AHMED MAHMUD	13,503,932	22.5906%
3	MR. ALI KHAN TAREEN	8,136,988	13.6123%
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	–	–	(1,010,000)
2	MUKHDOOM SYED AHMED MAHMUD	–	1,010,000	–
3	MR. MUHAMMAD RAFIQUE	(200,000)	275,000	–
4	MRS. SARWAT SULTANA W/O IJAZ AHMED	(2,725)	–	–

HIGH PRESSURE CO-GENERATION **POWER PLANTS**

2016, was another satisfactory year for the pioneering Co-Generation projects which effectively achieved its generation capacity levels, 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 is undoubtedly the backbone of our industry business. With sound farming knowledge, distinctive agronomic strategies and modern machinery, our people helped us building highly efficient and eco-friendly farms with higher yields. Our innovative farming techniques have also led us to build the capacity of existing farmers resulting in improved and reliable cane supply to JDW.

JDW believes 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 computerized Geographic Information System (GIS); and
- Application of precision agriculture methodologies

AUTOMATION AND **MECHANIZATION**

Large scale farming operations cannot be managed effectively without mechanization. We have managed to acquire latest tractors and other farming equipment from local as well as foreign sources. In addition to that, we have rationalized farm layouts and combined the 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. Under the supervision of foreign consultants, our engineering team is 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. Local varieties are taken as parent material with sugar cane flower forcing. JDW got new seedling with local crosses to have better adoptive new cultivars. Further selection is underway from local crossed seedlings.

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 a continuous check on the pest and disease situation and other entomological challenges common to sugarcane cultivation.

IRRIGATION

JDW has always emphasized on improving irrigation efficiency in the region. Over the years, irrigation using poor quality tube well water has led to serious soiled gradation that resulted in loss of yield. At JDW, all ground water sources are constantly tested in the laboratory to ensure that suitable water is supplied to crops. The farms are designed using latest laser levelling technology to ensure improved irrigation, at reduced costs and increasing yield potential. In recent times, addition of flow-meters on irrigation sources started to quantify the efficiency of irrigation.

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, Commercial Cane Sugar (CCS), reduction in base cutter/chopper losses; and improvement in billet quality for planting.

CORPORATE SOCIAL **RESPONSIBILITY**

SUGARCANE PRODUCTIVITY **ENHANCEMENT PROJECT (SPEP):**

SPEP is a multi-stakeholder project. It involves partnership between farming communities, private sector JDW Sugar Mills Limited (JDW) and a non-profit organization National Rural Support Programme (NRSP). SPEP has been designed to enhance small farm (<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. Since the inception of JDW, a socially responsible network of JDW, NRSP and local community (Poor Rural people) also evolved. This unique partnership demonstrates not only the positive economic change in the lives of poor growers but also added towards social aspects of community's life. This initiative addressed social change (awareness and accessibility to government services and other institutions), reduced the vulnerability, it helped 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, NRSP expanded its operations in 58 union councils. In the year 2016, the number of active COs grew to 4,470 with a membership of 43,537 farmers. The main features of the SPEP include:

- Increase income of poor rural population by increase in per acre yield of sugarcane, through:
  - o Improvement in production technology
  - o Resource use efficiency
  - o Need based support (credit, agri - machinery, inputs, seed etc.)
  - o Assurance of timely payments by sugar mills.
- Ensure sufficient quantity of quality sugarcane in catchment area of sugar mills.
- Social mobilization and organization of the rural poor into Community Organizations (COs)
- Provision of agricultural extension services; agricultural graduates employed by JDW provide services through direct advice in CO meetings, published literature and farm visits.
- Credit facility from JDW and NRSP for purchase of seed and other agricultural inputs on guarantee of the COs.
- Small farmers have access to new Seeds, Pesticides/farm machinery provided by JDW on credit at subsidized rates

NRSP has distributed loan of Rs. 1,563.97 million in the year 2015-16 to raise the productivity & income of the farming communities, which is really helping to increase the social and economic life of the rural communities.

JDW provided support to NRSP to recover the amount Rs. 294 million in current season.

SUGARCANE CROP **IMPROVEMENT PROGRAM**

Sugarcane crop can improve with new sugarcane varieties and this can only be achieved through research and breeding. JDW has produced its own seed/fuzz this year through sugarcane flowering and crossing. JDW has produced 400 successful crosses and achieved excellent germination. 18,500 seedlings were produced successfully through which we will do the selection process for the varieties.

There are few promising sugarcane varieties in the pipeline. We are testing them against the diseases resistance and then these will propagate and multiply.

World's latest equipment is imported this year for the accurate measurement of sucrose content in the sugarcane varieties. These include the hydraulic press and disintegrator which are giving us highly accurate information about juice and sugar contents in the cane.

INTEGRATED PEST **MANAGEMENT**

Various insect & pests attack sugarcane crop. They can be divided into two classes (a) sucking pests (b) sugarcane borers. Pests of both classes can damage the crop severely which may lead to low yield and inferior quality cane. JDW group owns a specialized team for managing insect & pests of grower's crop under the Umbrella of "Cane Development & Farmer Support Program". Among type (a) pests "Pyrilla Perpusilla" is a major threat which severely damages the crop, if multiplied unchecked and as far as borers are concerned "Stem Borer " is the most problematic in the area.

For management of insect pests, team of "JDW group" is working at grass root level and educating the growers through cluster meetings, individual contacts, crop visits and printed pamphlets. We used IPM approach i.e. utilizing both biological agents and chemicals for keeping pest population below economic threshold level (ETL). Insects can reduce yield up to 50% and sucrose accumulation upto 35% and even more under extra ordinary attack.

FARMER SUPPORT **PROGRAM**

Livestock provides cash flow to farmers to meet the day to day expenses of their family and hence play a pivotal role in running their economy. To harness full potential of animals either in form of milk or meat, knowledge pertaining to animal nutrition and health is of utmost importance. To transfer knowledge and skill to Livestock farmers of our area, JDW Group under the umbrella of "Farmer Support Program" providing following facilities to farmers at their door steps.

- All kind of treatment of sick animals at their door steps.
- Artificial insemination for both buffalo and cow with local and imported semen as well, for breed improvement.
- De worming for control of ecto and endo parasites.
- Seasonal vaccination for control of out breaks of FMD, HS and ETV like diseases.
- Provision of mineral mixtures to tackle the deficiency of mineral elements.
- All medicines are provided to growers at invoice price and services are free of cost.
- Dissemination of important information about animals health, nutrition and management through printed pamphlets.

EDUCATION

QUALITY EDUCATION **FOR ALL (QEFA):**

JDW Sugar Mills has created its valuable cooperation with the District education department to make positive contribution in the educational institutes for raising the education level of rural community, elementary and higher schools.

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.

Table: The JDW Sugar Mills sponsored Quality Education Program Progress till 2015-2016.

Programmes	Boys	Girls	Co-Education	Total
Rahim Yar Khan				
No. of Schools	64	57	8	129
Enrollment	8,376	5,130	–	13,506
No. of Teachers	156	147	–	303
Ghotki – Khairpur				
No. of Schools	39	12	7	58
Enrollment	4,134	2,972	–	7,106
No. of Teachers	61	20	–	81
Grand Total				
No. of Schools	103	69	15	187
Enrollment	12,510	8,102	-	20,612
No. of Teachers	217	167	-	384

Achieving inclusive and quality education for all is reaffirms the belief that education is one of the most powerful and proven vehicles for sustainable development. There is strong evidence that shows that there are positive effects of decentralizing the education to the lower levels because of the QEFA project. 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.

For Year 2015-16 (Oct 2015-Sep 2016) JDW has continued its financial support in district Ghotki & khairpur to upgrade the level of education. These funds included employment of teachers, construction of new classrooms, boundary walls, furniture arrangements for students and teachers, toilets, sheds, water supplies, electricity & electrification, IT labs, support material, walking bridge and whitewash of the premises.

Under QEFA project in many Schools different activities have been carried to develop the intellectual abilities of the students and to encourage/motivate them to continue their education i.e. Naat & speech competition, Prize distribution Ceremony, Celebration of 14th August, Hand WASH day, Parents day, Farewell Party etc.

SUPPORT TO VOCATIONAL **TRAINING INSTITUTES:**

Training in general and skills development in particular not only play a vital role in individual, organizational and overall national economic growth but are integral part of Human Resource Development (HRD). JDW Sugar Mills has supported for the establishment of vocational training Institutes in Jamal Din Wali, Roshan Bhait and Rajan Pur Kalan. By this support, VTI JDW increased the batches under the trade of Dress Making & Embroidery for females. Along with this increase of batches, VTI also added the extra classes specially & inclusively for female under the trade of "Computer Operator/Office Assistant. There is positive and significant correlation between economic growth and vocational education and technical training. With the help of special focus on females the ratio of unemployment of female has decreased, because many of the females are doing jobs in different Organization as Office Assistant by getting the training under Trade of Computer Training/Office Assistant. With this enhancement female students do not need to travel to big cities for vocational training education.

Table: Vocational Training Institute progress as of Nov, 2016.

Jamal Din Wali– VTI

Trades	Admitted Students			Pass out Students		
	Boys	Girls	Total	Boys	Girls	Total
Computer operator/ office assistant	279	46	325	236	42	278
Computer appliance & Office professional	185	30	215	81	28	109
Dress making	–	476	476	–	387	387
Embroidery	–	327	327	–	284	284
Repair & maintenance of electrical	176	–	176	151	–	151
Tractor mechanic	278	–	278	209		209
Computer appliance & Office professional (self-finance)	25	–	25	20	–	20
Motorcycle Mechanic	150	–	150	90	–	90
Industrial electrician	290	–	290	215	–	215
Total	1,383	879	2,262	1,002	741	1,743

Rajan Pur Kalan– VTI

Trades	Admitted Students			Pass out Students		
	Boys	Girls	Total	Boys	Girls	Total
Computer Operator/ Office Assistant	276	–	276	276	–	276
Dress Making	207	35	242	207	35	242
Embroidery	–	254	254	–	254	254
Repair & Maintenance of Electrical	210	35	245	210	35	245
Total	693	324	1,017	693	324	1,017

Training and skills development play vital role in economic development. The demand for vocationally trained and technically educated human resource rises with every step towards industrialization and modernization of production units and work premises. These institutes are currently providing training in trades that include dress making, embroidery, repair and maintenance of electrical home appliances, tractor maintenance, about heavy industrial machineries and computer operation. After completing professional training students will have an opportunity to generate income through self-employment in the market or can get job in an industry easily. 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.

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 5.19.24 of listing regulations of Pakistan Stock Exchange Limited 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 interests on its Board of Directors. Present composition of the Board is as under:

Category	**Names**
Independent Directors	Mr. Asim Nisar Bajwa Mr. Qasim Hussain Safdar
Executive Directors	Mr. Jahangir Khan Tareen Mr. Raheal Masud
Non-Executive Directors	Mukhdoom Syed Ahmed Mahmud Mrs. Samira Mahmud Mr. Ijaz Ahmed

The Independent Directors meet the criteria of independence under clause 5.19(1)(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 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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy was occurred in Board by resignation of Chief Executive on April 28, 2016 which was filled by the Directors within the stipulated time.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

9. The Company arranged orientation courses for its Directors as and when needed to apprise them of their duties and responsibilities. Two of the Directors have already acquired certification under Directors training programme conducted by Executive Development Centre of The University of Lahore duly approved training institution by Securities and Exchange Commission of Pakistan. Remaining Directors are exempted on the basis of experience criteria.

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
Mrs. Samira Mahmud	Member	Non-Executive 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 Human Resource and Remuneration committee. It comprises of following (03) three directors:

Name	**Designation**	**Category**
Mr. Ijaz Ahmed	Chairman/Member	Non-Executive Director
Mrs. Samira Mahmud	Member	Non-Executive Director
Mr. Qasim Hussain Safdar	Member	Independent Director

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 exchange.

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

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

02 January 2017
Lahore

Raheal Masud
Chief Executive / Director

KPMG

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

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REVIEW REPORT **TO THE MEMBERS**
ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of JDW Sugar Mills Limited ("the Company") for the year ended 30 September 2016 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24 (b) of the Code, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 September 2016.

02 January 2017
Lahore

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

KPMG Taseer Hadi & Co.
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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 2016 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 except for the change as stated in note 4.1 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the 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 2016 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 2017
Lahore

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

UNCONSOLIDATED **BALANCE SHEET**

	Note	2016 Rupees	2015 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		7,044,672,556	5,740,528,115
		8,320,756,094	7,016,611,653
NON CURRENT LIABILITIES			
Redeemable capital - secured	8	83,333,333	194,444,444
Long term finances - secured	9	9,495,166,901	7,472,014,132
Liabilities against assets subject to finance lease - secured	10	495,823,654	627,413,203
Deferred taxation	11	1,641,059,144	1,405,403,969
Retirement benefits	12	101,168,252	75,844,689
		11,816,551,284	9,775,120,437
CURRENT LIABILITIES			
Short term borrowings - secured	13	3,415,654,047	9,313,746,057
Current portion of non-current liabilities	14	3,139,610,613	2,571,550,698
Trade and other payables	15	7,327,682,941	5,995,631,857
Accrued profit / interest / mark-up	16	125,798,019	286,506,817
		14,008,745,620	18,167,435,429
		34,146,052,998	34,959,167,519
CONTINGENCIES AND COMMITMENTS	17		

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

Chief Executive

AS AT 30 SEPTEMBER 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	19,541,735,582	18,668,676,450
Biological assets	19	7,279,311	2,766,282
Investment property	20	196,467,698	173,026,930
Intangibles	21	622,928,744	624,968,472
Long term investments	22	2,283,110,383	3,809,497,383
Long term advances	23	18,430,247	44,833,333
Long term deposits	24	111,446,138	116,804,861
		22,781,398,103	23,440,573,711
CURRENT ASSETS			
Biological assets	19	2,240,966,107	1,548,160,341
Stores, spare parts and loose tools	25	1,080,682,261	1,165,439,717
Stock-in-trade	26	5,035,625,241	4,860,648,469
Trade debts - unsecured	27	1,025,619,160	1,108,892,131
Advances, deposits, prepayments and other receivables	28	1,126,498,627	2,106,989,471
Advance tax - net		848,667,402	678,904,153
Cash and bank balances	29	6,596,097	49,559,526
		11,364,654,895	11,518,593,808
		34,146,052,998	34,959,167,519

Director

UNCONSOLIDATED **PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 Rupees	2015 Rupees
Gross sales		40,122,718,008	34,982,616,789
Federal excise duty, sales tax and others		(2,835,292,017)	(2,319,173,815)
Net sales	30	37,287,425,991	32,663,442,974
Cost of sales	31	(30,832,943,837)	(27,797,895,638)
Gross profit		6,454,482,154	4,865,547,336
Administrative expenses	32	(878,079,077)	(797,944,257)
Selling expenses	33	(167,335,500)	(130,132,823)
Other income	34	266,647,788	195,925,439
Other expenses	35	(1,696,593,643)	(680,314,303)
		(2,475,360,432)	(1,412,465,944)
Profit from operations		3,979,121,722	3,453,081,392
Finance cost	36	(1,660,105,995)	(2,241,796,543)
Profit before taxation		2,319,015,727	1,211,284,849
Taxation	37	(285,083,739)	305,965,305
Profit after taxation		2,033,931,988	1,517,250,154
Earnings per share - basic and diluted	38	34.03	25.38

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 2016

	2016 Rupees	2015 Rupees
Profit after taxation	2,033,931,988	1,517,250,154
Other comprehensive loss		
Items that will not be reclassified to profit and loss account:		
Re-measurement of defined benefit liability	(17,810,879)	(5,293,750)
Related tax	5,343,264	1,588,125
	(12,467,615)	(3,705,625)
Total comprehensive income for the year	2,021,464,373	1,513,544,529

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 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	39	8,673,527,473	5,610,273,110
Taxes paid		(212,605,904)	(253,953,826)
Staff retirement benefits paid		(70,985,676)	(64,378,182)
Workers' Profit Participation Fund paid		(81,107,289)	(61,593,779)
		(364,698,869)	(379,925,787)
Net cash generated from operating activities		8,308,828,604	5,230,347,323
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,071,295,045)	(2,557,456,810)
Investment in associated company		–	(684,338,333)
Long term advances		17,305,555	5,000,000
Long term deposits - net		5,358,723	(3,531,820)
Proceeds from sale of property, plant and equipment		28,274,831	128,800,725
Net cash used in investing activities		(2,020,355,936)	(3,111,526,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		2,473,193,879	922,285,408
Short term borrowings - net		(3,670,167,746)	500,623,920
Finance cost paid		(1,723,855,902)	(2,414,352,059)
Lease rentals paid		(460,830,277)	(442,997,978)
Dividend paid		(721,851,787)	(467,696,817)
Net cash used in financing activities		(4,103,511,833)	(1,902,137,526)
Net increase in cash and cash equivalents		2,184,960,835	216,683,559
Cash and cash equivalents at beginning of the year		(3,340,868,135)	(3,557,551,694)
Cash and cash equivalents at end of the year		(1,155,907,300)	(3,340,868,135)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		6,596,097	49,559,526
- Running finances		(1,162,503,397)	(3,390,427,661)
		(1,155,907,300)	(3,340,868,135)

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 2016

	Share capital	Reserves			Total equity
		Capital	Revenue		
		Share premium	Accumulated profit	Total reserves	
	Rupees	Rupees	Rupees	Rupees	Rupees
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
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)
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
Total comprehensive income for the year					
Profit for the year ended 30 September 2016	–	–	2,033,931,988	2,033,931,988	2,033,931,988
Other comprehensive loss for the year ended 30 September 2016 - net of tax	–	–	(12,467,615)	(12,467,615)	(12,467,615)
	–	–	2,021,464,373	2,021,464,373	2,021,464,373
Transactions with owners of the Company					
Final cash dividend for the year ended 30 September 2015 @ Rs. 7.00 per share	–	–	(418,436,627)	(418,436,627)	(418,436,627)
Interim cash dividend for the period ended 31 March 2016 @ Rs. 2.00 per share	–	–	(119,553,322)	(119,553,322)	(119,553,322)
Interim cash dividend for the period ended 30 June 2016 @ Rs. 3.00 per share	–	–	(179,329,983)	(179,329,983)	(179,329,983)
	–	–	(717,319,932)	(717,319,932)	(717,319,932)
Balance as at 30 September 2016	597,766,610	678,316,928	7,044,672,556	7,722,989,484	8,320,756,094

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 Pakistan Stock Exchange. 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 subsidiaries and associate 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
Subsidiaries		
- Deharki Sugar Mills (Private) Limited (DSML)	Pakistan	100%
- Faruki Pulp Mills Limited (FPML)	Pakistan	57.67%

During the year the Company has acquired further 110,977,833 shares of FPML which increased Company's shareholding from 48.39% to 57.67%. Accordingly, FPML has been reclassified from an associated company to a subsidiary company.

Name of company	Country of incorporation	Shareholding
Associate		
- 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 Companies Ordinance, 1984, provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives of the Companies Ordinance, 1984 shall prevail.

2.3 Basis of measurement

These 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 approved 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 long term investments, 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

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 significant accounting policies applied in the preparation of these unconsolidated financial statements are set forth below and have been applied consistently to all years presented, except for the change in accounting policy mentioned in note 4.1 to these unconsolidated financial statements.

4.1 Change in accounting policy

IFRS 13 Fair Value Measurement, which became applicable for the annual periods beginning on or after 1 January 2015, consolidates the guidance on how to measure fair value, which was spread across various IFRSs, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the unconsolidated financial statements of the Company, except for certain additional disclosures given in note 41.4.5 to these unconsolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures.

In addition to above, during the year certain other standards, amendments to standards or new interpretations also became effective. However, these standards, amendments or interpretation did not have any material effect on the unconsolidated financial statements of the Company.

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 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.

4.2.2 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. 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 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.

4.4 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 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 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 to these unconsolidated financial statements. 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 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.

4.7.2 Defined benefit plans

The Company also operates approved funded 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 2016 by a qualified actuary using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

	2016	**2015**
Discount rate	7.25%	9.25%
Expected increase in eligible pay	7.25%	7.75%
Mortality rates	"Adjusted SLIC 2001-05"	"Adjusted SLIC 2001-05"
Withdrawal rates	Low	Low
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.

4.8 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 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.

4.9 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable, 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.

4.10 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.

4.11 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.

4.12 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 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 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.

4.13 Financial instruments

4.13.1 Financial assets

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

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

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

4.13.1(b) Loans and receivables

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

4.13.1(c) Available-for-sale financial assets

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

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

4.13.1(d) Held to maturity

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

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

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

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value, 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.

4.13.2 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.

4.14 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 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 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.

4.16 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 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 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.

4.18 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 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 currency 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 the reporting 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 the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are not translated again at the reporting date.

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

4.21 Investments

Investment in equity instruments of subsidiary companies

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.

4.22 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 or 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.

4.23 Trade date accounting

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

4.24 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.

4.25 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.

4.26 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.

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

5.1 Standards, amendments and interpretations to existing standards that are not yet effective but applicable/ relevant to the Group's operations.

- IFRIC 4, Determining Whether an Arrangement Contains a Lease' is applicable for annual periods beginning on or after January 1, 2006, however, Securities and Exchange Commission of Pakistan (SECP) granted waiver from the application of IFRIC 4 to all companies including power sector companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

  Consequently, the Company is not required to account for a portion of its Power Purchase Agreement (PPA) as a lease under IAS 17. If the Company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2016 Rupees	2015 Rupees
De-recognition of property, plant and equipment	(5,486,311,454)	(5,688,572,142)
Recognition of lease debtor	5,748,935,063	5,871,517,832
Net increase in deferred tax liability	78,787,083	54,883,707
Increase in un-appropriated profit at beginning of the year	200,212,850	–
Increase in profit for the year	188,069,464	200,212,850
Increase in un-appropriated profit at end of the year	388,282,314	200,212,850

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 October 2016. 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.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

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

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on Company's unconsolidated financial statements.

- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of unconsolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- Amendments to IFRS 2 - 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are 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 unconsolidated 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 unconsolidated 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.

	2016 Rupees	2015 Rupees
6 SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2015: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2015: 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 (2015: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2015: 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	2016 Rupees	2015 Rupees
8 REDEEMABLE CAPITAL - SECURED			
Privately Placed Term Finance Certificates - II	8.1	194,444,444	305,555,555
Current portion of non-current liabilities	14	(111,111,111)	(111,111,111)
		83,333,333	194,444,444

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 100 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	2016 Rupees	2015 Rupees
9 LONG TERM FINANCES - SECURED			
Markup bearing finances from conventional bank:			
MCB Bank Limited - Led Syndicated Loan	9.1	3,156,130,756	3,945,163,446
MCB Bank Limited	9.2	634,375,000	–
Faysal Bank Limited	9.3	250,000,000	375,000,000
Faysal Bank Limited	9.4	406,250,003	514,583,335
Faysal Bank Limited	9.5	333,333,332	500,000,000
Faysal Bank Limited	9.6	1,000,000,000	–
Pak Brunei Investment Company Limited	9.7	18,750,000	33,750,000
Pak Oman Investment Company Limited	9.8	375,000,000	475,000,000
Pak Oman Investment Company Limited	9.9	500,000,000	–
The Bank of Punjab	9.10	560,000,000	700,000,000
The Bank of Punjab	9.11	239,985,680	299,985,680
The Bank of Punjab	9.12	500,000,000	–
NIB Bank Limited	9.13	361,841,410	445,955,952
National Bank of Pakistan	9.14	1,000,000,000	–
Pak Libya Holding Company	9.15	85,000,000	–
Standard Chartered Bank (Pakistan) Limited	9.16	950,000,000	–
Soneri Bank Limited	9.17	300,000,000	–
Askari Bank Limited	9.18	285,000,000	–
Silk Bank Limited	9.19	–	421,875,000
United Bank Limited	9.20	–	400,000,000
Saudi Pak Industrial & Agricultural Investment Company Limited - I	9.21	–	183,333,333
Saudi Pak Industrial & Agricultural Investment Company Limited - II	9.22	–	144,444,445
Pakistan Kuwait Investment Company (Private) Limited	9.23	–	462,270,000
		10,955,666,181	8,901,361,191
Islamic mode of financing:			
Dubai Islamic Bank (Pakistan) Limited	9.24	334,000,000	434,000,000
Dubai Islamic Bank (Pakistan) Limited	9.25	500,000,000	–
Askari Bank Limited (Islamic)	9.26	190,000,000	–
Askari Bank Limited (Islamic)	9.27	240,000,000	300,000,000
		1,264,000,000	734,000,000
		12,219,666,181	9,635,361,191
Current maturity presented under current liabilities	14	(2,724,499,280)	(2,163,347,059)
		9,495,166,901	7,472,014,132

9.1 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.

Principal repayment

The loan is repayable in 22 unequal quarterly instalments 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 100 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.

9.2 MCB Bank Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments after a grace period of twenty four months starting from September 2018 and ending on September 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.3 Faysal Bank Limited

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 100 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.

9.4 Faysal Bank 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 100 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 Faysal Bank Limited

Principal repayment

This loan is repayable in 12 equal quarterly instalments started from October 2015 and ending in July 2018.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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.

9.6 Faysal Bank Limited

Principal repayment

The loan is repayable in 12 equal quarterly instalments starting from October 2016 and ending on September 2019.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.7 Pak Brunei Investment Company 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 100 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

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 100 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 Pak Oman Investment Company Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from May 2017 and ending on April 2022.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.10 The Bank of Punjab

Principal repayment

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

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 The Bank of Punjab

Principal repayment

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

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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.

9.12 The Bank of Punjab

Principal repayment

The loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from July 2017 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.13 NIB Bank Limited

Principal repayment

This loan is repayable in 20 unequal quarterly instalments 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 100 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.

9.14 National Bank of Pakistan

Principal repayment

The loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from February 2017 and ending on January 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.15 Pak Libya Holding Company

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from October 2015 and ending on September 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 bps per annum.

Security

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

9.16 Standard Chartered Bank (Pakistan) Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from June 2016 and ending on May 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 150 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 sponsor Directors of the Company.

9.17 Soneri Bank Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from July 2016 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 100 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 sponsor Directors of the Company.

9.18 Askari Bank Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from June 2016 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.19 Silk Bank Limited

This loan has been repaid in full.

9.20 United Bank Limited

This loan has been repaid in full.

9.21 Saudi Pak Industrial & Agricultural Investment Company Limited - I

This loan has been repaid in full.

9.22 Saudi Pak Industrial & Agricultural Investment Company Limited - II

This loan has been repaid in full.

9.23 Pakistan Kuwait Investment Company (Private) Limited

This loan has been repaid in full.

9.24 Dubai Islamic Bank (Pakistan) Limited

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 100 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 of the Company.

9.25 Dubai Islamic Bank (Pakistan) Limited

Principal repayment

The loan is repayable in 16 unequal quarterly instalments after a grace period of twelve months starting from June 2017 and ending on May 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.26 Askari Bank Limited (Islamic)

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from July 2016 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.27 Askari Bank Limited (Islamic)

Principal repayment

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

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 100 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.

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:

	Note	2016		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	14	346,117,766	42,117,544	304,000,222
Later than one year and not later				
than five years		534,371,770	38,548,116	495,823,654
		880,489,536	80,665,660	799,823,876

	2015		
	Minimum lease payments	Finance cost for future periods	Present value
	Rupees	Rupees	Rupees
Not later than one year	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

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 months to one year KIBOR plus 200 to 300 bps per annum (2015: 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.

	2016 Rupees	2015 Rupees
11 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	2,403,179,886	2,196,783,954
- leased assets	352,786,250	381,520,043
	2,755,966,136	2,578,303,997
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(239,947,163)	(277,351,719)
- provisions for doubtful debts and obsolescence	(49,492,411)	(25,193,878)
- impairment of investment in subsidiary and associate	(603,319,800)	(145,403,700)
- Provision for WPPF	(37,338,336)	(19,125,550)
- employee retirement benefits	(29,033,640)	(22,777,107)
- tax loss for the year	–	(2,127,768)
- tax credits	(155,775,642)	(680,920,306)
	(1,114,906,992)	(1,172,900,028)
	1,641,059,144	1,405,403,969

11.1 Movement in deferred tax balances is as follows:

	2016 Rupees	2015 Rupees
As at 01 October	1,405,403,969	1,712,957,399
Recognized in profit and loss account:		
- accelerated tax depreciation on operating fixed assets	206,395,932	329,879,677
- leased assets	(28,733,793)	81,569,733
- reversal of losses related to Co-Generation Power	–	(273,436,208)
- liabilities against assets subject to finance lease	37,404,556	90,625,170
- provisions for doubtful debts and obsolescence	(24,298,533)	2,519,388
- impairment of investment in subsidiaries and associate	(457,916,100)	(114,158,868)
- provision for WPPF	(18,212,786)	(3,677,230)
- employee retirement benefits	(913,269)	5,832,175
- tax loss for the year	2,127,768	11,855,033
- tax credits	525,144,663	(436,974,175)
	240,998,439	(305,965,305)
Recognized in other comprehensive income:		
- employees' retirement benefits	(5,343,264)	(1,588,125)
	1,641,059,144	1,405,403,969

12 RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2016 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

	Note	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	12.1	101,168,252	75,844,689
Liability as at 30 September		101,168,252	75,844,689

12.1 Movement in liability recognised in balance sheet is as follows:

	Note	2016 Rupees	2015 Rupees
Balance at beginning of the year		75,844,689	68,256,699
Charge to profit and loss account	12.3	15,078,902	15,147,173
Charge to other comprehensive income		17,810,879	5,293,750
Payments made during the year		(7,566,218)	(12,852,933)
Balance at end of the year		101,168,252	75,844,689

		2016 Rupees	2015 Rupees
12.2	**Movement in liability for defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	75,844,689	68,256,699
	Current service cost for the year	8,910,227	7,164,894
	Interest cost for the year	6,168,675	7,982,279
	Benefit paid during the year	(7,566,218)	(12,852,933)
	Actuarial loss on present value of defined benefit obligation	17,810,879	5,293,750
	Present value of defined benefit obligation at end of year	101,168,252	75,844,689
12.3	**Charge for the year:**		
	In profit and loss account:		
	Current service cost	8,910,227	7,164,894
	Interest cost for the year	6,168,675	7,982,279
		15,078,902	15,147,173
	In other comprehensive income:		
	Actuarial loss on obligation	17,810,879	5,293,750
		32,889,781	20,440,923
12.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	–
	Actuarial loss during the year	(17,810,879)	(5,293,750)
	Charge to other comprehensive income	17,810,879	5,293,750
	Closing actuarial losses	–	–

12.5 Historical information

	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees
Present value of defined obligations	101,168,252	75,844,689	68,256,699	61,601,620	46,368,612
Experience adjustment loss / (gain)	17,810,879	5,293,750	(3,281,607)	8,397,486	7,928,777

12.6 Expected expense for the next year

The Company expects to charge Rs 18.75 million to unconsolidated profit and loss account on account of defined benefit plan in 2017.

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 2016 would have been as follows:

	Gratuity	
	Increase / (decrease) on present value of defined benefit obligation due to	
	Increase	Decrease
	Rupees	Rupees
Discount rate 100 bps movement	(8,804,818)	10,469,250
Future salary 100 bps movement	10,814,814	(9,244,084)

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	2016 Rupees	2015 Rupees
13 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks:			
Cash finances	13.1	–	3,439,212,000
Running finances	13.2	1,162,503,397	3,390,427,661
Inland bill discounting	13.3	799,999,999	500,000,000
Finance against trust receipts	13.4	403,150,651	221,325,348
		2,365,654,047	7,550,965,009
Islamic mode of financing:			
Salam/Istisna finances	13.5	–	613,875,000
Morabaha finances	13.6	1,050,000,000	1,148,906,048
		1,050,000,000	1,762,781,048
		3,415,654,047	9,313,746,057

13.1 The Company has obtained these facilities from various banks and financial institutions aggregating Rs. 11,950 million (2015: Rs. 10,650 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 50 to 250 bps per annum (2015: one to six months KIBOR plus 150 to 250 bps per annum). These are secured against pledge of sugar and personal guarantees of sponsor Directors of the Company.

13.2 The Company has obtained running finance facilities aggregating Rs. 2,180 million (2015: Rs. 3,680 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 100 to 275 bps per annum (2015: one to three months KIBOR plus 150 to 275 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Company and personal guarantees of the sponsor Directors of the Company.

13.3 The Company has obtained Inland bill discounting facility aggregating Rs. 1,100 million (2015: Rs. 500 million). The markup rate applicable during the year has remained three months KIBOR plus 100 to 125 bps per annum (2015: three months KIBOR plus 125 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Company and personal guarantees of the sponsor Directors of the Company.

13.4 The limit of this facility is Rs. 750 million (2015: Rs. 650 million). It carries markup ranging from one to six months KIBOR plus 100 to 250 bps per annum (2015: one to six months KIBOR plus 200 to 250 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Company and personal guarantees of the sponsor Directors of the Company.

13.5 The Company has obtained these facilities from various banks and financial institutions aggregating to Rs. 4,035 million (2015: Rs. 3,400 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 90 to 250 bps per annum (2015: one to six months KIBOR plus 150 to 250 bps per annum). These are secured against pledge of sugar and personal guarantees of sponsor Directors of the Company.

13.6 The Company has obtained morabaha finance facilities aggregating Rs. 1,050 million (2015: Rs. 1,150 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 100 to 150 bps per annum (2015: three to six months KIBOR plus 150 to 250 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Company and personal guarantees of the sponsor Directors of the Company.

	Note	2016 Rupees	2015 Rupees
14 CURRENT PORTION OF NON CURRENT LIABILITIES			
Redeemable capital - secured	8	111,111,111	111,111,111
Long term finances - secured	9	2,724,499,280	2,163,347,059
Liabilities against assets subject to finance lease - secured	10	304,000,222	297,092,528
		3,139,610,613	2,571,550,698

	Note	2016 Rupees	2015 Rupees
15 TRADE AND OTHER PAYABLES			
Advances from customers		5,784,068,478	3,995,379,124
Trade and other creditors	15.1	1,105,650,360	1,098,048,196
Payable to Workers' Profit Participation Fund	15.2	124,461,118	63,751,833
Payable to Workers' Welfare Fund	15.3	45,745,525	–
Accrued expenses		146,882,808	25,013,593
Retention money		14,001,257	15,951,374
Unclaimed dividend		27,794,069	32,325,924
Tax deducted at source		29,172,009	21,618,464
Payable to provident fund trust		–	79,029
Payable on behalf of growers		–	699,284,064
Other payables		49,907,317	44,180,256
		7,327,682,941	5,995,631,857

15.1 This includes an unsecured amount of Rs. 1.52 million (2015: Rs. 4.47 million) and Rs. 0.63 million (2015: Rs. 1.94 million) due to JDW Aviation (Private) Limited and Agro Industrial Solutions respectively (related parties).

	Note	2016 Rupees	2015 Rupees
15.2 Payable to Workers' Profit Participation Fund			
Balance as at 01 October		63,751,833	51,494,400
Add: Allocation for the year	35	124,461,118	63,751,834
Interest on funds utilized	36	17,355,456	10,099,378
		205,568,407	125,345,612
Less: Paid during the year		(81,107,289)	(61,593,779)
Balance as at 30 September		124,461,118	63,751,833
15.3 Payable to Workers' Welfare Fund			
Balance as at 01 October		–	–
Provision for the year		45,745,525	–
Balance as at 30 September		45,745,525	–

		2016 Rupees	2015 Rupees
16	**ACCRUED PROFIT / INTEREST / MARK-UP**		
	Mark-up on financing/ borrowings from conventional banks		
	Redeemable capital - secured	3,702,970	7,324,292
	Long term finances - secured	102,600,397	126,097,744
	Short term borrowings - secured	6,908,311	111,650,103
		113,211,678	245,072,139
	Profit on Islamic mode of financing		
	Long term finances - secured	11,960,918	17,537,651
	Short term borrowings - secured	625,423	23,897,027
		12,586,341	41,434,678
		125,798,019	286,506,817

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. 47.5 million. However, the Company has filed an appeal before Honorable Lahore High Court against the order passed by the Appellate Tribunal. 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. 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 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 has filed an appeal before High Court, against the order of the ATIR. The Management of the Company is confident that this case will be decided in its favour. Accordingly no provision has been made in unconsolidated financial statements.

17.1.4 Counter guarantees given by the Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 3,213 million (2015: Rs. 2,795 million).

17.1.5 Cross corporate guarantees given by the Company to its bankers for DSML (a subsidary company) as at the reporting date amounts to Rs. 2,571.02 million (2015: Rs. 380.32 million).

17.1.6 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 83.00 million (2015: Rs. 87.67 million).

		2016 Rupees	2015 Rupees
17.2	**Commitments**		
17.2.1	Letters of credit for import of machinery and its related components	301,369,738	324,420,557

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

	2016 Rupees	2015 Rupees
Not later than one year	263,490,106	170,260,099
Later than one year but not later than five years	1,195,189,390	782,605,421
Later than five years	15,052,538	70,726,802
	1,473,732,034	1,023,592,322

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:

	2016 Rupees	2015 Rupees
Not later than one year	66,371,694	52,251,774
Later than one year but not later than five years	55,861,174	88,969,956
	122,232,868	141,221,730

	Note	2016 Rupees	2015 Rupees
18 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	18.1	18,533,844,373	17,594,986,572
Capital work in progress	18.5	924,081,851	1,073,689,878
Stores, spare parts and loose tools held for capital expenditures		83,809,358	–
		19,541,735,582	18,668,676,450

18.1 Operating fixed assets

	Cost					Depreciation				
	As at 01 October 2015	Additions/ (deletion) during the year	Transfers (to) / from / adjustments during the year	As at 30 September 2016	Rate	As at 01 October 2015	For the year	Transfers / (deletions) / adjustments during the year	As at 30 September 2016	Net book value as at 30 September 2016
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,731,632,598	- -	(23,440,768) (6,500,150)	1,701,691,680	-	-	-	- -	-	1,701,691,680
Factory building on freehold land	1,833,502,302	68,401,211 (2,058,023)	- (1,942,141)	1,897,903,349	10	619,409,917	126,420,562	- (1,459,203) (1,446,737)	742,924,540	1,154,978,810
Non-factory building on freehold land	700,057,050	26,589,544 (1,756,154)	- 7,913,020	732,803,460	5-20	181,051,678	27,425,280	- (939,541) 1,446,734	208,984,152	523,819,308
Plant and machinery	14,856,952,358	1,774,491,089 (14,038,461)	257,165,097 93,951,959	16,968,522,042	5-20	3,252,237,287	867,878,303	49,329,459 (5,218,742) (23,199,197)	4,141,027,110	12,827,494,932
Motor vehicles	690,983,656	194,206,734 (47,016,372)	177,117,327 251,503,523	1,266,794,868	20	424,557,853	175,316,600	87,021,711 (32,785,624) 39,133,781	693,244,321	573,550,547
Electrical installation	146,752,575	21,370,957 (5,102,704)	- -	163,020,828	10	55,291,201	10,354,941	- (2,665,268)	62,980,873	100,039,955
Office equipment	125,670,502	751,431 (15,798,955)	- (2,466)	110,620,512	20	52,015,951	15,173,072	- (13,579,534)	53,609,489	57,011,023
Tools and equipment	112,851,188	8,120,603 (12,608,542)	- (44,945,259)	63,417,990	10-20	32,846,451	3,829,495	- (7,420,713) (2,750,748)	26,504,485	36,913,506
Agri implements	507,017,572	- (30,900)	1,299,000 (471,311,160)	36,974,512	10	176,865,750	1,901,332	485,869 (21,203) (159,369,228)	19,862,520	17,111,992
Furniture and fixture	45,400,096	2,615,657 (12,148,121)	- 9,986	35,877,618	10	20,439,002	2,620,930	- (7,994,706)	15,065,225	20,812,393
Weighbridge	10,454,656	- -	- -	10,454,656	10	8,294,576	216,008	- -	8,510,584	1,944,072
Roads and boundary wall	66,919,521	5,332,495 (19,420)	- -	72,232,596	10	27,856,631	4,305,498	- (16,075)	32,146,053	40,086,543
Arms and ammunitions	7,907,517	- -	- -	7,907,517	10	4,240,898	366,662	- -	4,607,560	3,299,957
Fire fighting equipments	77,323,758	1,495,690 -	- -	78,819,448	20	17,629,867	12,162,723	- -	29,792,590	49,026,858
Aircraft	469,981,824	- -	- -	469,981,824	10-25	201,339,060	36,366,024	- -	237,705,084	232,276,740
Tube well	2,844,479	591,600 -	- -	3,436,079	10	1,551,998	182,008	- -	1,734,006	1,702,073
Computers	34,510,622	9,529,909 (5,850,564)	- -	38,189,968	33	21,881,059	5,141,714	- (4,962,622)	22,060,151	16,129,817
	21,420,762,274	2,113,496,920 (116,428,214)	412,140,656 (171,322,688)	23,658,648,948		5,097,509,179	1,289,661,151	136,837,039 (77,063,232) (146,185,395)	6,300,758,742	17,357,890,206
Leased										
Plant and machinery	1,147,107,806	80,051,591 -	(257,165,097) -	969,994,300	5	95,861,186	45,823,176	(49,329,459) -	92,354,903	877,639,397
Agri implements	297,093,014	- -	(1,299,000) (291,834,013)	3,960,001	10	77,727,905	342,388	(485,869) - (76,705,911)	878,513	3,081,488
Motor vehicles	177,898,433	215,350,898 (1,605,000)	(177,117,327) 198,443,931	412,970,935	20	176,776,685	67,144,395	(87,021,711) (526,144) (38,635,573)	117,737,652	295,233,283
	1,622,099,253	295,402,489 (1,605,000)	(435,581,424) (93,390,082)	1,386,925,236		350,365,776	113,309,959	(136,837,039) (526,144) (115,341,484)	210,971,068	1,175,954,168
	23,042,861,527	2,408,899,409 (118,033,214)	(23,440,768) (264,712,770)	25,045,574,184		5,447,874,955	1,402,971,110	- (77,589,376) (261,526,879)	6,511,729,810	18,533,844,373

18.2 Additions in operating fixed assets included transfer from capital work in process amounting to Rs. 1,596.27 million (2015: Rs. 5,745.61 million).

18.2.1 Transfers from freehold land represents transfer of land to investment property during the year amounting Rs. 23.44 million.

