Annual Report
for the year ended 30 September 2017

Continued Excellence

Corporate Social Responsibility

Innovative Farming

Bond with Growers

Community Empowerment

JDW Sugar Mills Limited

Continued Excellence...

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.

Key Figures 2017

50,100
Rs. in million
Gross Sales Revenue

2,275
Rs. in million
Profit Before Tax

1,613
Rs. in million
Profit After Tax

813
Thousand Tonnes
Sugar Production

42,246
Rs. in million
Total Assets

5,137
Rs. in million
Contribution to National Exchequer

A+/A-1
Single A plus / A-One
Rating 'JCR-VIS'

130
Percent (%)
Dividend Per Share

26.98
Rupees
Earnings Per Share

Contents

Company Review

Financial Statements

Corporate Information

Board Of Directors

Mr. Jahangir Khan Tareen
Director

Mukhdoom Syed Ahmed Mahmud
Director / Chairman

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. Qasim Hussain Safdar
Chairman / Member

Mrs. Samira Mahmud
Member

Mr. Ijaz Ahmed
Member

HR & R Committee

Mr. Ijaz Ahmed
Chairman / Member

Mrs. Samira Mahmud
Member

Mr. Asim Nisar Bajwa
Member / Secretary

Registrar

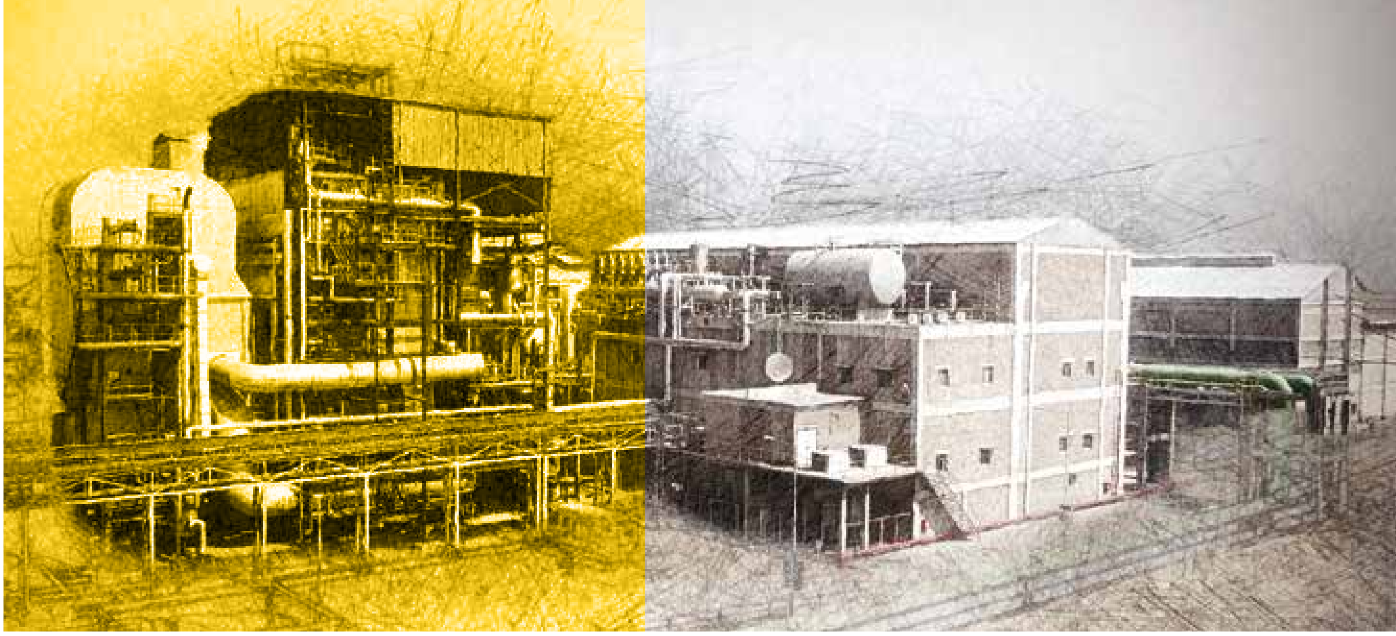
Corplink (Pvt.) Ltd.

Mills

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

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

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



Bankers

Conventional
Faysal Bank Limited
MCB Bank Limited
The Bank of Punjab
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Allied Bank Limited
United Bank Limited
Askari Bank Limited
Soneri Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited

Islamic
National Bank of Pakistan
Askari Bank Limited
Bank Alfalah Limited
MCB Islamic Bank Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
BankIslami (Pakistan) Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti

Registered Office

17-Abid Majeed Road,
Lahore Cantonment,
Lahore.