	Cost					Depreciation				
	As at 01 October 2014	Additions/ (deletion) during the year	Transfers to / (from)	As at 30 September 2015	Rate	As at 01 October 2014	For the year	Adjustment/ (deletion) during the year	As at 30 September 2015	Net book value 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 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	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)		

		Note	2016 Rupees	2015 Rupees
18.3	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods manufactured	31.1	1,093,577,823	864,534,757
	Administrative expenses	32	60,596,924	52,233,235
	Biological assets	19.2	248,796,363	214,195,274
			1,402,971,110	1,130,963,266

18.4 Disposal of Property, Plant and Equipment

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sales value Rupees	Gain / (loss) Rupees	Mode of disposal Rupees
	Employees						
15 Vehicles	Employees	19,250,000	12,736,180	6,513,820	7,012,500	498,680	Company Policy
	Other Parties						
01 Bulldozer	Roshan Traders	1,686,329	871,270	815,059	1,800,000	984,941	Negotiation
01 Vehicle	Mr. Muhammad Mushtaq	252,950	143,338	109,612	181,000	71,388	- do -
01 Vehicle	EFU General Insurance Limited	1,111,000	957,198	153,802	700,000	546,198	Insurance Claim
01 Vehicle	EFU General Insurance Limited	1,605,000	526,144	1,078,856	1,466,826	387,970	- do -
01 Vehicle	Deharki Sugar Mills (Private) Limited - a related party	1,337,000	898,810	438,190	534,800	96,610	Negotiation
01 Vehicle	Mr. Abid Ansar	1,239,000	733,483	505,517	680,000	174,483	Negotiation
01 Vehicle	Mr. Amjad Iqbal	1,419,000	881,622	537,378	425,700	(111,678)	- do -
01 Vehicle	Mr. Khuram Imtiaz	1,011,797	98,322	913,475	1,304,546	391,071	- do -
01 Vehicle	Mr. M. Mushtaq	781,250	304,765	476,485	546,364	69,879	- do -
01 Vehicle	Mr. Gul Hassan	10,700,000	8,679,801	2,020,199	4,550,000	2,529,801	- do -
01 Vehicle	Mr. M. Rafique	649,000	566,978	82,022	830,000	747,978	- do -
Plant and machinery	Deharki Sugar Mills (Private) Limited - a related party	8,064,392	2,653,602	5,410,790	5,410,790	-	Negotiation
Assets written off	-	62,402,028	42,925,496	19,476,532	-	-	Company Policy
Net book value of assets less than Rs. 50,000		6,524,468	4,612,367	1,912,101	2,832,305	920,204	- do -
	2016	118,033,214	77,589,376	40,443,838	28,274,831	7,307,525	
	2015	198,352,346	84,365,560	113,986,786	128,800,725	14,813,939	

		2016 Rupees	2015 Rupees
18.5	**Capital work in progress**		
	As at 1 October	1,073,689,878	4,524,127,212
	Addition during the year	1,446,665,395	2,295,171,791
	Transfer made during the year	(1,596,273,422)	(5,745,609,125)
	As at 30 September	924,081,851	1,073,689,878
	Break-up of closing balances is as follows:		
	Building	35,876,969	58,222,882
	Plant and machinery	375,033,072	640,661,596
	Advances to suppliers	513,171,810	374,805,400
		924,081,851	1,073,689,878

18.5.1 Additions to capital work in progress also include borrowing costs of Rs. 66.18 million (2015: Rs. 80.77 million) relating to specific borrowings at the rates ranging from 6.98% to 9.49% per annum (2015: 9.22% to 12.68% per annum).

19 BIOLOGICAL ASSETS

	2016 Rupees	2015 Rupees
Consumable biological assets represent:		
Sugarcane		
Immature - classified as non current assets	7,279,311	2,766,282
Mature - classified as current assets	2,229,977,882	1,548,160,341
Cotton		
Mature - classified as current assets	10,988,225	–
	2,240,966,107	1,548,160,341
	2,248,245,418	1,550,926,623

19.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value adjustment Rupees	Carrying value Rupees
Balance at 01 October 2015		1,772,810,092	(221,883,469)	1,550,926,623
Expenses incurred during the year	19.2	2,592,716,451	–	2,592,716,451
		4,365,526,543	(221,883,469)	4,143,643,074
Fair value gain at the point of harvest		–	533,944,633	533,944,633
Cost of crop harvested and fair value adjustment		(2,241,306,752)	(312,061,164)	(2,553,367,916)
Gain on fair value at year end		–	124,025,627	124,025,627
Balance at 30 September 2016		2,124,219,791	124,025,627	2,248,245,418

		Note	2016 Rupees	2015 Rupees
19.2	**Expenses incurred during the year**			
	Land rentals		670,046,854	769,065,284
	Salaries, wages and other benefits	19.2.1	348,606,527	294,946,186
	Harvesting expenses		257,162,144	264,350,779
	Fertilizer expenses		293,086,084	234,777,343
	Depreciation	18.3	248,796,363	214,195,274
	Irrigation expenses		259,948,923	187,807,644
	Seed and sapling expenses		111,439,753	151,510,102
	Land preparation & cultivation expenses		149,799,464	112,638,920
	Repairs and maintenance		43,862,436	53,754,022
	Pesticide and herbicide expenses		70,563,136	45,112,290
	Sowing expenses		36,748,447	30,614,133
	Insurance		22,137,655	22,697,588
	Bio-laboratory expenses		21,854,300	21,673,597
	Vehicle running expenses		26,607,453	16,434,975
	Utility expenses		7,764,294	6,065,731
	Freight		7,126,444	3,440,196
	Printing & stationary		1,697,642	1,390,980
	Travelling and conveyance		614,575	261,978
	Others		14,853,957	12,772,851
			2,592,716,451	2,443,509,873

19.2.1 Salaries, wages and other benefits include Rs. 9.6 million (2015: Rs. 8.6 million) in respect of provident fund.

19.3 The Company harvested 14,961,843 maunds of sugar cane and 43,785 maunds of wheat during the year at average yields of 791 and 29.85 maunds per acre respectively. Further sugar cane mature crop was produced on 921 acres 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	2016 Rupees	2015 Rupees
Change in fair value (realised)			
cost of goods consumed		312,061,164	134,256,454
Change in fair value (unrealised)			
other (loss) / income	34 & 35	124,025,627	(221,883,469)

19.4.3 Valuation techniques and significant unobservable inputs

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

	Unit	2016 Value	2015 Value
Valued plantations (Actual)			
-Punjab Zone	Acres	10,890	8,682
-Sindh Zone	Acres	11,318	11,166
Estimated yield per acre			
-Punjab Zone	Maunds	920	876
-Sindh Zone	Maunds	874	602
Harvest age	Months	12-14	12-14
Estimated future sugarcane market price per Maund			
-Punjab Zone	Rupees	180	180
-Sindh Zone	Rupees	182	180
Risk - adjusted discount rate	% per month	0.99%	1.00%

Cost of Rs. 7.2 million 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:

	Increase / (Decrease) 2016 Rupees	Increase / (Decrease) 2015 Rupees
Decrease of 10% in expected average yield per acre	(270,206,481)	(190,578,777)
Decrease of 10% in expected average selling price per maund	(344,866,307)	(247,082,689)
Increase of 10% in discount rate	10,380,960	(6,856,024)

19.6 Segment-wise composition

	Cost Rupees	Fair value adjustment Rupees	Total Rupees
Punjab	1,155,205,657	6,836,004	1,162,041,661
Sindh	969,014,134	117,189,623	1,086,203,757
Total	2,124,219,791	124,025,627	2,248,245,418

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 additional regularly monitors for any infestations and takes immediate curative measures.

Supply and demand risk

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

		Note	2016 Rupees	2015 Rupees
20	**INVESTMENT PROPERTY**			
	Balance as at 01 October		173,026,930	173,026,930
	Transferred from operating fixed assets		23,440,768	–
	Balance as at 30 September	20.1	196,467,698	173,026,930

20.1 It represents agricultural land given on lease.

20.2 The fair value of investment property is Rs. 352 million (2015: Rs. 320 million). The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of Company's investment property portfolio every year. The fair value measurement for the investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

20.3 The investment property has been valued based on present / estimated market value. Rate per square acre represents significant unobservable input. The estimated fair value would increase / (decrease) if, expected marker rental growth were higher / (lower), the occupancy rate were higher / (lower) or rent-free periods were shorter / (longer).

		Note	2016 Rupees	2015 Rupees
21	**INTANGIBLES**			
	Goodwill	21.1	608,310,693	608,310,693
	Oracle computer software	21.2	14,618,051	16,657,779
			622,928,744	624,968,472

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 four years cash flow projections at 11.72% 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	2016 Rupees	2015 Rupees
21.2	**Oracle computer software**			
	Cost			
	As at 01 October		20,397,279	20,397,279
	Acquired during the year		–	–
			20,397,279	20,397,279
	Accumulated amortization			
	As at 01 October		3,739,500	1,885,463
	Amortization for the year	32	2,039,728	1,854,037
			5,779,228	3,739,500
	As at 30 September		14,618,051	16,657,779
	Rate of amortization		10.00%	10.00%

		Note	2016 Rupees	2015 Rupees
22	**LONG TERM INVESTMENTS**			
	Investment in subsidiary companies - un quoted	22.1	2,283,110,383	1,049,750,000
	Investment in associated companies - un quoted	22.2	–	2,759,747,383
			2,283,110,383	3,809,497,383
22.1	**Investment in subsidiary companies - un quoted**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	104,975,000 (2015: 104,975,000) fully paid shares of Rs. 10 each			
	Equity held 100% (2015: 100%)		1,049,750,000	1,049,750,000
	Faruki Pulp Mills Limited ("FPML")			
	310,892,638 (2015: 199,914,805) fully paid shares of Rs. 10 each			
	Equity held 57.67% (2015: 48.39%)			
	Cost as at 01 October		2,044,648,050	–
	Acquired during the year: 110,977,833 (2015: nil) fully paid shares of Rs. 10 each	22.1.1	1,109,778,333	–
	Cost as at 30 September		3,154,426,383	–
	Less: Impairment allowance	22.1.2	(1,921,066,000)	–
			1,233,360,383	–
			2,283,110,383	1,049,750,000

22.1.1 Additions in equity investment represents 110.98 million ordinary shares of Rs. 10 each acquired during the year pursuant to which FPML is now a subsidiary of the Company which was upto last year classified as investment in associate.

22.1.2 The management has reassessed the recoverable amount of the Company's investment in FPML, using value in use method and accordingly has recognised the impairment loss of Rs. 1,526.39 million (2015: Rs. 394.67 million) during the year. Value in use was determined by discounting cash flows.

		Note	2016 Rupees	2015 Rupees
22.2	**Investment in associated companies - unquoted**			
	Faruki Pulp Mills Limited			
	(2015: 199,914,805) fully paid			
	shares of Rs. 10 each			
	Equity held 2015: 48.39%			
	Cost as at 01 October		–	2,044,648,050
	Advance for future issuance of shares		–	1,109,778,333
			–	3,154,426,383
	Less: Impairment allowance		–	(394,679,000)
		22.1.1	–	2,759,747,383
	JDW Power (Private) Limited			
	Cost as at 01 October			
	9,000,000 (2015: 9,000,000) fully paid		90,000,000	90,000,000
	shares of Rs. 10 each			
	Less: Accumulated impairment			
	allowance		(90,000,000)	(90,000,000)
	Equity held 47.37% (2015: 47.37%)		–	–
			–	2,759,747,383

		Note	2016 Rupees	2015 Rupees
23	**LONG TERM ADVANCES**			
	Advances to electricity distribution Companies			
	Multan Electric Power Company ("MEPCO")	23.1	26,694,445	31,000,000
	Less: current maturity presented under current assets		(11,864,198)	(5,166,667)
			14,830,247	25,833,333
	Sukkur Electric Power Company ("SEPCO")	23.2	18,000,000	31,000,000
	Less: current maturity presented under current assets		(14,400,000)	(12,000,000)
			3,600,000	19,000,000
			18,430,247	44,833,333

23.1 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 started after eighteen months from the commercial operation date i.e. 12 June 2014.

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

24 LONG TERM DEPOSITS

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

	2016 Rupees	2015 Rupees
25 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores		
- Sugar	488,872,840	510,796,424
- Co-Generation Power	68,770,276	63,920,973
- Corporate sugarcane farms	246,929,574	225,096,198
	804,572,690	799,813,595
Spares parts		
- Sugar	323,835,562	325,875,987
- Co-Generation Power	43,415,592	48,802,933
	367,251,154	374,678,920
Loose tools		
- Sugar	23,296,786	21,948,244
- Co-Generation Power	9,494,415	13,081,562
	32,791,201	35,029,806
	1,204,615,045	1,209,522,321
Less: Provision for obsolescence	(123,932,784)	(44,082,604)
	1,080,682,261	1,165,439,717

	2016 Rupees	2015 Rupees
26 STOCK-IN-TRADE		
Raw material	181,772,600	88,520,901
Finished goods	4,853,852,641	4,772,127,568
	5,035,625,241	4,860,648,469

	Note	2016 Rupees	2015 Rupees
27 TRADE DEBTS - UNSECURED			
Trade debts - considered good	27.1	1,025,619,160	1,108,892,131
Trade debts - considered doubtful		14,486,141	14,486,141
		1,040,105,301	1,123,378,272
Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
		1,025,619,160	1,108,892,131

27.1 This includes Rs. 922.38 million (2015: Rs. 875.35 million) receivable from CPPA on account of sale of electricity under EPA.

		Note	2016 Rupees	2015 Rupees
28	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance to growers			
	Unsecured - considered doubtful		45,645,229	4,937,966
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
			40,707,263	–
	Advance to suppliers and contractors			
	Unsecured - considered good		334,159,329	645,590,925
	Unsecured - considered doubtful		21,617,812	20,472,883
			355,777,141	666,063,808
	Less: Provision for doubtful advances		(21,617,812)	(20,472,883)
			334,159,329	645,590,925
	Advances to staff - unsecured, considered good			
	- against salaries	28.1	14,496,289	19,511,543
	- against expenses		4,583,125	3,768,409
			19,079,414	23,279,952
	Deposits		16,306,364	31,163,024
	Sugar export subsidy		228,985,000	108,140,000
	Federal excise duty and sales tax		416,428,240	332,139,477
	Prepaid expenses		31,287,806	35,310,700
	Current maturity of long term advances	23.1	26,264,198	17,166,667
	Advances to related party - Unsecured, considered good		–	878,163,817
	Other receivables		13,281,013	36,034,909
			1,126,498,627	2,106,989,471

28.1 This includes an amount of Rs. 3.75 million (2015: Rs. 10.41 million) receivable from executives of the Company.

		Note	2016 Rupees	2015 Rupees
29	**CASH AND BANK BALANCES**			
	At banks:			
	- Current accounts			
	Deposits with islamic banks		721,896	677,900
	Deposits with conventional banks		3,523,703	43,775,839
			4,245,599	44,453,739
	- Saving accounts			
	Deposits with conventional banks	29.1	111,816	2,717,564
			4,357,415	47,171,303
	Cash in hand		2,238,682	2,388,223
			6,596,097	49,559,526

29.1 The balances in saving accounts carry markup at 3.50% - 4.00% per annum (2015: 4.50% per annum).

		Note	2016 Rupees	2015 Rupees
30	**SALES - NET**			
	Sugar	30.1	33,062,735,516	28,467,199,139
	Agriculture produce	30.2	950,684,616	478,185,106
	Electricity	30.3	4,329,958,711	4,352,337,241
	Molasses and bagasse - by products		1,779,339,165	1,684,895,303
			40,122,718,008	34,982,616,789
	Less:			
	- Federal excise duty, including sales tax on sugar		(2,435,362,697)	(1,904,636,111)
	- Sales tax on electricity, molasses and bagasse		(384,581,190)	(391,334,223)
	- Commission and others		(15,348,130)	(23,203,481)
			(2,835,292,017)	(2,319,173,815)
			37,287,425,991	32,663,442,974

		Note	2016 Rupees	2015 Rupees
30.1	**Sugar**			
	- local		31,588,573,116	25,712,584,749
	- export	30.1.1	1,474,162,400	2,754,614,390
			33,062,735,516	28,467,199,139

30.1.1 This includes sugar export subsidy of Rs. 321.23 million (2015: Rs. 383.11 million).

		Note	2016 Rupees	2015 Rupees
30.2	**Agriculture produce**			
	- Sugarcane to DSML		883,560,699	406,557,549
	- Sugarcane seed and others		67,123,917	71,627,557
			950,684,616	478,185,106
30.3	**Electricity**			
	- Captive Power		93,030,000	145,402,265
	- Co-Generation Power			
	variable energy price	30.3.1	2,421,954,321	2,381,614,994
	fixed price		1,814,974,390	1,825,319,982
			4,236,928,711	4,206,934,976
			4,329,958,711	4,352,337,241

		Note	2016 Rupees	2015 Rupees
31	**COST OF SALES**			
	Opening stock in trade		4,860,648,469	4,281,037,149
	Add: Cost of goods manufactured	31.1	31,007,920,609	28,377,506,958
	Less: Closing stock			
	- Sugar		(4,853,852,641)	(4,772,127,568)
	- Bagasse		(181,772,600)	(88,520,901)
			30,832,943,837	27,797,895,638

		Note	2016 Rupees	2015 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed			
	(including procurement and other costs)	31.1.1	26,147,172,998	23,979,022,953
	Cost of bagasse consumed		602,701,814	659,801,902
	Salaries, wages and other benefits	31.1.2	1,418,533,760	1,189,566,986
	Depreciation	18.3	1,093,577,823	864,534,757
	Packing materials consumed		241,481,111	291,357,666
	Stores and spares consumed		574,095,330	545,855,649
	Operation and maintenance costs	31.1.3	182,524,785	196,033,172
	Chemicals consumed		161,246,152	177,477,741
	Vehicle running expenses		87,231,525	96,298,165
	Oil, lubricants and fuel consumed		64,730,112	66,261,904
	Mud and bagasse shifting expenses		22,284,225	8,861,934
	Electricity and power		56,120,445	68,180,193
	Insurance		67,351,387	72,647,890
	Handling and storage		20,660,642	21,202,271
	Freight and octroi		17,619,204	19,125,156
	Repairs and maintenance		33,404,258	35,351,041
	Operating lease rentals		51,208,935	22,296,638
	Land preparation charges		31,275,280	21,480,843
	Printing and stationery		8,027,822	9,958,660
	Telephone and fax		6,548,892	7,106,044
	Travelling and conveyance		3,323,841	3,500,853
	Provision for obsoloscence		79,850,180	–
	Assets written off		17,547,479	–
	Land vacation charges		738,197	6,302,302
	Other expenses		18,664,412	15, 282,238
			31,007,920,609	28,377,506,958
31.1.1	Cost of sugarcane consumed			
	- sugarcane produced	31.1.1.1	2,541,139,804	2,597,466,952
	- fair value adjustment		(221,883,469)	49,093,032
			2,319,256,335	2,646,559,984
	- sugarcane purchased		23,827,916,663	21,332,462,969
			26,147,172,998	23,979,022,953

31.1.1.1 This amount includes depreciation of Rs. 240.96 million (2015: Rs. 196.07 million).

31.1.2 Salaries, wages and other benefits include Rs. 32.034 million (2015: Rs. 27.739 million) in respect of provident fund and Rs. 10.56 million (2015: Rs. 10.60 million) in respect of staff gratuity.

		2016 Rupees	2015 Rupees
31.1.3	**Operation and maintenance costs**		
	Reimbursable cost	140,695,734	131,695,884
	Consultancy and operating fee	41,829,051	64,337,288
		182,524,785	196,033,172

	Note	2016 Rupees	2015 Rupees
32 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	32.1	549,697,209	494,131,923
Depreciation	18.3	60,596,924	52,233,235
Travelling and conveyance		33,165,894	42,773,235
Office rent and renovation		34,964,014	30,674,618
Vehicle running and maintenance		20,667,061	20,458,392
Legal and professional services		38,331,968	29,082,350
Repairs and maintenance		21,560,775	30,471,653
Charity and donations	32.2	39,256,976	11,814,928
Fee and taxes		11,531,925	9,784,588
Subscription and renewals		6,507,699	8,751,386
Insurance		9,859,985	8,127,036
Telephone, fax and postage		9,051,291	7,423,137
Printing and stationery		6,682,608	5,799,517
Electricity and power		5,093,509	4,559,879
Auditors' remuneration	32.3	3,280,000	3,540,000
Operating lease rentals		6,563,310	2,033,573
Entertainment		3,713,232	2,381,429
Amortization	21.2	2,039,728	1,854,037
Advertisement		1,896,545	1,463,184
Assets written off		1,929,055	1,321,808
Newspapers, books and periodicals		190,335	199,368
Provision for doubtful advances		1,421,138	–
Arms and ammunition		–	21,850
Other expenses		10,077,896	29,043,131
		878,079,077	797,944,257

32.1 Salaries, wages and other benefits include Rs. 16.729 million (2015: Rs. 17.799 million) in respect of provident fund and Rs. 4.52 million (2015: Rs. 4.54 million) in respect of staff gratuity.

32.2 None of the Directors of the Company or their spouses have any interest as Director in 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 was a Director.

	2016 Rupees	2015 Rupees
32.3 Auditors' remuneration		
Statutory audit	2,500,000	2,250,000
Half yearly review	400,000	400,000
Other certificates	280,000	790,000
Out of pocket expenses	100,000	100,000
	3,280,000	3,540,000

	Note	2016 Rupees	2015 Rupees
33 SELLING EXPENSES			
Freight and handling charges		130,551,412	95,565,780
Salaries, wages and other benefits	33.1	24,435,512	22,977,337
Other selling expenses		12,348,576	11,589,706
		167,335,500	130,132,823

33.1 Salaries, wages and other benefits include Rs. 0.55 million (2015: Rs. 0.46 million) in respect of provident fund.

		Note	2016 Rupees	2015 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	- Markup from deposits with conventional banks			
	Interest income on bank deposits		1,316,546	1,533,861
	- Markup on delayed payment from CPPA		18,328,919	37,093,648
			19,645,465	38,627,509
	Income from non-financial assets			
	Sale of mud		64,294,832	15,260,291
	Scrap sales		39,262,940	63,676,303
	Rental income	34.1	7,933,085	6,543,227
	Insurance claim		–	32,490,000
	Foreign exchange gain		2,043,767	24,338,748
	Gain on sale of property, plant and equipment		7,307,525	14,813,939
	Fair value gain on biological assets	19.4.2	124,025,627	–
	Others		2,134,547	175,422
			247,002,323	157,297,930
			266,647,788	195,925,439

34.1 This represents the rental income earned from investment property.

		Note	2016 Rupees	2015 Rupees
35	**OTHER EXPENSES**			
	Impairment against investment in Faruki Pulp Mills Limited		1,526,387,000	394,679,000
	Worker's Profit Participation Fund	15.2	124,461,118	63,751,834
	Workers' Welfare Fund		45,745,525	–
	Fair value loss on biological assets		–	221,883,469
			1,696,593,643	680,314,303

		Note	2016 Rupees	2015 Rupees
36	**FINANCE COST**			
	Mark-up based loans from conventional banks			
	- short term borrowings - secured	36.1	523,536,276	840,985,613
	- long term finances - secured		783,688,035	907,476,106
	- redeemable capital - secured		20,580,907	39,279,181
	- finance leases		79,603,435	110,162,399
			1,407,408,653	1,897,903,299
	Islamic mode of financing			
	- short term borrowings - secured		176,219,801	278,834,178
	- long term finances - secured		70,494,112	86,046,465
			246,713,913	364,880,643
	Workers' Profit Participation Fund	15.2	17,355,456	10,099,378
	Bank charges and commission		54,809,169	49,684,819
			72,164,625	59,784,197
	Less: Borrowing costs capitalized		(66,181,196)	(80,771,596)
			1,660,105,995	2,241,796,543

36.1 Markup on short term borrowings is net of markup from related parties amounting to Rs. 41.49 million (2015: Rs. 65.17 million) on receivable from these parties. This receivable is in respect of proceeds of short term borrowings from banks.

		2016 Rupees	2015 Rupees
37	**TAXATION**		
	Income tax		
	- current	1,242,645	–
	- prior	42,842,655	–
		44,085,300	–
	Deferred tax	240,998,439	(305,965,305)
		285,083,739	(305,965,305)

37.1 Tax Charge Reconciliation

Numerical reconciliation between tax expense and accounting profit

	2016 Rupees	2015 Rupees
Profit before taxation	2,319,015,727	1,211,284,849
Applicable tax rate as per Income Tax Ordinance, 2001	31%	32%
Tax on accounting profit	718,894,875	387,611,152
Tax credit	(177,449,109)	(436,773,706)
Tax rate adjustment	(7,855,172)	(153,042,484)
Effect of tax loss adjustment	(104,271,212)	(55,728,700)
Exempt income	(99,581,300)	–
Effect of final tax regime	(26,970,060)	(6,620,421)
Others - including prior year tax	(17,684,283)	(41,411,146)
	285,083,739	(305,965,305)

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

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

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

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.

During the year, the Company has paid interim dividend of 50% of its paid up capital. Accordingly, no provision for tax on undistributed reserves has been recognized in these unconsolidated financial statements for the year ended 30 September 2016.

37.4 For tax contingency, refer note 17.1.

			2016	2015
38	**Earnings per share - basic and diluted**			
	Basic earnings per share			
	Profit after taxation	**Rupees**	2,033,931,988	1,517,250,154
	Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
	Basic earnings per share	**Rupees**	34.03	25.38

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

	2016 Rupees	2015 Rupees
39 CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,319,015,727	1,211,284,849
Adjustments for non-cash and other items:		
Finance cost	1,660,105,995	2,241,796,543
Depreciation	1,395,135,783	1,112,836,668
Amortization	2,039,728	1,854,037
Workers' Profit Participation Fund	124,461,118	63,751,834
Workers' Welfare Fund	45,745,525	–
Staff retirement benefits	73,991,706	62,788,890
Impairment against investment in Faruki Pulp Mills Limited	1,526,387,000	394,679,000
Provision for slow moving stores, spare parts and loose tools	79,850,180	–
Provision for doubtful advances	1,421,138	–
Gain on disposal of property, plant and equipment	(7,307,525)	(14,813,939)
Assets written off	19,476,534	1,321,808
Fair value (gain) / loss on biological assets	(124,025,627)	221,883,469
	4,797,281,555	4,086,098,310
Operating profit before working capital changes	7,116,297,282	5,297,383,159
(Increase) / decrease in current assets		
Stock in trade	(174,976,772)	(476,785,087)
Biological assets	(573,293,168)	(80,822,309)
Trade debts	83,272,971	(446,116,915)
Stores, spare parts and loose tools	4,907,276	(44,124,010)
Advances, deposits, prepayments and other receivables	987,112,726	10,933,754
	327,023,033	(1,036,914,567)
Increase in current liabilities		
Trade and other payables	1,230,207,158	1,349,804,518
Cash generated from operations	8,673,527,473	5,610,273,110

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the unconsolidated 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		Executive		Non - Executives		Executives	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Managerial remuneration	38,210,000	52,000,000	25,000,000	–	46,000,000	37,500,000	244,152,585	184,403,286
House allowance	15,284,000	20,800,000	10,000,000	–	18,400,000	15,000,000	97,661,034	73,761,314
Utilities	3,821,000	5,200,000	2,500,000	–	4,600,000	3,750,000	24,415,259	18,440,329
Bonus	30,000,000	24,000,000	–	–	22,000,000	17,600,000	239,529,900	160,244,819
Company's contribution towards provident fund	–	–	–	–	–	–	22,651,565	17,027,531
Staff retirement benefit- Gratuity	–	–	–	–	–	–	15,078,903	15,147,173
	87,315,000	102,000,000	37,500,000	–	91,000,000	73,850,000	643,489,246	469,024,452
Number of persons	1	1	1	–	2	2	142	114

In addition to the above, Directors and some of the Executives are provided with free use of Company maintained cars.

No meeting fee was paid to Directors during the year (2015: Rs. Nil)

Director 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 Director was charged Rs. 52.27 million (2015: Rs. 35.32 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:

	2016 Rupees	2015 Rupees
Long term advances	18,430,247	44,833,333
Long term deposits	111,446,138	116,804,861
Trade debts	1,025,619,160	1,108,892,131
Advances, deposits and other receivables	55,851,575	962,528,417
Bank balances	4,357,415	47,171,303
	1,215,704,535	2,280,230,045

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 CPPA a Government owned entity. Hence the management believes that no impairment allowance is necessary in respect of these trade debts.

	2016 Rupees	2015 Rupees
The aging of trade receivables at the reporting date is:		
Not past due	1,025,619,160	1,108,892,131
Past due 365 days	14,486,141	14,486,141
	1,040,105,301	1,123,378,272

	2016		2015	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	1,025,619,160	–	1,108,892,131	–
Past due more than 365 days	14,486,141	14,486,141	14,486,141	14,486,141
	1,040,105,301	14,486,141	1,123,378,272	14,486,141

Customer credit risk is managed subject to the Company's established policy, procedures and controls relating to customer credit risk management. Based on past experience the management believes that no further 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:

	2016 Rupees	2015 Rupees
At banks:		
Current accounts	4,245,599	44,453,739
Saving accounts	111,816	2,717,564
	4,357,415	47,171,303

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

	Rating		Rating		
	Long term	Short term	Agency	2016	2015
Banks				Rupees	
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	20,843	29,949
Allied Bank Limited	AA+	A1+	PACRA	114,293	59,059
Askari Bank Limited	AA+	A1+	PACRA	33,015	245,899
Askari Bank Islamic Limited	AA+	A1+	PACRA	27,223	–
Bank Al Habib Limited	AA+	A1+	PACRA	22,782	21,035
Bank Alfalah Limited	AA+	A1+	PACRA	48,768	2,066,771
Bank Alfalah Islamic Limited	AA+	A1+	PACRA	11,062	–
Bank Islami Pakistan Limited	A+	A1	PACRA	28,793	83,832
Burj Bank Limited	BBB+	A-2	JCR-VIS	20,016	79,211
Dubai Islamic Bank Pakistan Limited	A+	A-1	JCR-VIS	14,660	133,002
Faysal Bank Limited	AA	A1+	PACRA	73,815	4,424,226
Habib Bank Limited	AAA	A-1	JCR-VIS	179,798	2,779,023
JS Bank Limited	A+	A1+	PACRA	19,038	14,315
MCB Bank Limited	AAA	A1+	PACRA	1,320,725	26,802,798
MCB Islamic Bank Limited	AAA	A1+	PACRA	36,270	–
Meezan Bank Limited	AA	A-1+	JCR-VIS	–	3,390,450
National Bank of Pakistan	AAA	A1+	PACRA	140,243	416,363
National Bank of Pakistan (Islamic)	AAA	A1+	PACRA	11,703	–
NIB Bank Limited	AA-	A1+	PACRA	10,612	3,416,916
Silk Bank Limited	A-	A-2	JCR-VIS	18,719	–
Sindh Bank Limited	AA	A-1+	JCR-VIS	27,489	33,656
Soneri Bank Limited	AA-	A1+	PACRA	14,117	10,000
Summit Bank Limited	A-	A-1	JCR-VIS	227,555	2,848,756
The Bank of Khyber	A	A1	PACRA	14,495	10,630
The Bank of Punjab	AA-	A1+	PACRA	1,720,869	179,549
The First Micro Finance Bank Limited	A+	A-1	JCR-VIS	21,604	12,830
Tameer Bank Limited	A+	A1	PACRA	17,305	–
United Bank Limited	AAA	A-1+	JCR-VIS	161,603	113,033
				4,357,415	47,171,303

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.

	2016				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	194,444,444	206,974,444	122,341,111	84,633,333	–
Long term finances	12,219,666,181	14,307,456,181	3,597,369,280	10,710,086,901	–
Short term borrowings	3,415,654,047	3,415,654,047	3,415,654,047	–	–
Liabilities against assets subject to finance lease	799,823,876	880,489,536	346,117,766	534,371,770	–
Interest and markup accrued	125,798,019	125,798,019	125,798,019	–	–
Trade and other payables	1,344,235,811	1,344,235,811	1,344,235,811	–	–
	18,099,622,378	20,280,608,038	8,951,516,034	11,329,092,004	–

	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	9,635,361,191	12,771,615,803	3,360,821,396	9,410,794,407	–
Short term borrowings	9,313,746,057	9,433,490,816	9,433,490,816	–	–
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	1,914,882,436	1,914,882,436	1,914,882,436	–	–
	22,380,557,787	25,836,408,496	15,505,881,149	10,330,527,347	–

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:

Non-derivative financial instruments	Note	2016 Financial asset	2016 Financial liability	2015 Financial asset	2015 Financial liability
		Rupees	Rupees	Rupees	Rupees
Advance to DSML	28	–	–	878,163,817	–
Redeemable capital - secured	8	–	194,444,444	–	305,555,555
Long term loans - secured	9	–	12,219,666,181	–	9,635,361,191
Liabilities against assets subject to finance lease	10	–	799,823,876	–	924,505,731
Short term borrowings - secured	13	–	3,415,654,047	–	9,313,746,057
Variable rate instruments		–	16,629,588,548	878,163,817	20,179,168,534

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 2016.

	Profit and loss 100 bps Increase	Profit and loss 100 bps Decrease
	Rupees	Rupees
As at 30 September 2016	166,295,885	(166,295,885)
As at 30 September 2015	193,010,047	(193,010,047)

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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

Fair value measurement of financial instruments

	Carrying amount			Fair value		
	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	Rupees					
30 September 2016						
Financial assets measured						
at fair value	–	–	–	–	–	–
Financial assets not measured						
at fair value						
Long term advances	18,430,247	–	18,430,247	–	–	–
Long term deposits	111,446,138	–	111,446,138			
Trade debts	1,025,619,160	–	1,025,619,160	–	–	–
Advances, deposits and other						
receivables	55,851,575	–	55,851,575	–	–	–
Bank balances	4,357,415	–	4,357,415	–	–	–
	1,215,704,535	–	1,215,704,535	–	–	–
Financial liabilities measured						
at fair value	–	–	–	–	–	–
Financial liabilities not measured						
at fair value						
Redeemable capital - secured	–	194,444,444	194,444,444	–	–	–
Long term finances - secured	–	12,219,666,181	12,219,666,181	–	–	–
Short term borrowings - secured	–	3,415,654,047	3,415,654,047	–	–	–
Liabilities against assets						
subject to finance lease	–	799,823,876	799,823,876	–	–	–
Accrued mark-up	–	125,798,019	125,798,019	–	–	–
Trade and other payables	–	1,344,235,811	1,344,235,811	–	–	–
	–	18,099,622,378	18,099,622,378	–	–	–

41.4.5 (a) Fair value versus carrying amounts

The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

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 companies, associated company, 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 these unconsolidated financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

	Relationship	Nature of transactions	2016 Rupees	2015 Rupees
43.1	**Subsidiary companies**			
		Long term finance transferred	–	1,567,553,280
		Short term advances - net	1,379,102,233	513,548,249
		Markup income on:		
		- long term	–	15,792,448
		- short term	41,494,849	97,707,413
		Sale of sugarcane	883,560,698	406,557,549
		Purchase of bagasse	441,015,463	265,324,461
		Reimbursement on use of		
		Company's aircraft	9,879,346	9,554,046
		Proceeds from sale of property, plant		
		and equipment	5,945,590	97,336,336
		Written down value of purchase		
		of property, plant and equipment	–	104,083,529
		Issuance of shares	1,109,778,333	–

	Relationship	Nature of transactions	2016 Rupees	2015 Rupees
43.2	**Associated Company**			
		Advances given	–	684,338,333
		Payment against purchase of aircraft	3,500,000	4,050,000
		Sale of molasses	–	1,652,006
		Rent of land given on lease	–	14,484,154
		Rent of land acquired on lease	–	3,735,000
		Reimbursement on use of		
		Company's aircraft	–	25,762,042
43.3	**Other Related Parties**			
		Payment with respect to		
		net assets acquired	–	447,573,456
		Mark up paid	–	16,913,489
43.4	**Post employment benefit plans**			
		Provident fund contribution	113,629,375	95,283,434
43.5	**Key management personnel**			
		Consultancy services	8,518,328	84,614,751

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

44 CAPACITY AND PRODUCTION

	2016 Tonnes	2015 Tonnes
Sugar		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugarcane crushed	2,550,953	2,477,239
Sugar production	280,417	277,155
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugarcane crushed	1,545,523	1,275,891
Sugar production	169,872	135,102
Unit III		
Crushing capacity	2,100,000	2,100,000
Sugarcane crushed	1,415,041	1,365,110
Sugar production	152,588	151,562

The crushing capacity is based on 150 days.

Shortfall in production is due to unavailability of sugarcane supply.

	2016 MWh	2015 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Utilized capacity	191,373	189,692
Energy delivered	162,548	159,224
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Utilized capacity	182,785	192,225
Energy delivered	157,575	165,001

	2016		2015	
Corporate Sugar Cane Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	24,595	Punjab & Sindh	23,942
Land under cultivation	Punjab & Sindh	19,848	Punjab & Sindh	19,421

45 PROVIDENT FUND TRUST

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

	Unit	30 June 2016	30 June 2015
Size of fund - total assets	Rupees	437,445,570	383,893,356
Cost of investments made	Rupees	402,395,860	340,052,297
Percentage of investments made	Percentage	91.99%	88.58%
Fair value of investment	Rupees	417,064,576	350,259,478

The breakup of fair value of investments is as follows:

	30 June 2016		30 June 2015	
	Rupees	**Percentage**	**Rupees**	**Percentage**
Shares in listed companies	20,505,693	4.92%	123,054,608	35.13%
Certificate of investment and				
term deposits receipts	55,000,000	13.19%	–	0.00%
Cash at bank	341,558,883	81.90%	227,204,870	64.87%
	417,064,576	100.00%	350,259,478	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:

	2016	2015
Average number of employees during the year	7,646	7,590
Total number of employees as at 30 September	5,992	5,537

47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 2 January 2017 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 2 January 2017 has proposed a final cash dividend of Rs. 15 per share, for the year ended 30 September 2016, for approval of the members in the Annual General Meeting to be held on 31 January 2017.

Chief Executive　　　　Director

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' **REPORT**
ON CONSOLIDATED FINANCIAL STATEMENTS

I am pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited (the "Holding Company") and its Subsidiary Companies Deharki Sugar Mills (Private) Limited and Faruki Pulp Mills Limited ("the Group") for the year ended September 30, 2016.

The Deharki Sugar Mills (Private) Limited ("DSML") was incorporated as a Private Limited Company under the Companies Ordinance 1984. The Principal activity of Subsidiary Company is production and sale of crystalline sugar. The Holding Company Holds 100% shares of the Subsidiary Company.

Faruki Pulp Mills Limited ("FPML") was incorporated as a Public Limited Company under the Companies Ordinance, 1984. The Company will be engaged in the manufacture and sale of paper pulp. The Holding Company Holds 57.67% shares of the Subsidiary Company.

It is being confirmed that to the best of our knowledge, these consolidated financial statements for the year ended September 30, 2016 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 2016	**30 September 2015**
	(Rs. in Million)	
Gross Sales	49,020	43,828
Net Sales	45,361	40,801
Operating Profit	5,551	4,781
Profit before Tax	3,566	2,045
Profit after Tax	2,941	2,111

Director has given their detailed review report of affairs of the Holding Company as well as Subsidiary Companies in Directors' report to the shareholders of Holding Company.

On behalf of the Board of Directors

02 January 2017
Lahore

Raheal Masud
Chief Executive

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

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AUDITORS' **REPORT TO THE MEMBERS**
ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of JDW Sugar Mills Limited ("the Holding Company") and its subsidiary companies as at 30 September 2016 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 JDW Sugar Mills Limited. The financial statements of the subsidiary companies, Deharki Sugar Mills (Private) Limited and Faruki Pulp Mills Limited were audited by other firms of auditors, whose audit reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such companies, is based solely on the reports of other auditors. 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 JDW Sugar Mills Limited and its subsidiary companies as at 30 September 2016 and the results of their operations for the year then ended.

Emphasis of matter

We draw attention to note 1.4 to the consolidated financial statements, which indicates that Faruki Pulp Mills Limited ("the Subsidiary Company") has not been able to commence commercial production till 30 September 2016 due to reasons explained therein. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Subsidiary Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

02 January 2017
Lahore

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

CONSOLIDATED **BALANCE SHEET**

	Note	2016 Rupees	2015 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		7,957,485,567	5,772,211,315
Equity attributable to owners of the Parent		9,233,569,105	7,048,294,853
Non-controlling interests		486,430,148	328,934
		9,719,999,253	7,048,623,787
NON CURRENT LIABILITIES			
Redeemable capital - secured	8	83,333,333	194,444,444
Long term finances - secured	9	10,103,138,981	8,209,846,612
Liabilities against assets subject to finance lease - secured	10	495,823,654	674,263,161
Deferred taxation	11	1,869,360,530	1,432,287,934
Retirement benefits	12	106,839,313	75,844,689
		12,658,495,811	10,586,686,840
CURRENT LIABILITIES			
Short term borrowings - secured	13	3,594,347,767	10,078,673,369
Current portion of non-current liabilities	14	3,816,448,480	3,184,312,718
Trade and other payables	15	7,962,291,146	6,212,690,666
Accrued profit / interest / mark-up	16	132,500,195	297,081,888
Provision for taxation		65,253,498	–
		15,570,841,086	19,772,758,641
		37,949,336,150	37,408,069,268

CONTINGENCIES AND COMMITMENTS 17

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

AS AT 30 SEPTEMBER 2016

	Note	2016 Rupees	2015 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	24,203,769,418	22,122,329,068
Biological assets	19	7,279,311	2,766,282
Investment property	20	196,467,698	173,026,930
Intangibles	21	1,078,098,811	625,162,151
Long term investments	22	–	2,583,508,705
Long term advances	23	18,430,247	44,833,333
Long term deposits	24	111,510,138	135,428,860
		25,615,555,623	25,687,055,329
CURRENT ASSETS			
Biological assets	19	2,240,966,107	1,548,160,341
Stores, spare parts and loose tools	25	1,335,033,812	1,416,727,918
Stock-in-trade	26	5,287,410,535	5,482,608,718
Trade debts - unsecured	27	1,046,012,899	1,185,677,434
Advances, deposits, prepayments and other receivables	28	1,543,949,118	1,357,315,463
Advance tax - net		848,667,402	672,145,792
Cash and bank balances	29	31,740,654	58,378,273
		12,333,780,527	11,721,013,939
		37,949,336,150	37,408,069,268

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Director

CONSOLIDATED **PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 Rupees	2015 Rupees
Gross sales		49,019,684,884	43,828,324,165
Federal excise duty, sales tax and others		(3,658,649,655)	(3,027,198,671)
Net sales	30	45,361,035,229	40,801,125,494
Cost of sales	31	(37,216,339,703)	(34,899,838,076)
Gross profit		8,144,695,526	5,901,287,418
Administrative expenses	32	(1,054,244,594)	(865,377,564)
Selling expenses	33	(173,087,627)	(136,614,893)
Other income	34	314,279,841	204,238,257
Other expenses	35	(1,680,322,257)	(322,108,656)
		(2,593,374,637)	(1,119,862,856)
Profit from operations		5,551,320,889	4,781,424,562
Finance cost	36	(1,971,053,440)	(2,685,094,742)
		3,580,267,449	2,096,329,820
Share of loss of associate	22	(14,169,790)	(50,972,318)
Profit before taxation		3,566,097,659	2,045,357,502
Taxation	37	(624,847,770)	65,393,036
Profit after taxation		2,941,249,889	2,110,750,538
Attributable to:			
Owners of the Company		2,963,198,238	2,110,662,453
Non-controlling interests		(21,948,349)	88,085
		2,941,249,889	2,110,750,538