Web Presence

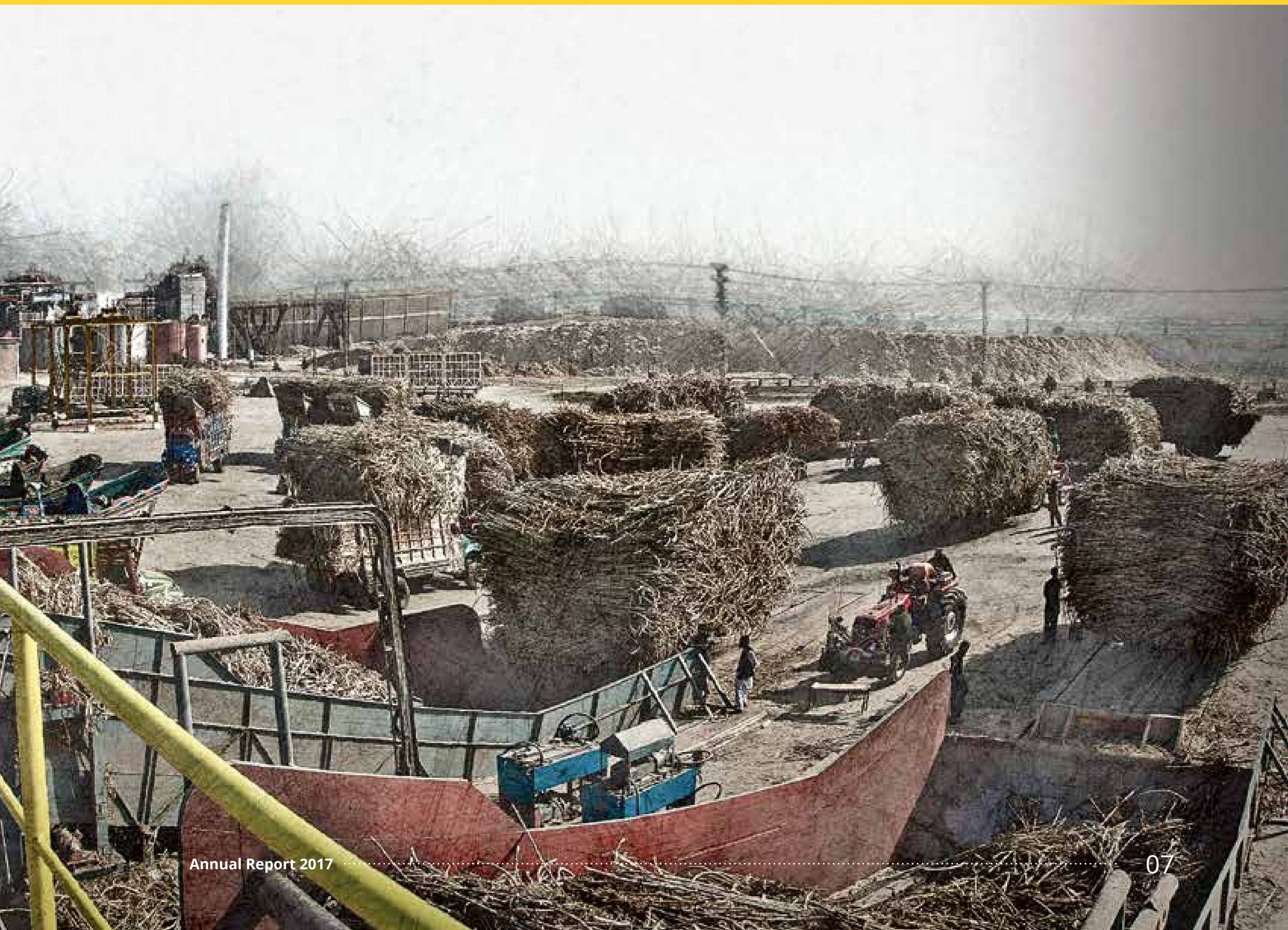
www.jdw-group.com

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 28th 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 **Sunday, January 28, 2018 at 9:30 a.m.,** to transact the following business:

Ordinary Business:

1. To confirm the minutes of last Annual General Meeting held on January 31, 2017.

2. To receive, consider and adopt the annual audited unconsolidated and consolidated financial information of the Company for the financial year ended on September 30, 2017 together with Directors' and Auditors' Reports thereon.

3. To approve payment of Final Cash Dividend @ Rs. 3.00 (30%) per share, as recommended by the Board of Directors on December 30, 2017 in addition to Interim Cash Dividend @ Rs. 10.00 (100%) per share paid in June 2017, totaling Rs. 13.00 (130%) for the year ended on September 30, 2017.

4. To appoint Auditors of the Company for the next financial year 2017-18 and to fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants, being eligible, have offered themselves for re-appointment as Auditors of the Company.

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

By Order of the Board

Lahore:
January 05, 2018

(Muhammad Rafique)
Company Secretary

Notes:

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

   The share transfer books of the company will remain closed from January 21, 2018 to January 28, 2018 (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 January 20, 2018 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 any person 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. Further, all shareholders are requested to provide their Bank Mandate Form/Details (available on Company's website i.e. www.jdw-group.com) to Company or Shares Registrar. Moreover, CDC shareholders are also requested to submit their complete bank mandate details to their investor account services or their brokers where shares are placed electronically.

7. Pursuant to Notification vide SRO.787(I)/2014 of September 08, 2014, we are pleased to offer facility of obtaining Annual Financial Statements and Notices through e-mail to our members. 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's website. 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, 2017 applicable from July 1, 2017, 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 filers of income tax return will be 15.00%

   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 @ 15.00% instead of 20.00%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website

Notice of Annual General Meeting

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 15.00%.