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016 Rupees	2015 Rupees
Profit after taxation	2,941,249,889	2,110,750,538
Other comprehensive income		
Items that will not be reclassified to profit and loss account:		
Re-measurement of defined benefit liability	(20,204,202)	(5,293,750)
Share in other comprehensive income of associate	–	224,615
Related tax	5,343,264	1,588,125
	(14,860,938)	(3,481,010)
Total comprehensive income for the year	2,926,388,951	2,107,269,528
Attributable to:		
Owners of the Company	2,949,344,410	2,107,181,443
Non-controlling interests	(22,955,459)	88,085
	2,926,388,951	2,107,269,528

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED **CASH FLOW STATEMENT**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	2016 Rupees	2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	38	10,250,100,595	7,512,575,154
Taxes paid		(297,789,700)	(306,650,722)
Staff retirement benefits paid		(95,732,582)	(72,790,366)
Workers' Profit Participation Fund paid		(108,835,276)	(76,886,193)
		(502,357,558)	(456,327,281)
Net cash generated from operating activities		9,747,743,037	7,056,247,873
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,312,702,096)	(2,797,278,886)
Investment in associated company		–	(684,338,333)
Long term advances		17,305,555	5,000,000
Long term deposits - net		23,918,722	(3,531,820)
Proceeds from sale of property, plant and equipment		25,184,241	31,464,389
Net cash used in investing activities		(2,246,293,578)	(3,448,684,650)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		2,443,333,479	622,425,008
Short term borrowings - net		(4,532,781,761)	(394,542,174)
Finance cost paid		(2,012,512,846)	(2,858,416,534)
Lease rentals paid		(552,025,052)	(535,954,948)
Dividend paid		(721,851,787)	(467,696,817)
Net cash used in financing activities		(5,375,837,967)	(3,634,185,465)
Net increase/(decrease) in cash and cash equivalents		2,125,611,492	(26,622,242)
Cash and cash equivalents at beginning of the year		(3,412,216,896)	(3,535,594,654)
Cash and cash equivalents on acquisition of subsidiary		7,144,729	–
Cash and cash equivalents at end of the year		(1,279,460,675)	(3,562,216,896)
Cash and cash equivalents comprise of the following:			
-Cash and bank balances		31,740,654	58,378,273
-Running finances		(1,311,201,329)	(3,620,595,169)
		(1,279,460,675)	(3,562,216,896)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive   Director

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	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 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
Total comprehensive income for the year							
Profit/(loss) for the year ended 30 September 2016	–	–	2,963,198,238	2,963,198,238	2,963,198,238	(21,948,349)	2,941,249,889
Addition due to acquisition of subsidiary	–	–	–	–	–	477,902,514	477,902,514
Effect of change in group holding	–	–	(46,750,226)	(46,750,226)	(46,750,226)	31,154,159	(15,596,067)
Other comprehensive loss for the year ended 30 September 2016 - net of tax	–	–	(13,853,828)	(13,853,828)	(13,853,828)	(1,007,110)	(14,860,938)
	–	–	2,902,594,184	2,902,594,184	2,902,594,184	486,101,214	3,388,695,398
Transaction with owners of the Company							
Final cash dividend for the year ended 30 September 2015 @ Rs. 7.00 per share	–	–	(418,436,627)	(418,436,627)	(418,436,627)	–	(418,436,627)
Interim cash dividend for the period ended 31 March 2016 @ Rs. 2.00 per share	–	–	(119,553,322)	(119,553,322)	(119,553,322)	–	(119,553,322)
Interim cash dividend for the period ended 30 June 2016 @ Rs. 3.00 per share	–	–	(179,329,983)	(179,329,983)	(179,329,983)	–	(179,329,982)
	–	–	(717,319,932)	(717,319,932)	(717,319,932)	–	(717,319,932)
Balance as at 30 September 2016	597,766,610	678,316,928	7,957,485,567	8,635,802,495	9,233,569,105	486,430,148	9,719,999,253

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

Chief Executive

Director

NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 STATUS AND NATURE OF BUSINESS

The Group comprises of

- JDW Sugar Mills Limited ("the Holding Company"); and
- Deharki Sugar Mills (Private) Limited - "DSML" ("the Subsidiary Company")
- Faruki Pulp Mills Limited - "FPML" ("the Subsidiary Company")

1.1 JDW Sugar Mills Limited ("the Holding 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 Holding Company are listed on the Pakistan Stock Exchange. The registered office of the Holding Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Holding Company is production and sale of crystalline sugar, electricity and managing corporate farms.

1.2 Deharki Sugar Mills (Private) Limited ("the Subsidiary Company") was incorporated in Pakistan on 14 July 2010 as a Private Limited Company under the Companies Ordinance, 1984. The registered office of the Subsidiary Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The principal activity of the Subsidiary Company is manufacturing and sale of crystalline sugar. The Subsidiary Company started its commercial production on 03 December 2011. The Holding Company holds 100% shares of the Subsidiary Company.

1.3 Faruki Pulp Mills Limited ("the Subsidiary Company") was incorporated in Pakistan on 20 October 1991 as a Public Limited Company under the Companies Ordinance, 1984. The Subsidiary Company will be engaged in the manufacture and sale of paper pulp. The production facility is situated 20 km from Gujrat and the registered office is situated at 19-A, Street 1, Link 8, Cavalry Ground, Lahore Cantonment, Lahore. The Holding Company holds 57.67% shares of the Subsidiary Company at the end of the year.

1.4 Faruki Pulp Mills Limited ("FPML") had its first trial production run in the year 1997 but since then has not commenced commercial production. Further, construction was suspended due to insufficient funds. Pursuant to the injection of further capital by the new investors, restructuring with the lenders in 2007 and obtaining long term loan from consortium of banks in 2010, the Company re-commenced trial production in 2012 and a second trial run in 2013, however, these trial runs identified significant additional capex requirements to enable commercial production; principally the need for replacement of existing turbine, installation of additional mixed fuel boiler and equipment in the washing and bleaching process, to make the production processes commercially viable. The management expects that another 24 months approximately from the balance sheet date shall be required to make the plant commercially viable. During 2013, active construction was suspended pending the design and installation of the boiler, turbine and procurement and installation of additional equipment in washing and bleaching process.

The above conditions raise significant doubts on FPML's ability to continue as a going concern. FPML's ability to continue as a going concern is dependent, in view of the above, based on continued financial support from its principal shareholders. These financial statements have been prepared on a going concern basis as the management is confident, based upon a commitment of continued financial support from its principal shareholder, M/s JDW Sugar Mills Limited ("the Holding Company"), that it will be able to commence commercial production in year ending June 30, 2019.

1.5 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.

1.6 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 Holding Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

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

2 BASIS OF PREPARATION

2.1 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 Companies Ordinance, 1984, provisions and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives of the Companies Ordinance, 1984 shall prevail.

2.2 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.

2.3 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 JUDGEMENTS

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgements, 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 judgement 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 judgement 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, 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 judgement 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 approved funded gratuity scheme covering all its eligible employees 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 Group reviews carrying amounts of its assets including long term investments, 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

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set forth below and have been applied consistently to all years presented, except for the change in accounting policy mentioned in note 4.1 to these consolidated financial statements.

4.1 Change in accounting policy

IFRS 13 Fair Value Measurement, which became applicable for the annual periods beginning on or after 1 January 2015, consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 does not have an impact on the consolidated financial statements of the Group, except for certain additional disclosures given in note 40.4.5 to these consolidated financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures.

In addition to above, during the year certain other standards, amendments to standards or new interpretations also became effective. However, these standards, amendments or interpretation did not have any material effect on the consolidated financial statements of the Group.

4.2 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 acquisitoin.

Changes in the Holding Company's interest in the subsidiaries that do not result in a loss of control are accounted for as a 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 associates) 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.

4.3 Property, plant and equipment

4.3.1 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.

4.3.2 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 "DSML" 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.

4.4 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.

4.5 Stock-in-trade

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

4.6 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.

4.7 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 to these consolidated financial statements. 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.

4.8 Employee benefits

4.8.1 Defined contribution plan

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

4.8.2 Defined benefit plans

The Holding Company also operates an approved funded 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 2016 by a qualified actuary using the "Projected unit credit method". Following significant assumptions are used for valuation of the scheme:

JDW Sugar Mills Limited	**2016**	**2015**
Discount rate	7.25%	9.25%
Expected increase in eligible pay	7.25%	7.75%
Mortality rates	"Adjusted SLIC 2001-05"	"Adjusted SLIC 2001-05"
Withdrawal rates	Low	Low
Retirement age	60 years	60 years
Faruki Pulp Mills Limited		
Discount rate	7.25%	–
Expected increase in eligible pay	6.25%	–
Mortality rates	"Adjusted SLIC 2001-05"	–
		–
Withdrawal rates	Age based	–
Retirement age	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 Group 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.

4.9 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Deferred

Deferred tax is 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.

4.10 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable, 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.

4.11 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.

4.12 Provisions

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

4.13 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 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's benefit.

4.14 Financial instruments

4.14.1 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.

4.14.1(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.

4.14.1(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.

4.14.1(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.

4.14.1(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.

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

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 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 the reporting 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 again at the reporting date.

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

4.22 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.

4.23 Trade date accounting

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

4.24 Dividend

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

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.

4.26 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 and interpretations to existing standards that are not yet effective but applicable/ relevant to the Group's operations.

- IFRIC 4, Determining Whether an Arrangement Contains a Lease' is applicable for annual periods beginning on or after January 1, 2006, however, Securities and Exchange Commission of Pakistan (SECP) granted waiver from the application of IFRIC 4 to all companies including power sector companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

  Consequently, the Company is not required to account for a portion of its Power Purchase Agreement (PPA) as a lease under IAS 17. If the Company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2016 Rupees	2015 Rupees
De-recognition of property, plant and equipment	(5,486,311,454)	(5,688,572,142)
Recognition of lease debtor	5,748,935,063	5,871,517,832
Net increase in deferred tax liability	78,787,083	54,883,707
Increase in un-appropriated profit at beginning of the year	200,212,850	–
Increase in profit for the year	188,069,464	200,212,850
Increase in un-appropriated profit at end of the year	388,282,314	200,212,850

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 October 2016. 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.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Group's consolidated financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Group's consolidated financial statements.

	2016 Rupees	2015 Rupees
6 SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2015: 75,000,000) voting ordinary		
shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2015: 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 (2015: 32,145,725) voting ordinary		
shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2015: 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	2016 Rupees	2015 Rupees
8 REDEEMABLE CAPITAL - SECURED			
Privately Placed Term Finance Certificates - II	8.1	194,444,444	305,555,555
Current portion of non-current liabilities	14	(111,111,111)	(111,111,111)
		83,333,333	194,444,444

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 Holding 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 100 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 of the Holding Company.

		Note	2016 Rupees	2015 Rupees
9	**LONG TERM FINANCES - SECURED**			
	Markup bearing finances from conventional bank:			
	MCB Bank Limited - Led Syndicated Loan	9.1	3,156,130,756	3,945,163,446
	MCB Bank Limited	9.2	634,375,000	–
	Faysal Bank Limited	9.3	250,000,000	375,000,000
	Faysal Bank Limited	9.4	406,250,003	514,583,335
	Faysal Bank Limited	9.5	333,333,332	500,000,000
	Faysal Bank Limited	9.6	1,000,000,000	–
	Pak Brunei Investment Company Limited	9.7	18,750,000	33,750,000
	Pak Oman Investment Company Limited	9.8	375,000,000	475,000,000
	Pak Oman Investment Company Limited	9.9	500,000,000	–
	The Bank of Punjab	9.10	560,000,000	700,000,000
	The Bank of Punjab	9.11	239,985,680	299,985,680
	The Bank of Punjab	9.12	500,000,000	–
	NIB Bank Limited	9.13	361,841,410	445,955,952
	National Bank of Pakistan	9.14	1,000,000,000	–
	Pak Libya Holding Company	9.15	85,000,000	–
	Standard Chartered Bank (Pakistan) Limited	9.16	950,000,000	–
	Soneri Bank Limited	9.17	300,000,000	–
	Askari Bank Limited	9.18	285,000,000	–
	Silk Bank Limited	9.19	–	421,875,000
	United Bank Limited	9.20	–	400,000,000
	Saudi Pak Industrial & Agricultural Investment Company Limited - I	9.21	–	183,333,333
	Saudi Pak Industrial & Agricultural Investment Company Limited - II	9.22	–	144,444,445
	Pakistan Kuwait Investment Company (Private) Limited	9.23	–	462,270,000
	United Bank Limited - Led Syndicated Loan	9.24	587,832,480	1,077,692,880
	The Bank of Punjab	9.25	500,000,000	–
	Pak Brunei Investment Company Limited	9.26	150,000,000	190,000,000
			12,193,498,661	10,169,054,071
	Islamic mode of financing:			
	Dubai Islamic Bank (Pakistan) Limited	9.27	334,000,000	434,000,000
	Dubai Islamic Bank (Pakistan) Limited	9.28	500,000,000	–
	Askari Bank Limited (Islamic)	9.29	190,000,000	–
	Askari Bank Limited (Islamic)	9.30	240,000,000	300,000,000
			1,264,000,000	734,000,000
			13,457,498,661	10,903,054,071
	Current maturity presented under current liabilities	14	(3,354,359,680)	(2,693,207,459)
			10,103,138,981	8,209,846,612

9.1 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.

Principal repayment

The loan is repayable in 22 unequal quarterly instalments 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 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors.

9.2 MCB Bank Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments after a grace period of twenty four months starting from September 2018 and ending on September 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Company.

9.3 Faysal Bank Limited

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 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.4 Faysal Bank 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 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.5 Faysal Bank Limited

Principal repayment

This loan is repayable in 12 equal quarterly instalments started from October 2015 and ending in July 2018.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.6 Faysal Bank Limited

Principal repayment

The loan is repayable in 12 equal quarterly instalments starting from October 2016 and ending on September 2019.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.7 Pak Brunei Investment Company 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 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.8 Pak Oman Investment Company Limited

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 100 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 of the Holding Company.

9.9 Pak Oman Investment Company Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments after a grace period of twelve months starting from May 2017 and ending on April 2022.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.10 The Bank of Punjab

Principal repayment

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

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.11 The Bank of Punjab

Principal repayment

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

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.12 The Bank of Punjab

Principal repayment

The loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from July 2017 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.13 NIB Bank Limited

Principal repayment

This loan is repayable in 20 unequal quarterly instalments 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 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of Directors of the Holding Company.

9.14 National Bank of Pakistan

Principal repayment

The loan is repayable in 16 equal quarterly instalments after a grace period of twelve months starting from February 2017 and ending on January 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 Deharki Sugar Mills (Private) Limited and personal guarantees of sponsor Directors of the Holding Company.

9.15 Pak Libya Holding Company

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from October 2015 and ending on September 2020.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 bps per annum.

Security

This loan is secured by joint parri pasu 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 of the Holding Company.

9.16 Standard Chartered Bank (Pakistan) Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from June 2016 and ending on May 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 150 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 sponsor Directors of the Holding Company.

9.17 Soneri Bank Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from July 2016 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of six months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.18 Askari Bank Limited

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from June 2016 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.19 Silk Bank Limited

This loan has been repaid in full.

9.20 United Bank Limited

This loan has been repaid in full.

9.21 Saudi Pak Industrial & Agricultural Investment Company Limited - I

This loan has been repaid in full.

9.22 Saudi Pak Industrial & Agricultural Investment Company Limited - II

This loan has been repaid in full.

9.23 Pakistan Kuwait Investment Company (Private) Limited

This loan has been repaid in full.

9.24 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

This 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

The loan is secured by joint pari passu charge on all present and future fixed assets, plant and machinery of Deharki Sugar Mills (Private) Limited and personal guarantees of sponsor Directors of DSML.

9.25 The Bank of Punjab

Principal repayment

This loan is repayable in 20 equal quarterly instalments starting from October 2016 and ending in September 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 175 bps per annum.

Security

The loan is secured against first joint pari-passu charge over all present and future movable and immoveable fixed assets of DSML and its Holding company, corporate guarantee of the Holding Company and personal guarantees of two Directors of the Holding Company.

9.26 Pak Brunei Investment Company Limited

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 by joint pari passu charge on all present and future fixed assets, plant and machinery of Deharki Sugar Mills (Private) Limited and personal guarantees of sponsor directors of the Holding Company.

9.27 Dubai Islamic Bank (Pakistan) Limited

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 100 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 of the Holding Company.

9.28 Dubai Islamic Bank (Pakistan) Limited

Principal repayment

The loan is repayable in 16 unequal quarterly instalments after a grace period of twelve months starting from June 2017 and ending on May 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.29 Askari Bank Limited (Islamic)

Principal repayment

The loan is repayable in 20 equal quarterly instalments started from July 2016 and ending on June 2021.

Rate of return

The interest is payable quarterly at a rate of three months KIBOR plus 100 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 sponsor Directors of the Holding Company.

9.30 Askari Bank Limited (Islamic)

Principal repayment

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

Rate of return
The interest is payable quarterly at a rate of six months KIBOR plus 100 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 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:

		2016		
	Note	**Minimum lease payments**	**Finance cost for future periods**	**Present value**
		Rupees	**Rupees**	**Rupees**
Not later than one year	14	393,927,312	42,949,623	350,977,689
Later than one year and not later than five years		534,371,770	38,548,116	495,823,654
		928,299,082	81,497,739	846,801,343

	2015		
	Minimum lease payments	**Finance cost for future periods**	**Present value**
	Rupees	**Rupees**	**Rupees**
Not later than one year	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

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 months to one year KIBOR plus 200 to 300 bps per annum (2015: 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.

	2016 Rupees	2015 Rupees

11 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	2,988,501,177	2,725,129,198
- leased assets	352,786,250	381,520,043
	3,341,287,427	3,106,649,241
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(248,472,403)	(310,509,571)
- provisions for doubtful debts and obsolescence	(49,680,589)	(25,193,878)
- loss on de-recognition of investment in associate and		
impairment of associate	(458,437,430)	(27,000,000)
- Provision for WPPF	(55,527,073)	(31,734,972)
- employee retirement benefits	(29,033,642)	(22,777,107)
- tax loss for the year	(48,658,911)	(345,643,944)
- tax credits	(582,116,849)	(911,501,835)
	(1,471,926,897)	(1,674,361,307)
	1,869,360,530	1,432,287,934

11.1 Movement in deferred tax balances is as follows:

As at 01 October	1,432,287,934	1,571,426,934
Recognized in profit and loss account:		
- accelerated tax depreciation on operating fixed assets	263,371,979	263,818,156
- leased assets	(28,733,793)	81,569,733
- Reversal of losses related to Co-Generation Power	–	(273,436,208)
- liabilities against assets subject to finance lease	62,037,168	2,519,388
- provisions for doubtful debts and obsolescence	(24,486,711)	(8,365,372)
- loss on de-recognition of investment in associate		
and impairment of associate	(431,437,430)	–
- Provision for WPPF	(23,792,101)	–
- employee retirement benefits	(913,271)	8,816,613
- tax loss for the year	296,985,033	179,870,850
- tax credits	329,384,986	(510,793,630)
- Other temporary differences	–	118,449,595
	442,415,860	(137,550,875)
Recognized in other comprehensive income:		
- employees' retirement benefits	(5,343,264)	(1,588,125)
	1,869,360,530	1,432,287,934

12 RETIREMENT BENEFITS

The latest actuarial valuation of the Group's defined benefit plan was conducted on 30 September 2016 using projected unit credit method. Details of obligation for defined benefit plan is as follows:

	Note	2016 Rupees	2015 Rupees
Present value of defined benefit obligation	12.1	106,839,313	75,844,689
Liability as at 30 September		106,839,313	75,844,689

12.1 Movement in liability recognised in balance sheet are as follows:

	Note	2016 Rupees	2015 Rupees
Balance at beginning of the year		75,844,689	68,256,699
Balance acquired during the year		3,606,266	–
Charge to profit and loss account	12.3	16,468,874	15,147,173
Charge to other comprehensive income		20,204,202	5,293,750
Payments made during the year		(9,284,718)	(12,852,933)
Balance at end of the year		106,839,313	75,844,689

		2016 Rupees	2015 Rupees
12.2	**Movement in liability for defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	75,844,689	68,256,699
	Balance acquired during the year	3,606,266	
	Current service cost for the year	10,032,365	7,164,894
	Interest cost for the year	6,436,509	7,982,279
	Benefit paid during the year	(9,284,718)	(12,852,933)
	Actuarial loss on present value of defined benefit obligation	20,204,202	5,293,750
	Present value of defined benefit obligation at end of year	106,839,313	75,844,689
12.3	**Charge for the year:**		
	In profit and loss account:		
	Current service cost	10,032,365	7,164,894
	Interest cost for the year	6,436,509	7,982,279
		16,468,874	15,147,173
	In other comprehensive income:		
	Actuarial loss on obligation	20,204,202	5,293,750
		36,673,076	20,440,923
12.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	–
	Actuarial loss during the year	(20,204,202)	(5,293,750)
	Charge to other comprehensive income	20,204,202	5,293,750
	Closing actuarial losses	–	–

12.5 Historical information

	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees	2012 Rupees
Present value of defined obligations	106,839,313	75,844,689	68,256,699	61,601,620	46,368,612
Experience adjustment loss / (gain)	20,204,202	5,293,750	(3,281,607)	8,397,486	7,928,777

12.6 Expected expense for the next year

The Group expects to charge Rs 20.66 million to consolidated profit and loss account on account of defined benefit plan in 2017.

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 2016 would have been as follows:

	Gratuity	
	Increase / (decrease) of present value of defined benefit obligation due to	
	Increase	Decrease
	Rupees	Rupees
JDW Sugar Mills Limited		
Discount rate 100 bps movement	(8,804,818)	10,469,250
Future salary 100 bps movement	10,814,814	(9,244,084)

	Gratuity	
	Increase / (decrease) of present value of defined benefit obligation due to	
	Increase	**Decrease**
	Rupees	**Rupees**
Faruki Pulp Mills Limited		
Discount rate 100 bps movement	(2,114,207)	(1,245,362)
Future salary 100 bps movement	(1,245,362)	(2,121,201)

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.

		2016 Rupees	**2015 Rupees**
13 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks:			
Cash finances	13.1	–	3,639,212,000
Running finances	13.2	1,311,201,329	3,470,595,169
Inland bill discounting	13.3	799,999,999	500,000,000
Finance against trust receipts	13.4	433,146,439	257,085,151
		2,544,347,767	7,866,892,320
Islamic mode of financing:			
Salam/Istisna finances	13.5	–	912,875,000
Morabaha finances	13.6	1,050,000,000	1,298,906,049
		1,050,000,000	2,211,781,049
		3,594,347,767	10,078,673,369

13.1 The Group has obtained these facilities from various banks and financial institutions aggregating Rs. 14,250 million (2015: Rs. 12,700 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 50 to 250 bps per annum (2015: one to six months KIBOR plus 150 to 300 bps per annum). These are secured against pledge of sugar and personal guarantees of sponsor Directors of the Group.

13.2 The Group has obtained running finance facilities aggregating Rs. 2,330 million (2015: Rs. 3,780 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 100 to 275 bps per annum (2015: one to three months KIBOR plus 150 to 275 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Group and personal guarantees of the sponsor Directors of the Group.

13.3 The Group has obtained Inland bill discounting facility aggregating Rs. 1,100 million (2015: Rs. 500 million). The markup rate applicable during the year has remained three months KIBOR plus 100 to 125 bps per annum (2015: three months KIBOR plus 125 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Group and personal guarantees of the sponsor Directors of the Group.

13.4 The limit of this facility is Rs. 950 million (2015: Rs. 650 million). It carries markup ranging from one to six months KIBOR plus 100 to 250 bps per annum (2015: one to six months KIBOR plus 200 to 250 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Group and personal guarantees of the sponsor Directors of the Group.

13.5 The Group has obtained these facilities from various banks and financial institutions aggregating to Rs. 5,670 million (2015: Rs. 5,035 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 90 to 250 bps per annum (2015: one to six months KIBOR plus 150 to 250 bps per annum). These are secured against pledge of sugar and personal guarantees of sponsor Directors of the Group.

13.6 The Group has obtained morabaha finance facilities aggregating Rs. 1,300 million (2015: Rs. 1,400 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 100 to 150 bps per annum (2015: three to six months KIBOR plus 150 to 250 bps per annum). These are secured against ranking charge/ joint pari passu charge over present and future current assets of the Group and personal guarantees of the sponsor Directors of the Group.

	Note	2016 Rupees	2015 Rupees
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Redeemable capital - secured	8	111,111,111	111,111,111
Long term finances - secured	9	3,354,359,680	2,693,207,459
Liabilities against assets subject to finance lease - secured	10	350,977,689	379,994,148
		3,816,448,480	3,184,312,718

	Note	2016 Rupees	2015 Rupees
15 TRADE AND OTHER PAYABLES			
Advances from customers		6,199,416,643	4,059,762,082
Trade and other creditors	15.1	1,214,497,664	1,185,439,800
Payable on behalf of growers		–	699,284,064
Payable to Workers' Profit Participation Fund	15.2	185,090,244	90,181,799
Payable to Workers' Welfare Fund		45,745,525	15,601,439
Accrued expenses		180,348,701	38,549,389
Retention money		22,730,273	25,668,420
Unclaimed dividend		27,794,069	32,325,924
Tax deducted at source		29,172,009	21,618,464
Payable to provident fund trust		–	79,029
Other payables		57,496,018	44,180,256
		7,962,291,146	6,212,690,666

15.1 This includes an unsecured amount of Rs. 1.52 million (2015: Rs. 4.47 million) and Rs. 0.63 million (2015: Rs. 1.94 million) due to JDW Aviation (Private) Limited and Agro Industrial Solutions respectively (related parties).

	Note	2016 Rupees	2015 Rupees
15.2 Payable to Workers' Profit Participation Fund			
Balance as at 01 October		90,181,799	66,120,852
Add: Allocation for the year	35	185,090,244	90,181,800
Interest on funds utilized	36	18,653,477	10,765,340
		293,925,520	167,067,992
Less: Paid during the year		(108,835,276)	(76,886,193)
Balance as at 30 September		185,090,244	90,181,799

	2016 Rupees	2015 Rupees
16 ACCRUED PROFIT / INTEREST / MARK-UP		
Mark-up on financing/ borrowings from conventional banks		
Redeemable capital - secured	3,702,970	7,324,292
Long term finances - secured	109,086,977	126,690,239
Short term borrowings - secured	7,123,907	117,319,816
	119,913,854	251,334,347
Profit on Islamic mode of financing		
Long term finances - secured	11,960,918	17,537,651
Short term borrowings - secured	625,423	28,209,890
	12,586,341	45,747,541
	132,500,195	297,081,888

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 has deposited Rs. 47.5 million. However, the Holding Company has filed an appeal before Honorable Lahore High Court against the order passed by the Appellate Tribunal. 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, the 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. Management of the Holding Company expects a favorable outcome in this case. Hence no provision has been made in the consolidated financial statements.

17.1.3 Case of the Holding Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. Assistant Commissioner of Inland Revenue ('ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. Holding Company has filed appeal before 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. The department filed appeal before appellate tribunal ("ATIR"). Respectable ATIR passed an order in favour of the Holding Company except for two issues with an aggregate amount of Rs. 72.57 million. The Holding Company has filed an appeal before High Court, against the order of the ATIR. The management of the Holding Company is confident that this case will be decided in its favour. Accordingly no provision has been made in consolidated financial statements.

17.1.4 The Subsidiary Company "DSML" is in a Constitutional Petition with the Additional Secretary Industries and Commerce Department, Government of Sindh against cancelling of No Objection Certificate (collectively "Impugned Cancellation Order"). However the Honorable Sindh High Court has suspended the Impugned Cancellation Order and the respondents in the Constitutional Petition have been restrained from interfering in the construction of the sugar mill. The actual date of further hearing in this case is yet to be notified by the High Court. Whilst in the view of legal advisor the Subsidiary Company has an arguable case, and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by the Subsidiary Company.

17.1.5 The tax department issued a show cause notice to the Subsidiary Company "DSML" 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.

17.1.6 Guarantee issued by the United Bank Limited on behalf of the subsidiary company "DSML" in favor of various finance facilities as at reporting date amounts to Rs. 7.5 million (2015 : Rs. 7.5 million).

17.1.7 Counter guarantees given by the Holding Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 3,213 million (2015: Rs. 2,795 million).

17.1.8 Cross corporate guarantees given by the Holding Company to its bankers for DSML (a subsidary company) as at the reporting date amounts to Rs. 2,571.02 million (2015: Rs. 380.32 million).

17.1.9 Guarantees issued by the banks on behalf of the Holding Company in favour of various parties as at the reporting date amounts to Rs. 83.00 million (2015: Rs. 87.67 million).

		2016 Rupees	2015 Rupees
17.2	**Commitments**		
17.2.1	Letters of credit for import of machinery and its related components		
	Holding Company - JDWSML	301,369,738	324,420,557
	Subsidiary Company - DSML	17,930,824	25,000,000

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

	2016 Rupees	2015 Rupees
Not later than one year	263,490,106	170,260,099
Later than one year but not later than five years	1,195,189,390	782,605,421
Later than five years	15,052,538	70,726,802
	1,473,732,034	1,023,592,322

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:

	2016 Rupees	2015 Rupees
Not later than one year	66,371,694	52,251,774
Later than one year but not later than five years	55,861,174	88,969,956
	122,232,868	141,221,730

	Note	2016 Rupees	2015 Rupees
18 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	18.1	22,151,628,694	20,673,979,655
Capital work in progress	18.5	1,968,331,366	1,448,349,413
Stores, spare parts and loose tools held for capital expenditures		83,809,358	–
		24,203,769,418	22,122,329,068

18.1 Operating fixed assets

	Cost					Depreciation				Net book value as at 30 September 2016
	As at 01 October 2015	Additions/ (deletion) during the year	Transfers to / (from)	As at 30 September 2016	Rate	As at 01 October 2015	For the year	Adjustment/ (deletion) during the year	As at 30 September 2016	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,855,620,262	70,000,000	(23,440,768)	1,895,679,344	-	-	-	-	-	1,895,679,344
		-	(6,500,150)					-		
Factory building on freehold land	2,272,752,966	131,820,487	-	2,400,573,289	10	744,846,720	160,266,347	6,162,329	908,369,456	1,492,203,833
		(2,058,023)	(1,942,141)					(1,459,203)		
								(1,446,737)		
Non-factory building on	903,855,714	27,293,546	-	937,306,126	5-20	215,612,547	36,540,423	-	252,660,164	684,645,962
freehold land		(1,756,154)	7,913,020					(939,541)		
								1,446,734		
Plant and machinery	17,381,843,087	2,370,718,987	257,165,097	20,092,231,343	5-20	3,785,928,491	991,438,087	56,538,981	4,804,833,405	15,287,397,938
		(11,447,787)	93,951,959					(5,820,130)		
								(23,252,024)		
Motor vehicles	755,566,122	210,553,075	177,117,327	1,347,906,451	20	440,405,814	182,884,484	97,284,896	728,583,148	619,323,303
		(46,833,596)	251,503,523					(31,564,017)		
								39,571,972		
Electrical installation	166,398,120	21,370,957	-	173,189,257	10	59,248,821	11,285,139	-	66,685,254	106,504,003
		(8,193,879)	(6,385,941)					(3,848,706)		
Office equipment	220,240,119	13,300,954	-	125,322,745	20	53,123,611	16,115,811	8,731,773	64,381,021	60,941,724
		(15,815,755)	(92,402,573)					(13,590,174)		
Tools and equipment	118,382,263	9,167,151	-	67,572,095	10-20	34,451,443	4,277,369	-	27,672,060	39,900,035
		(15,032,060)	(44,945,259)					(8,306,003)		
								(2,750,748)		
Agri implements	411,626,524	-	1,299,000	40,369,512	10	177,902,104	2,137,197	485,869	21,134,739	19,234,773
		(30,900)	(372,525,112)					(21,203)		
								(159,369,228)		
Furniture and fixture	50,836,123	7,300,658	-	44,077,506	10	22,134,748	3,344,510	2,296,633	19,013,903	25,063,603
		(14,069,261)	9,986					(8,761,988)		
Weighbridge	10,454,656	-	-	10,454,656	10	8,294,576	216,008	-	8,510,584	1,944,072
		-	-					-		
Roads and boundary wall	129,228,196	18,287,686	-	147,496,462	10	46,789,160	9,615,639	-	56,388,724	91,107,739
		(19,420)	-					(16,075)		
Arms and ammunitions	7,907,517	-	-	7,907,517	10	4,240,898	366,662	-	4,607,560	3,299,957
		-	-							
Fire fighting equipments	77,323,758	1,495,690	-	78,819,448	20	17,629,867	12,162,723	-	29,792,590	49,026,858
		-	-					-		
Aircraft	469,981,824	-	-	469,981,824	10-25	201,339,060	36,366,024	-	237,705,084	232,276,740
		-	-					-		
Tube well	2,844,479	591,600	-	3,436,079	10	1,551,998	182,008	-	1,734,006	1,702,073
		-	-					-		
Computers	40,278,751	9,675,409	-	42,687,717	33	25,951,241	5,730,188	-	25,494,104	17,193,613
		(7,266,444)	-					(6,187,325)		
	24,875,140,481	2,891,576,200	412,140,656	27,885,011,372		5,839,451,099	1,472,928,619	171,500,481	7,257,565,801	20,627,445,571
		(122,523,277)	(171,322,688)					(80,514,366)		
								(145,800,031)		
Leased										
Plant and machinery	1,565,862,261	80,051,591	(257,165,097)	1,388,748,755	5	148,058,845	64,151,016	(49,329,459)	162,880,403	1,225,868,352
		-	-					-		
Agri implements	297,093,014	-	(1,299,000)	3,960,001	10	77,727,905	342,388	(485,869)	878,513	3,081,488
		-	(291,834,013)					-		
								(76,705,911)		
Motor vehicles	177,898,433	215,350,898	(177,117,327)	412,970,935	20	176,776,685	67,144,395	(87,021,711)	117,737,652	295,233,283
		(1,605,000)	198,443,931					(526,144)		
								(38,635,573)		
	2,040,853,708	295,402,489	(435,581,424)	1,805,679,691		402,563,435	131,637,799	(136,837,039)	281,496,567	1,524,183,124
		(1,605,000)	(93,390,082)					(526,144)		
								(115,341,484)		
	26,915,994,189	3,186,978,689	(23,440,768)	29,690,691,063		6,242,014,534	1,604,566,418	34,663,442	7,539,062,369	22,151,628,694
		(124,128,277)	(264,712,770)					(81,040,510)		
								(261,141,515)		

* Additions include fair value of assets acquired on acquisition of subsidiary ("FPML").

18.2 Additions in operating fixed assets included transfer from capital work in process amounting to Rs. 2,195.06 million (2015: Rs. 5,859.79 million).

18.2.1 Transfers from freehold land represents transfer of land to investment property of the Holding Company during the year amounted Rs. 23.44 million.

	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	1,815,302,761	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	10-25	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)		

	Note	2016 Rupees	2015 Rupees
18.3 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	31.1	1,290,702,968	1,044,633,366
Administrative expenses	32	65,067,087	52,233,235
Biological assets	19.2	248,796,363	214,195,274
		1,604,566,418	1,311,061,875

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						
15 Vehicles	Employees	19,250,000	12,736,180	6,513,820	7,012,500	498,680	Company Policy
01 Vehicle	Employee	1,814,826	1,145,809	669,017	1,560,000	890,983	Negotiation
	Other Parties						
01 Bulldozer	Roshan Traders	1,686,329	871,270	815,059	1,800,000	984,941	Negotiation
01 Vehicle	Mr. Muhammad Mushtaq	252,950	143,338	109,612	181,000	71,388	- do -
01 Vehicle	EFU General Insurance Limited	1,111,000	957,198	153,802	700,000	546,198	Insurance Claim
01 Vehicle	EFU General Insurance Limited	1,605,000	526,144	1,078,856	1,466,826	387,970	- do -
01 Vehicle	Mr. Abid Ansar	1,239,000	733,483	505,517	680,000	174,483	Negotiation
01 Vehicle	Mr. Amjad Iqbal	1,419,000	881,622	537,378	425,700	(111,678)	- do -
01 Vehicle	Mr. Khuram Imtiaz	1,011,797	98,322	913,475	1,304,546	391,071	- do -
01 Vehicle	Mr. M. Mushtaq	781,250	304,765	476,485	546,364	69,879	- do -
01 Vehicle	Mr. Gul Hassan	10,700,000	8,679,801	2,020,199	4,550,000	2,529,801	- do -
01 Vehicle	Mr. M. Rafique	649,000	566,978	82,022	830,000	747,978	- do -
01 Vehicle	Anwer Muhammad	943,000	600,916	342,084	715,000	372,916	Negotiation
01 Vehicle	EFU General Insurance Limited	1,050,000	584,080	465,920	580,000	114,080	Insurance Claim
Assets Written off		74,090,657	47,598,237	26,492,420	-	-	Company Policy
Net book value of assets less than Rs. 50,000		6,524,468	4,612,367	1,912,101	2,832,305	920,204	- do -
	2016	124,128,277	81,040,510	43,087,767	25,184,241	8,588,894	
	2015	46,173,224	27,579,763	18,593,461	31,464,389	12,870,928	

	2016 Rupees	2015 Rupees
18.5 Capital work in progress		
As at 1 October	1,448,349,413	4,615,126,751
Additions during the year	2,715,038,835	2,693,012,519
Transfers made during the year	(2,195,056,882)	(5,859,789,857)
As at 30 September	1,968,331,366	1,448,349,413
Break-up of closing balances is as follows:		
Building	270,845,535	87,018,898
Plant and machinery	1,169,736,129	975,997,638
Advances to supplier	527,749,702	385,332,877
	1,968,331,366	1,448,349,413

18.5.1 Additions to capital work in progress also include borrowing costs of Rs. 75.35 million (2015: Rs. 85.60 million) relating to specific borrowings at the rates ranging from 6.98% to 9.49% per annum (2015: 9.22% to 12.68% per annum).

	2016 Rupees	2015 Rupees
19 BIOLOGICAL ASSETS		
Consumable biological assets represent:		
Sugarcane		
Immature - classified as non current assets	7,279,311	2,766,282
Mature - classified as current assets	2,229,977,882	1,548,160,341
Cotton		
Mature - classified as current assets	10,988,225	–
	2,240,966,107	1,548,160,341
	2,248,245,418	1,550,926,623

19.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value adjustment Rupees	Carrying value Rupees
Balance at 01 October 2015		1,772,810,092	(221,883,469)	1,550,926,623
Expenses incurred during the year	19.2	2,592,716,452	–	2,592,716,452
		4,365,526,544	(221,883,469)	4,143,643,075
Fair value gain at the point of harvest		–	533,944,633	533,944,633
Cost of crop harvested and fair value adjustment		(2,241,306,752)	(312,061,164)	(2,553,367,916)
Gain on fair value at year end		–	124,025,627	124,025,627
Balance at 30 September 2016		2,124,219,792	124,025,627	2,248,245,419

	Note	2016 Rupees	2015 Rupees
19.2 Expenses incurred during the year			
Land rentals		670,046,854	769,065,284
Salaries, wages and other benefits	19.2.1	348,606,527	294,946,186
Harvesting expenses		257,162,144	264,350,779
Fertilizer expenses		293,086,084	234,777,343
Depreciation	18.3	248,796,363	214,195,274
Irrigation expenses		259,948,923	190,928,863
Seed and sapling expenses		111,439,753	151,510,102
Land preparation & cultivation expenses		149,799,464	109,517,701
Repairs and maintenance		43,862,436	53,754,022
Pesticide and herbicide expenses		70,563,136	45,112,290
Sowing expenses		36,748,447	30,614,133
Insurance		22,137,655	22,697,588
Bio-laboratory expenses		21,854,300	21,673,597
Vehicle running expenses		26,607,453	16,434,975
Utility expenses		7,764,294	6,065,731
Freight		7,126,444	3,440,196
Printing & stationary		1,697,642	1,390,980
Travelling and conveyance		614,575	261,978
Others		14,853,958	12,772,851
		2,592,716,452	2,443,509,873

19.2.1 Salaries, wages and other benefits include Rs. 9.6 million (2015: Rs. 8.6 million) in respect of provident fund.

19.3 The Holding Company harvested 14,961,843 maunds of sugar cane and 43,785 maunds of wheat during the year at average yields of 791 and 29.85 maunds per acre respectively. Further sugar cane mature crop was produced on 921 acres 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 / other expenses:

	Note	2016 Rupees	2015 Rupees
Change in fair value (realised)			
cost of goods consumed		312,061,164	134,256,454
Change in fair value (unrealised)			
other income / (loss)	34 & 35	124,025,627	(221,883,469)

19.4.3 Valuation techniques and significant unobservable inputs

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

	Unit	2016 Value	2015 Value
Valued plantations (Actual)			
-Punjab Zone	Acres	10,890	8,682
-Sindh Zone	Acres	11,318	11,166
Estimated yield per acre			
-Punjab Zone	Maunds	920	876
-Sindh Zone	Maunds	874	602
Harvest age	Months	12-14	12-14
Estimated future sugarcane			
market price per Maund			
-Punjab Zone	Rupees	180	180
-Sindh Zone	Rupees	182	180
Risk - adjusted discount rate	% per month	0.99%	1.00%

Cost of Rs. 7.2 million 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:

	Increase / (Decrease) 2016 Rupees	Increase / (Decrease) 2015 Rupees
Decrease of 10% in expected average yield per acre	(270,206,481)	190,578,777
Decrease of 10% in expected average selling price per maund	(344,866,307)	(247,082,689)
Increase of 10% in discount rate	10,380,960	(6,856,024)

19.6 Segment-wise composition

	Cost Rupees	Fair value adjustment Rupees	Total Rupees
Punjab	1,155,205,657	6,836,004	1,162,041,661
Sindh	969,014,134	117,189,623	1,086,203,757
Total	2,124,219,791	124,025,627	2,248,245,418

19.7 Risk management strategy related to agricultural activities

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

Regulatory and environmental risks

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

Climate and other risks

Due to inherent nature of the 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 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 Holding Company adversely. The Holding Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

	Note	2016 Rupees	2015 Rupees
20 INVESTMENT PROPERTY			
Balance as at 01 October		173,026,930	173,026,930
Transferred from operating fixed assets		23,440,768	–
Balance as at 30 September	20.1	196,467,698	173,026,930

20.1 It represents agricultural land given on lease.

20.2 The fair value of investment property is Rs. 352 million (2015: Rs. 320 million). The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of Holding Company's investment property portfolio every year. The fair value measurement for the investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

20.3 The investment property has been valued based on present / estimated market value. Rate per square acre represents significant unobservable input. The estimated fair value would increase / (decrease) if, expected market rental growth were higher / (lower), the occupancy rate were higher / (lower) or rent-free periods were shorter / (longer).

	Note	2016 Rupees	2015 Rupees
21 INTANGIBLES			
Goodwill	21.1	1,063,350,995	608,310,693
Computer software	21.2	14,747,816	16,851,458
		1,078,098,811	625,162,151

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 Group. For impairment testing, the recoverable amount has been determined based on the recent value in use calculations by discounting the four years cash flow projections at 11.72% 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.

This also includes goodwill arisen during the period on acquisition of subsidiary (Faruki Pulp Mills Limited) amounted Rs. 455,040,302. For impairment testing, the recoverable amount has been determined based on the value in use determined by discounting the cash flows.

	Note	2016 Rupees	2015 Rupees
21.2 Oracle computer software			
Cost			
As at 01 October		21,397,279	21,397,279
Acquired during the year		1,350,000	–
		22,747,279	21,397,279
Accumulated amortization			
As at 01 October		4,545,821	2,596,390
Added during period		1,080,000	–
Amortization for the year	32	2,373,642	1,949,431
		7,999,463	4,545,821
As at 30 September		14,747,816	16,851,458
Rate of amortization		10.00%	10.00%

	Note	2016 Rupees	2015 Rupees
22 LONG TERM INVESTMENTS			
Investment in associated companies- unquoted			
Cost of investment			
As at 01 October		2,134,648,050	2,134,648,050
Acquired during the year		–	–
Advance for future issuance of shares		1,109,778,333	1,109,778,333
	22.1 & 22.2	3,244,426,383	3,244,426,383
Share of loss			
As at 01 October		(660,917,678)	(610,169,975)
Share of loss for the period/ year		(14,169,790)	(50,972,318)
Share of other comprehensive income		–	224,615
		(675,087,468)	(660,917,678)
Loss on de-recognition of investment in associate		(1,438,124,766)	–
Fair value of net assets of subsidiary at the date of acquisition including advance for issue of shares		(1,131,214,149)	–
		(2,569,338,915)	–
As at 30 September		–	2,583,508,705
22.1 Faruki Pulp Mills Limited (“FPML”)			
Cost of investment			
51,500,000 (2015: 51,500,000) fully paid shares of Rs. 10 each			
Equity held in 2015: 48.39%		2,044,648,050	2,044,648,050
Advance for future issuance of shares		1,109,778,333	1,109,778,333
		3,154,426,383	3,154,426,383
Share of loss			
As at 01 October		(570,917,678)	(520,169,975)
Share of loss for the period/ year		(14,169,790)	(50,972,318)
Share of other comprehensive income		–	224,615
		(585,087,468)	(570,917,678)
Transfer to investment in subsidiary including loss on de-recognition of associate		(2,569,338,915)	–
As at 30 September		–	2,583,508,705
22.2 JDW Power (Private) Limited (“JDWPL”)			
Cost of investment			
9,000,000 (2015: 9,000,000) fully paid shares of Rs. 10 each		90,000,000	90,000,000
Equity held 47.37% (2015 : 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:

	2016		2015	
	FPML	JDWPL	FPML	JDWPL
	Rupees		Rupees	
Assets	–	3,256,515	4,161,527,574	3,283,550
Liabilities	–	116,779	152,266,316	113,779
Equity	–	3,139,736	4,009,261,258	3,169,771
Loss after tax for the year	–	(30,035)	(105,339,531)	(30,924)

Investments of the Group in associated company has been accounted for under equity method of accounting based on its audited financial statements for the year ended 30 June 2016.

	Note	2016 Rupees	2015 Rupees
23 LONG TERM ADVANCES			
Advances to electricity distribution Companies			
Multan Electric Power Company ("MEPCO")	23.1	26,694,445	31,000,000
Less: current maturity presented under current assets		(11,864,198)	(5,166,667)
		14,830,247	25,833,333
Sukkur Electric Power Company ("SEPCO")	23.2	18,000,000	31,000,000
Less: current maturity presented under current assets		(14,400,000)	(12,000,000)
		3,600,000	19,000,000
		18,430,247	44,833,333

23.1 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 started after eighteen months from the commercial operation date i.e. 12 June 2014.

23.2 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.

24 LONG TERM DEPOSITS

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

		Note	2016 Rupees	2015 Rupees
25	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores			
	- Sugar		639,419,816	664,760,028
	- Co-Generation Power		68,770,276	63,920,973
	- Corporate sugarcane farms		246,929,574	225,096,198
			955,119,666	953,777,199
	Spares parts			
	- Sugar		420,972,662	417,832,036
	- Co-Generation Power		43,415,592	48,802,933
			464,388,254	466,634,969
	Loose tools			
	- Sugar		29,964,261	27,316,792
	- Co-Generation Power		9,494,415	13,081,562
			39,458,676	40,398,354
			1,458,966,596	1,460,810,522
	Less: Provision for obsolescence		(123,932,784)	(44,082,604)
			1,335,033,812	1,416,727,918

		Note	2016 Rupees	2015 Rupees
26	**STOCK-IN-TRADE**			
	Raw material		181,772,600	95,879,086
	Finished goods		5,105,637,935	5,386,729,632
			5,287,410,535	5,482,608,718

		Note	2016 Rupees	2015 Rupees
27	**TRADE DEBTS - UNSECURED**			
	Trade debts - considered good	27.1	1,046,012,899	1,185,677,434
	Trade debts - considered doubtful		14,486,141	14,486,141
			1,060,499,040	1,200,163,575
	Less: Provision for doubtful debts		(14,486,141)	(14,486,141)
			1,046,012,899	1,185,677,434

27.1 This includes Rs. 922.38 million (2015: Rs. 875.35 million) receivable from CPPA on account of sale of electricity under EPA.

	Note	2016 Rupees	2015 Rupees

28 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2016 Rupees	2015 Rupees
Advance to growers			
Unsecured - considered good		298,159,453	11,812,280
Unsecured - considered doubtful		4,937,966	4,937,966
		303,097,419	16,750,246
Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
		298,159,453	11,812,280
Advance to suppliers and contractors			
Unsecured - considered good		363,000,922	754,164,017
Unsecured - considered doubtful		21,617,812	20,472,883
		384,618,734	774,636,900
Less: Provision for doubtful advances		(21,617,812)	(20,472,883)
		363,000,922	754,164,017
Advances to related parties -			
Unsecured, considered good	28.1	15,000	–
Advances to staff - unsecured, considered good			
- against salaries	28.2	14,496,289	19,527,419
- against expenses		5,417,185	4,219,955
		19,913,474	23,747,374
Deposits		34,879,869	31,163,024
Sugar export subsidy		228,985,000	108,140,000
Federal excise duty and sales tax		522,911,057	334,267,999
Prepaid expenses		32,998,507	37,347,407
Current maturity of long term advances	23.1	26,264,198	17,166,667
Other receivables		16,821,638	39,506,695
		1,543,949,118	1,357,315,463

28.1 This represents advance given by DSML to Zen Associates (Private) Limited.

28.2 This includes an amount of Rs. 3.75 million (2015: Rs. 10.41 million) receivable from executives of the Holding Company.

29 CASH AND BANK BALANCES

	Note	2016 Rupees	2015 Rupees
At banks:			
- Current accounts			
Deposits with islamic banks		1,744,853	1,188,129
Deposits with conventional banks		25,527,644	51,023,180
		27,272,497	52,211,309
- Saving accounts			
Deposits with conventional banks	29.1	872,471	2,901,904
		28,144,968`	55,113,213
Cash in hand		3,595,686	3,265,060
		31,740,654	58,378,273

29.1 The balances in saving accounts carry markup at 3.50% - 10% per annum (2015: 4.5% - 10% per annum).

		Note	2016 Rupees	2015 Rupees
30	**SALES - NET**			
	Sugar	30.1	42,372,699,923	37,225,872,610
	Agriculture produce	30.2	67,123,917	71,627,557
	Electricity	30.3	4,331,946,876	4,420,941,911
	Molasses and bagasse- by products		2,247,914,168	2,109,882,087
			49,019,684,884	43,828,324,165
	Less:			
	- Federal excise duty, including sales tax on sugar		(2,850,092,948)	(2,549,526,735)
	- Sales tax on electricity, molasses and bagasse		(789,346,567)	(447,227,589)
	- Commission and others		(19,210,140)	(30,444,347)
			(3,658,649,655)	(3,027,198,671)
			45,361,035,229	40,801,125,494
30.1	**Sugar**			
	- local		40,898,537,523	34,418,489,420
	- export	30.1.1	1,474,162,400	2,807,383,190
			42,372,699,923	37,225,872,610

30.1.1 This includes sugar export subsidy of Rs. 321.23 million (2015: Rs. 383.11 million).

		Note	2016 Rupees	2015 Rupees
30.2	**Agriculture produce**			
	- Sugarcane seed and others		67,123,917	71,627,557
30.3	**Electricity**			
	- Captive Power		95,018,165	214,006,935
	- Co-Generation Power			
	variable energy price		2,421,954,321	2,381,614,994
	fixed price		1,814,974,390	1,825,319,982
			4,236,928,711	4,206,934,976
			4,331,946,876	4,420,941,911

		Note	2016 Rupees	2015 Rupees
31	**COST OF SALES**			
	Opening stock in trade		5,482,608,718	5,867,491,565
	Add: Cost of goods manufactured	31.1	37,021,141,523	34,514,955,229
	Less: Closing stock			
	- Sugar		(5,105,637,938)	(5,386,729,632)
	- Bagasse		(181,772,600)	(95,879,086)
			37,216,339,703	34,899,838,076

		Note	2016 Rupees	2015 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed			
	(including procurement and other costs)	31.1.1	31,754,630,272	29,652,669,413
	Cost of bagasse consumed		161,686,351	394,477,442
	Salaries, wages and other benefits	31.1.2	1,778,104,157	1,438,957,159
	Depreciation	18.3	1,290,702,968	1,044,633,366
	Packing materials consumed		305,655,647	367,379,772
	Stores and spares consumed		684,782,402	657,663,290
	Operation and maintenance costs	31.1.3	182,524,785	196,033,172
	Chemicals consumed		199,531,984	213,348,726
	Vehicle running expenses		109,261,403	119,944,675
	Oil, lubricants and fuel consumed		72,691,587	74,904,324
	Mud and bagasse shifting expenses		23,376,559	10,307,514
	Electricity and power		65,606,637	79,513,662
	Insurance		78,934,658	82,583,513
	Handling and storage		23,645,997	25,563,961
	Freight and octroi		20,900,669	23,816,810
	Repairs and maintenance		37,203,238	40,024,468
	Operating lease rentals		51,208,935	22,296,638
	Land preparation charges		31,275,280	21,480,483
	Printing and stationery		10,188,787	11,976,942
	Telephone and fax		7,608,916	8,156,683
	Travelling and conveyance		4,448,530	4,214,606
	Provision for obsolescence		79,850,180	–
	Assets written off		24,563,367	–
	Land vacation charges		738,197	6,302,302
	Other expenses		22,020,017	18,706,308
			37,021,141,523	34,514,955,229
31.1.1	**Cost of sugarcane consumed**			
	- sugarcane produced	31.1.1.1	2,541,139,804	2,597,466,952
	- fair value adjustment		(221,883,469)	49,093,032
			2,319,256,335	2,646,559,984
	- sugarcane purchased		29,435,373,937	27,006,109,429
			31,754,630,272	29,652,669,413

31.1.1.1 This amount includes depreciation of Rs. 240.96 million (2015: Rs. 196.07 million).

31.1.2 Salaries, wages and other benefits include Rs. 40.20 million (2015: Rs. 34.88 million) in respect of provident fund and Rs. 10.56 million (2015: Rs. 10.06 million) in respect of staff gratuity.

		Note	2016 Rupees	2015 Rupees
31.1.3	**Operation and maintenance costs**			
	Reimbursable cost		140,695,734	165,448,218
	Operating fee		41,829,051	30,584,954
			182,524,785	196,033,172

		Note	2016 Rupees	2015 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	32.1	632,596,761	506,648,553
	Depreciation	18.3	65,067,087	52,233,235
	Travelling and conveyance		43,316,562	57,887,871
	Office rent and renovation		35,818,482	31,323,618
	Vehicle running and maintenance		21,973,006	20,737,834
	Legal and professional services		40,683,731	39,202,350
	Repairs and maintenance		21,804,440	30,471,653
	Charity and donations	32.2	79,256,976	36,814,928
	Fee and taxes		11,753,551	11,394,249
	Subscription and renewals		6,507,699	8,751,386
	Insurance		10,494,112	8,152,636
	Telephone, fax and postage		9,294,030	7,672,394
	Printing and stationery		6,713,052	5,976,167
	Electricity and power		8,172,599	4,620,559
	Auditors' remuneration	32.3	5,038,990	4,467,250
	Operating lease rentals		6,563,310	2,033,573
	Entertainment		4,598,520	2,422,704
	Amortization	21.2	2,373,642	1,949,431
	Advertisement		1,896,545	1,463,184
	Assets written off		1,929,055	1,321,808
	Newspapers, books and periodicals		190,335	199,368
	Consultancy and advisory		21,057,752	–
	Provision for doubtful advances		1,590,924	–
	Arms and ammunition		–	21,850
	Other expenses		15,553,433	29,610,963
			1,054,244,594	865,377,564

32.1 Salaries, wages and other benefits include Rs. 19.99 million (2015: Rs. 17.97 million) in respect of provident fund and Rs. 6.96 million (2015: Rs. 6.30 million) in respect of staff gratuity.

32.2 None of the Directors of the Group or their spouses have any interest as Director in any of the recipients of donations made by the Group 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 was a Director.

		2016 Rupees	2015 Rupees
32.3	**Auditors' remuneration**		
	KPMG Taseer Hadi & Co. - Auditors' of Holding Company		
	Statutory audit	2,500,000	2,250,000
	Half yearly review	400,000	400,000
	Other certificates	280,000	790,000
	Out of pocket expenses	100,000	100,000
	Riaz Ahmed Saqib Gohar & Co. - Auditors' of DSML		
	Statutory audit	500,000	450,000
	Tax certificates	581,500	125,000
	Other certificates	177,490	352,250
	A.F Ferguson & Co. - Auditors' of FPML		
	Statutory audit	500,000	–
		5,038,990	4,467,250

	Note	2016 Rupees	2015 Rupees
33 SELLING EXPENSES			
Freight and handling charges		130,551,412	97,372,780
Other selling expenses		14,402,375	25,624,846
Salaries, wages and other benefits	33.1	28,133,840	13,617,267
		173,087,627	136,614,893

33.1 Salaries, wages and other benefits include Rs. 0.65 million (2015: Rs. 0.54 million) in respect of provident fund.

	Note	2016 Rupees	2015 Rupees
34 OTHER INCOME			
Income from financial assets			
- Markup from deposits with conventional banks			
Interest income on bank deposits		1,436,313	1,648,959
- Markup on delayed payment from CPPA		18,328,919	37,093,648
		19,765,232	38,742,607
Income from non-financial assets			
Scrap sales		49,823,854	71,908,978
Rental income	34.1	7,933,085	6,543,227
Insurance claim		–	32,490,000
Foreign exchange gain / (loss)		2,043,767	26,199,550
Sale of mud		78,354,157	15,307,545
Gain on sale of property, plant and equipment		8,588,894	12,870,928
Fair value gain on biological assets	19.4.2	124,025,627	–
Written back of WWF prior year provision		15,601,439	–
Others		8,143,786	175,422
		294,514,609	165,495,650
		314,279,841	204,238,257

34.1 This represents the rental income earned from investment property.

	Note	2016 Rupees	2015 Rupees
35 OTHER EXPENSES			
Fair value loss on biological assets		–	221,883,469
Loss on de-recognition of investment in associate		1,438,124,766	–
Workers' Profit Participation Fund	15.2	185,090,244	90,181,800
Workers' Welfare Fund		45,745,525	10,043,387
Provision for doubtful sales tax recoverable		11,361,722	–
		1,680,322,257	322,108,656

		Note	2016 Rupees	2015 Rupees
36	**FINANCE COST**			
	Mark-up based loans from conventional banks			
	- short term borrowings - secured		646,426,792	1,023,248,930
	- long term finances - secured		874,082,308	1,058,563,128
	- redeemable capital - secured		20,580,907	39,279,181
	- finance leases		87,775,339	129,516,170
			1,628,865,346	2,250,607,409
	Islamic mode of financing			
	- short term borrowings - secured		255,634,658	365,667,751
	- long term finances - secured		70,494,112	86,046,465
			326,128,770	451,714,216
	Mark-up on short term loan from related party - unsecured		2,222,856	–
	Workers' Profit Participation Fund	15.2	18,653,477	10,765,340
	Bank charges and commission		61,364,187	52,779,373
			82,240,520	63,544,713
	Less: Borrowing costs capitalized		(66,181,196)	(80,771,596)
			1,971,053,440	2,685,094,742

		Note	2016 Rupees	2015 Rupees
37	**TAXATION**			
	Income tax			
	- curent		139,661,656	(77,957,382)
	- prior		42,770,246	5,799,542
	Deferred		442,415,868	137,550,876
			624,847,770	65,393,036

		2016	2015
37.1	**Tax Charge Reconciliation**		
	Numerical reconciliation between tax expense and accounting profit		
	Profit before taxation	3,566,097,659	2,045,357,503
	Applicable tax rate as per Income Tax Ordinance, 2001	31%	32%
	Tax on accounting profit	1,105,490,274	654,514,401
	Tax credit	(234,862,175)	(524,496,871)
	Tax rate adjustment	(7,855,172)	(140,176,078)
	Effect of tax loss adjustment	(104,271,212)	(55,728,700)
	Exempt income	(99,581,300)	–
	Effect of final tax regime	(26,970,060)	(7,283,228)
	Others - including prior year tax	(7,102,585)	7,777,440
		624,847,770	(65,393,036)

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

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

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

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.

During the year, the Group has paid interim dividend of 50% of its paid up capital. Accordingly, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements for the year ended 30 September 2016.

37.4 For tax contingency, refer note 17.1.

	2016 Rupees	2015 Rupees
38 CASH GENERATED FROM OPERATIONS		
Profit before taxation	3,566,097,659	2,045,357,502
Adjustments for non-cash and other items:		
Finance cost	1,971,053,439	2,685,094,742
Depreciation	1,597,328,461	1,292,935,277
Amortization	2,373,642	1,949,431
Workers' Profit Participation Fund	185,090,244	90,181,800
Workers' Welfare Fund	45,745,525	10,043,387
Staff retirement benefits	115,660,864	70,181,173
Share of loss of associated companies	14,169,790	50,972,318
Loss on derecognition of investment in associate	1,438,124,766	–
Stores and spares written off	1,108,224	–
Advances written off	169,786	–
Provision for slow moving store, spares, spare parts and loose tools	79,850,180	–
Provision for doubtful advances	1,772,190	–
Gain on disposal of property, plant and equipment	1,669,616	(12,870,928)
Assets written off	26,938,417	1,321,808
Fair value (gain) / loss on biological assets	(124,025,627)	221,883,469
Written back of WWF prior year provision	(15,601,439)	–
Provision for doubtful sales tax receivalbles	11,361,722	–
	5,352,789,800	4,411,692,477
Operating profit before working capital changes	8,918,887,459	6,457,049,979
(Increase) / decrease in current assets		
Stock in trade	195,198,183	487,709,080
Biological assets	(573,293,168)	(80,822,309)
Trade debts	139,664,535	(514,247,158)
Stores, spare parts and loose tools	1,843,926	(89,000,794)
Advances, deposits, prepayments and other receivables	23,635,876	247,402,570
	(212,950,648)	51,041,389
Increase in current liabilities		
Trade and other payables	1,544,163,784	1,004,483,786
Cash generated from operations	10,250,100,595	7,512,575,154

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

			Directors					
	Chief Executive		Executive		Non - Executives		Executive	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Managerial remuneration	38,210,000	52,000,000	25,000,000	–	46,630,000	38,033,334	403,598,616	206,160,983
House allowance	15,284,000	20,800,000	10,000,000	–	18,652,000	15,186,667	108,462,024	80,344,919
Utilities	3,821,000	5,200,000	2,500,000	–	4,663,000	3,796,667	27,115,507	20,086,230
Bonus	30,000,000	24,000,000	–	–	22,000,000	17,600,000	239,529,900	160,244,819
Company's contribution towards provident fund	–	–	–	–	–	–	24,048,674	18,198,220
Staff retirement benefit- Gratuity	–	–	–	–	–	–	15,078,903	15,147,173
	87,315,000	102,000,000	37,500,000	–	91,945,000	74,616,668	817,833,624	500,182,344
Number of persons	1	1	1	–	3	3	160	129

In addition to the above, Directors and some of the Executives are provided with free use of Group maintained cars.

No meeting fee was paid to directors during the year (2015: Rs. Nil)

The Director 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 Director was charged Rs. 52.27 million (2015: Rs. 35.32 million) for the use of aircraft.

40 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.

40.1 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.

40.2 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:

	2016 Rupees	2015 Rupees
Long term advances	18,430,247	44,833,333
Long term deposits	111,510,138	135,428,860
Trade debts	1,046,012,899	1,185,677,434
Advances, deposits and other receivables	77,980,705	87,836,386
Bank balances	28,144,968	55,113,213
	1,282,078,957	1,508,889,226

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.

	2016 Rupees	2015 Rupees
The aging of trade receivables at the reporting date is:		
Not past due	1,046,012,899	1,185,677,434
Past due 365 days	14,486,141	14,486,141
	1,060,499,040	1,200,163,575

	2016		2015	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	1,046,012,899	–	1,185,677,434	–
Past due more than 365 days	14,486,141	14,486,141	14,486,141	14,486,141
	1,060,499,040	14,486,141	1,200,163,575	14,486,141

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. Based on past experience the management believes that no further 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:

	2016 Rupees	2015 Rupees
At banks:		
Current accounts	27,272,498	52,211,309
Saving accounts	872,471	2,901,904
	28,144,969	55,113,213

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

	Rating		Rating		
	Long term	**Short term**	**Agency**	**2016**	**2015**
Banks				**Rupees**	
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	45,872	169,385
Allied Bank Limited	AA+	A1+	PACRA	10,451,893	3,093,880
Askari Bank Limited	AA+	A1+	PACRA	251,839	256,312
Askari Bank Islamic Limited	AA+	A1+	PACRA	27,223	–
Bank Al Habib Limited	AA+	A1+	PACRA	22,782	21,035
Bank Alfalah Limited	AA+	A1+	PACRA	2,216,391	2,553,215
Bank Alfalah Islamic Limited	AA+	A1+	PACRA	11,062	–
Bank Islami Pakistan Limited	A+	A1	PACRA	74,692	150,071
Burj Bank Limited	BBB+	A-2	JCR-VIS	20,016	79,211
Dubai Islamic Bank Pakistan Limited	A+	A-1	JCR-VIS	17,055	141,311
Faysal Bank Limited	AA	A1+	PACRA	99,715	4,424,226
Habib Bank Limited	AAA	A-1	JCR-VIS	7,079,342	4,225,532
JS Bank Limited	A+	A1+	PACRA	66,993	14,315
MCB Bank Limited	AAA	A1+	PACRA	3,607,752	26,950,695
MCB Islamic Bank Limited	AAA	A1+	PACRA	36,270	0
Meezan Bank Limited	AA	A-1+	JCR-VIS	741,306	3,826,130
National Bank of Pakistan	AAA	A1+	PACRA	279,896	445,159
National Bank of Pakistan (Islamic)	AAA	A1+	PACRA	11,703	–
NIB Bank Limited	AA-	A1+	PACRA	10,612	3,416,916
Silk Bank Limited	A-	A-2	JCR-VIS	41,753	234,244
Sindh Bank Limited	AA	A-1+	JCR-VIS	27,677	33,844
Soneri Bank Limited	AA-	A1+	PACRA	33,533	19,467
Summit Bank Limited	A-	A-1	JCR-VIS	230,774	2,948,240
The Bank of Khyber	A	A1	PACRA	14,495	10,630
The Bank of Punjab	AA-	A1+	PACRA	1,721,607	394,098
The First Micro Finance Bank Limited	A+	A-1	JCR-VIS	21,604	12,830
Tameer Bank Limited	A+	A1	PACRA	17,305	–
United Bank Limited	AAA	A-1+	JCR-VIS	963,806	1,692,467
				28,144,968	55,113,213

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.

	2016				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital	194,444,444	206,974,444	122,341,111	84,633,333	–
Long term loans	13,457,498,661	15,698,578,661	4,306,569,680	11,392,008,981	–
Short term borrowings	3,594,347,767	3,594,347,767	3,594,347,767	–	–
Liabilities against assets subject to finance lease	846,801,343	928,299,082	393,927,312	534,371,770	–
Interest and markup accrued	132,500,195	132,500,195	132,500,195	–	–
Trade and other payables	1,502,866,724	1,502,866,724	1,502,866,724	–	–
	19,728,459,134	22,063,566,873	10,052,552,789	12,011,014,084	–

	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 loan	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	–

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:

		2016		2015	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	Note	Rupees	Rupees	Rupees	Rupees
Redeemable capital - secured	8	–	194,444,444	–	305,555,555
Long term loans - secured	9	–	13,457,498,661	–	10,903,054,071
Liabilities against assets subject to finance lease	10	–	846,801,343	–	1,054,257,309
Short term borrowings - secured	13	–	3,594,347,767	–	10,078,673,369
Variable rate instruments		–	18,093,092,215	–	22,341,540,304

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 2016.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees	
As at 30 September 2016	180,930,922	(180,930,922)
As at 30 September 2015	223,415,403	(223,415,403)

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

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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:

Fair value measurement of financial instruments

	Carrying amount			Fair value		
	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
	Rupees					
30 September 2016						
Financial assets measured						
at fair value	–	–	–	–	–	–
Financial assets not measured						
at fair value						
Long term advances	18,430,247	–	18,430,247	–	–	–
Long term deposits	111,510,138	–	111,510,138			
Trade debts	1,046,012,899	–	1,046,012,899	–	–	–
Advances, deposits and other						
receivables	77,980,705	–	77,980,705	–	–	–
Bank balances	28,144,968	–	28,144,968	–	–	–
	1,282,078,957	–	1,282,078,957	–	–	–
Financial liabilities measured						
at fair value	–	–	–	–	–	–
Financial liabilities not measured						
at fair value						
Redeemable capital - secured	–	194,444,444	194,444,444	–	–	–
Long term finances - secured	–	13,457,498,661	13,457,498,661	–	–	–
Short term borrowings - secured	–	3,594,347,767	3,594,347,767	–	–	–
Liabilities against assets						
subject to finance lease	–	846,801,343	846,801,343	–	–	–
Accrued mark-up	–	132,500,195	132,500,195	–	–	–
Trade and other payables	–	1,502,866,724	1,502,866,724	–	–	–
	–	19,728,459,134	19,728,459,134	–	–	–

Fair value versus carrying amounts

The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

41 ACQUISITION OF SUBSIDIARY

During the year, the Company has acquired further 110,977,833 shares of FPML which increased Company's shareholding from 48.39% to 57.67%. Accordingly, FPML has been reclassified from an Associated Company to a Subsidiary Company.

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	2016 Rupees	2015 Rupees
Fair value of investment in associate at the date of reclassification of FPML as subsidiary company	21,435,816	–
Advance for issuance of shares	1,109,778,333	–
Total consideration	1,131,214,149	–

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	2016 Rupees	2015 Rupees
Property, plant and equipment, including capital work in progress	1,153,622,052	–
Intangible	270,000	–
Store and spares	1,108,224	–
Advances, deposits, prepayments and other receivables	113,872,114	–
Cash and bank balances	7,144,729	–
Staff retirement benefits	(2,819,666)	–
Short term borrowings from related parties - unsecured	(57,850,000)	–
Trade and other payables	(53,792,170)	–
Accrued finance cost	(1,960,006)	–
Provision for taxation	(5,518,916)	–
Total identifiable net assets acquired	1,154,076,361	–

Measurement of fair values

The valuation techniques represent the present market value which is estimated value of property, plant and equipment, including capital work in progress, in an unrestricted and open market, founded on current and updated market information, extrapolation and/or precedent, based on what an informed, willing and unpressured buyer would pay to an informed, willing, unpressured and unobligated seller in the market with neither party under any compulsion to buy or sell. Other assets and liabilities comprise gross contractual amounts at which these are expected to be realised/settled.

	2016 Rupees	2015 Rupees
Goodwill arising from the acquisition has been recognised as follows:		
Consideration transferred	1,131,214,149	–
Fair value of identifiable net assets	1,154,076,361	–
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities	(477,902,514)	–
	676,173,847	–
Goodwill	455,040,302	–

The remeasurement to fair value of the Group's existing 48.39% interest in FPML resulted in a loss of Rs. 1,438,124,766. This amount has been included in 'other expenses' (see Note 35).

Non-Controlling interest (NCI)

	2016 Rupees	2015 Rupees
NCI percentage	41.09%	0.00%
Non-current assets	1,127,938,314	–
Current assets	104,102,526	–
Non-current liabilities	(5,671,061)	–
Current liabilities	(42,553,405)	–
Net assets	1,183,816,374	–
Net assets attributable to NCI	486,430,148	–
Revenue	–	–
Loss	(52,598,302)	–
Other comprehensive income (OCI)	(2,393,323)	–
Total comprehensive income	(54,991,625)	–
Loss allocated to NCI	(21,948,349)	–
OCI allocated to NCI	(1,007,110)	–
Cash flows from operating activities	(71,539,495)	–
Cash flows from investment activities	16,140,000	–
Cash flows from financing activities (dividends to NCI: nil)	56,800,000	–
Net increase in cash and cash equivalents	1,400,505	–

FPML's year end is 30 June 2016. FPML has not yet commenced the commercial operations. Accordingly, there is no significant events or transactions occurred since year ended 30 June 2016 through the Group's year end of 30 September 2016 which requires adjustment to or disclosure in the Group's consolidated financial statements.

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 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.

43 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated company, 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 these consolidated financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

	Relationship	Nature of transactions	2016 Rupees	2015 Rupees
43.1	**Associated Company**			
		Advances given	–	684,338,333
		Payment against purchase of aircraft	3,500,000	4,050,000
		Sale of molasses	–	1,652,006
		Rent of land given on lease	–	14,484,154
		Rent of land acquired on lease	–	3,735,000
		Reimbursement on use of		
		Company's aircraft	–	25,762,042
		Markup charged on loan from		
		related party	922,792	3,593,419
		Issue of shares to related parties	99,093,530	–
43.2	**Other Related Parties**			
		Payment with respect to		
		net assets acquired	–	447,573,456
		Mark up paid	–	16,913,489
		Markup charged on loan from		
		related parties	4,482,119	1,015,408
		Loan obtained from related parties	56,800,000	57,262,026
		Issue of shares to related party	50,868,640	–
		Receipts from related parties	253,310	4,462,026
43.3	**Post employment benefit plans**			
		Provident fund contribution	135,601,389	110,068,000
43.4	**Key management personnel**			
		Consultancy services	8,518,328	112,415,022

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

44 CAPACITY AND PRODUCTION

	2016 Tonnes	2015 Tonnes
Sugar		
Holding Company		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugarcane crushed	2,550,953	2,477,239
Sugar production	280,417	277,155
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugarcane crushed	1,545,523	1,275,891
Sugar production	169,872	135,102
Unit III		

	2016 Tonnes	2015 Tonnes
Crushing capacity	2,100,000	2,100,000
Sugarcane crushed	1,415,041	1,365,110
Sugar production	152,588	151,562
Subsidiary Company - DSML		
Crushing capacity	1,950,000	1,950,000
Sugarcane crushed	1,462,632	1,314,776
Sugar production	160,388	144,378

The crushing capacity is based on 150 days.

Shortfall in production is due to unavailability of sugarcane supply.

	2016 MWh	2015 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Utilized capacity	191,373	189,692
Energy delivered	162,548	159,224
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Utilized capacity	182,785	192,225
Energy delivered	157,575	165,001

	2016		2015	
Corporate Sugar Cane Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	24,595	Punjab & Sindh	23,942
Land under cultivation	Punjab & Sindh	19,848	Punjab & Sindh	19,421

	Capacity - Metric Tonnes		Actual Production - Metric Tonnes	
Paper pulp	**2016**	**2015**	**2016**	**2015**
Subsidiary Company - FPML	47,600	47,600	–	–

45 BUSINESS SEGMENT INFORMATION

45.1 The Group has four 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	Production and sale of crystalline sugar and other related joint and by-products.
Co-Generation segment	Generation and sale of electricity.
Corporate farms segment	Managing corporate farms for cultivation of sugar cane and the small quantity of cotton.
Others	Project under construction for manufacture and sale of wood pulp

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

	Sugar segment		Co-Generation segment		Corporate farms segment		Other		Inter segment reconciliation		Total	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
45.2.1 Segment revenues and results												
Net external revenues	41,408,910,593	36,870,052,215	3,885,000,719	3,859,445,722	67,123,917	71,627,557	-	-	-	-	45,361,035,229	40,801,125,494
Inter-segment revenues	2,293,169,062	2,093,686,472	1,131,638,630	1,066,826,243	2,786,077,051	2,857,854,827	-	-	(6,210,884,742)	(6,018,367,542)	-	-
Reportable segment revenue	43,702,079,655	38,963,738,687	5,016,639,349	4,926,271,965	2,853,200,968	2,929,482,384	-	-	(6,210,884,742)	(6,018,367,542)	45,361,035,229	40,801,125,494
Depreciation and amortization	1,018,648,975	799,177,610	331,885,870	346,216,614	249,561,410	165,667,650	4,470,163	-	-	-	1,604,566,418	1,311,061,875
Finance cost	1,342,552,681	1,921,004,858	387,551,146	520,369,425	238,686,888	243,720,459	2,262,724	-	-	-	1,971,053,440	2,685,094,742
Share of loss of equity-accounted investment	(14,169,790)	(50,972,318)	-	-							(14,169,790)	(50,972,318)
Segment profit/ (loss) before tax	1,755,235,464	1,231,451,448	1,510,511,811	1,244,322,076	352,948,684	(430,416,023)	(52,598,302)	-	-	-	3,566,097,659	2,045,357,502

45.2.2 Inter-segment sales and purchases

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

45.2.3 Basis of inter-segment pricing

All inter-segment transfers are made at fair value.

45.2.4 Segment assets & liabilities

	Sugar & other segment		Co-Generation segment		Corporate farms segment		Other		Inter segment reconciliation		Total	
	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Total assets for reportable segment	27,494,094,716	26,941,962,684	7,739,295,749	9,933,714,467	7,239,749,284	6,550,759,659	1,687,081,142	-	(6,210,884,742)	(6,018,367,542)	37,949,336,149	37,408,069,268
Total liabilities for reportable segment	27,183,716,264	28,361,360,590	6,475,148,432	7,580,296,376	733,132,477	436,156,056	48,224,466	-	(6,210,884,742)	(6,018,367,542)	28,229,336,897	30,359,445,480
Capital expenditure	2,734,373,861	3,186,197,007	129,625,182	3,162,230,197	328,925,236	132,007,898	-	-	(5,945,590)	(296,452,666)	3,186,978,689	6,183,982,436
Equity-accounted investment	-	2,583,508,705	-	-	-	-	-	-	-	-	-	2,583,508,705

	2016 Rupees	2015 Rupees
45.3 Reconciliation of reportable segment profit and loss		
Total profit before tax for reportable segments	3,566,097,659	2,045,357,502
Unallocated corporate expenses	(624,847,770)	65,393,036
Profit after taxation	2,941,249,889	2,110,750,538

45.4 Geographical information

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

	2016 Rupees	2015 Rupees
45.4.1 Revenue		
Foreign revenue		
Asia	1,474,162,400	2,807,383,190
Local revenue		
Pakistan	47,545,522,484	41,020,940,975
	49,019,684,884	43,828,324,165

45.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2016 are located in Pakistan.

46 PROVIDENT FUND TRUST

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

	Unit	30 June 2016	30 June 2015
Size of fund - total assets	Rupees	496,315,812	425,087,672
Cost of investments made	Rupees	456,750,663	378,273,908
Percentage of investments made	Percentage	92.03%	88.99%
Fair value of investment	Rupees	471,419,379	388,809,339

The breakup of fair value of investments is as follows:

	30 June 2016		30 June 2015	
	Rupees	Percentage	Rupees	Percentage
Shares in listed companies	20,505,693	4.35%	123,054,608	31.65%
Investments in mutual funds	42,135,026	8.94%	25,290,736	6.50%
Certificate of investment and term deposits receipts	55,000,000	11.67%	-	0.00%
Cash at bank	353,778,660	75.05%	240,463,995	61.85%
	471,419,379	100.00%	388,809,339	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.

47 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2016	2015
Average number of employees during the year	8,957	9,067
Total number of employees as at 30 September	6,815	6,375

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 02 January 2017 by the Board of Directors of the Group.

49 NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company in its meeting held on 02 January 2017 has proposed a final cash dividend of Rs. 15.00 per share, for the year ended 30 September 2016, for approval of the members in the Annual General Meeting to be held on 31 January 2017.

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

27th 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 27th Annual General Meeting of the Company to be held at Summit Hall, Royal Palm, Golf & Country Club, 52–Canal Bank Road, Lahore on Tuesday, January 31, 2017 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, 2017

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 27واں (ستائیس واں) سالانہ اجلاسِ عام

فولیو/سی ڈی سی اکاؤنٹ نمبر: ______________

میں/ہم ________ ساکن ____

ضلع ____________ عام حصص مبلغ 10 روپے ہر ایک شئیر ، ____________ بحیثیت رُکن جے ڈی ڈبلیوشوگر ملز لمٹیڈ حامل ____________

مسمّی /مسماۃ ____________ ساکن ____________ کمپنی رکن بروئے رجسٹرڈ فولیو / سی ڈی سی اکاؤنٹ

نمبر ____________ یا اُس کی عدم موجودگی میں ____________ کو بطور مختار (پراکسی) مقرر کرتا/ کرتے ہیں تا کہ وہ میری/ہماری طرف سے کمپنی کے 27ویں سالانہ اجلاسِ عام بتاریخ 31 جنوری 2017ء بروز منگل بوقت صبح 9:30 بجے بمقام سمٹ ہال رائل پام گولف اینڈ کنٹری کلب 52 کنال بینک روڈ لاہور پر منعقد ہو رہا ہے اوراس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ جنوری ________ 2017 کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی
ریوینیو ٹکٹ
چسپاں کریں

ممبر کے دستخط

گواہان:

1- ______________	2- ______________
نام ______________	نام ______________
شناختی کارڈ نمبر: ______________	شناختی کارڈ نمبر: ______________
پتہ: ______________	پتہ: ______________

نوٹ:

پراکسی فارم کے موثر ہونے کیلئے 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۔

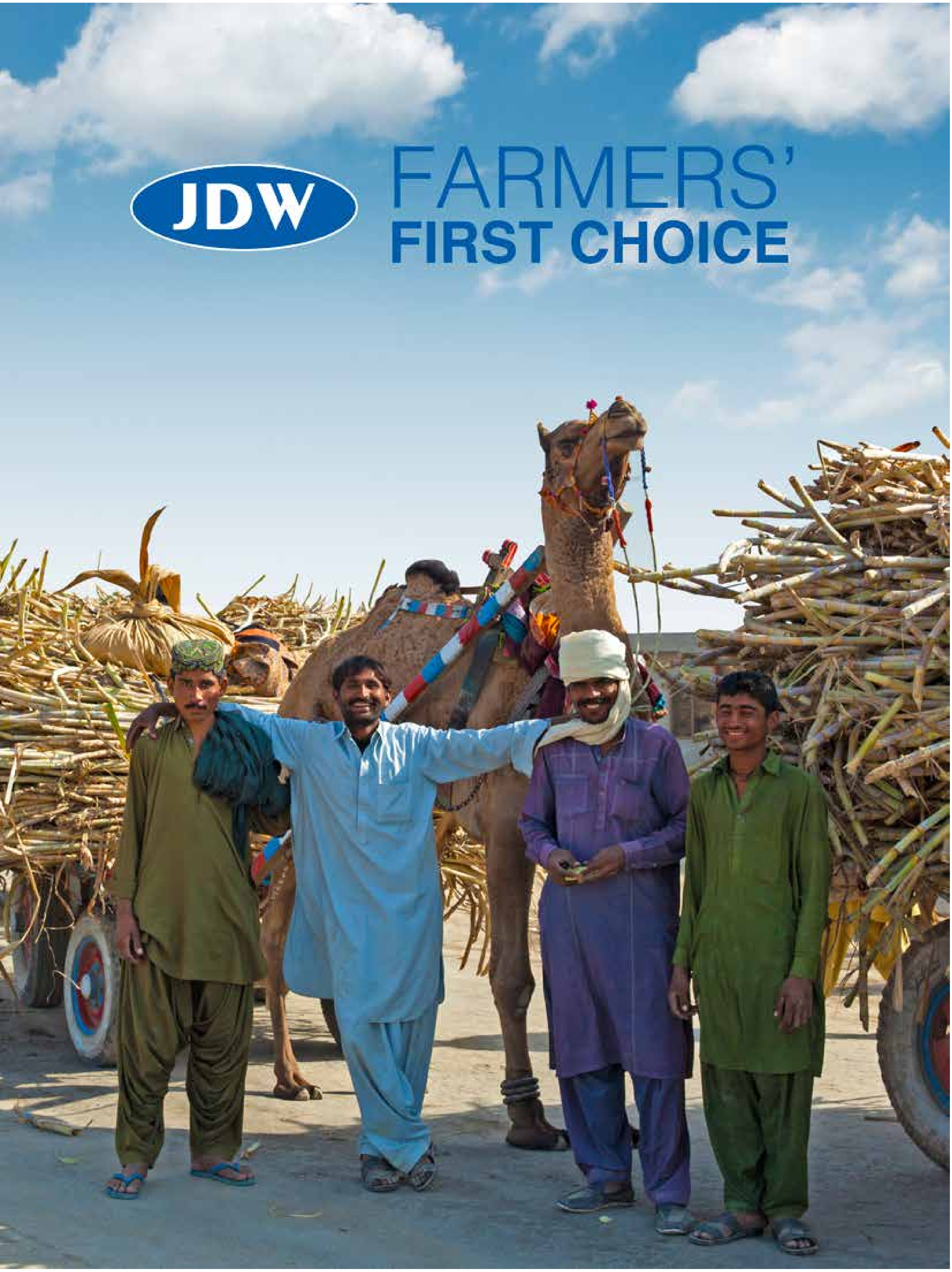
AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantt. Pakistan.


FARMERS'
FIRST CHOICE

Annual Report 2016

JDW Sugar Mills Limited

Head Office: 17-Abid Majeed Road,
Lahore Cantt, Pakistan.

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