(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).

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 7 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. Pursuant to the Companies (E-Voting) Regulations, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment of Execution Officer by the Intermediary as a Proxy.

12. In compliance with Section 223(7) of the Companies Act, 2017 the audited financial statements of Company, along with relevant reports and disclosure for year ended on September 30, 2017 have been placed on the Company's website: www.jdw-group.com for the information and review of shareholders.

28ویں سالانہ اجلاسِ عام کی اطلاع

جے ڈی ڈبلیو شوگر ملز لمیٹڈ 17- عابد مجید روڈ، لاہور کینٹ، لاہور

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ (کمپنی) کا 28واں سالانہ اجلاس عام بروز اتوار مورخہ 28 جنوری 2018ء کو بوقت صبح 9:30 بجے بمقام سمٹ ہال، رائل پام، گولف اینڈ کنٹری کلب، 52- کینال بنک روڈ، لاہور میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور:

1. مورخہ 31 جنوری 2017ء کو منعقد ہونے والے کمپنی کے 27ویں سالانہ اجلاس عام کی کارروائی کی توثیق۔
2. سال مختتمہ 30 ستمبر 2017ء کیلئے کمپنی کے مجمند وغیر مجمد مالیاتی معلومات سے متعلق تصحیح شدہ حسابات کی وصولی، غوروخوض اوران پر ڈائریکٹران اور آڈیٹران کی رپورٹس کی منظوری۔
3. سال مختتمہ 30 ستمبر 2017ء کیلئے بورڈ آف ڈائریکٹرز کی جانب سے 30 دسمبر 2017ء کو سفارش کردہ حتمی نقد منافع منقسمہ بابت مبلغ-/03 روپے (30%) فی حصص بمعہ عبوری نقد منافع منقسمہ مبلغ-/10 روپے (100%) فی حصص جون 2017ء میں ادا کیا جاچکا ہے جس سے کل منافع سال مختتمہ 30 ستمبر 2017ء مبلغ-/13 روپے (130%) ہوگا، کی منظوری۔
4. سال 18-2017ء کیلئے کمپنی آڈیٹران کی تقرری اوران کے معاوضے کا تعین کرنا۔ میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سبکدوش ہورہے ہیں اور اہل ہونے کی بناء پر انہوں نے خود کو تقرری کیلئے پیش کیا ہے۔
5. چیئرمین صاحب کی اجازت سے دیگر امور پر کارروائی۔

بحکم بورڈ

مقام: لاہور

(محمد رفیق)

کمپنی سیکرٹری

تاریخ: 5 جنوری 2018ء

نوٹس:

1. کمپنی کی منتقلی حصص کی کتب مورخہ 21 جنوری 2018ء تا 28 جنوری 2018ء (بشمول ہر دو ایام) بند رہیں گی۔ ٹرانسفرز تا آنکہ مورخہ 20 جنوری 2018ء کمپنی کے دفتر یا شیئرز رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 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 آف پاکستان لمیٹڈ (سی ڈی سی) میں جمع کرا چکا ہو کو اجلاس میں شرکت کے وقت اپنا 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 ہوگا۔
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 پُر شدہ/ مکمل فارم 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 شیئر رجسٹرار، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن لاہور کے ہاں جمع کرائیں۔
6. مزید برآں، تمام حصص داران سے التماس ہے کہ کمپنی یا شیئر رجسٹرار کو اپنے بینک مینڈیٹ فارم/ تفصیلات (جو کہ کمپنی کی ویب سائٹ یعنی www.jdw-group.com پر دستیاب ہے) فراہم کریں۔ اس کے علاوہ، سی ڈی سی حصص داران سے بھی التماس ہے کہ اپنی مکمل بینک مینڈیٹ تفصیلات اپنے انویسٹر اکاؤنٹ سروسز یا اپنے بروکرز جہاں حصص الیکٹرونیکلی پڑے ہیں کو جمع کرائیں۔

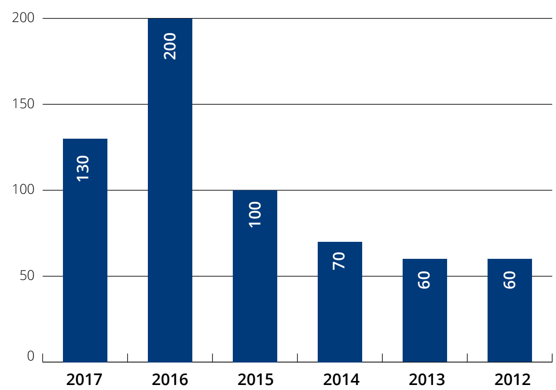
Operating Highlights

(Rupees in thousand)

Operating Results		2017	2016	2015	2014	2013	2012
Gross sales		50,100,349	40,122,718	34,982,617	32,327,134	28,516,197	24,491,645
Net sales		45,569,981	37,287,426	32,663,443	30,534,864	27,183,282	22,749,880
Cost of sales		40,676,689	30,832,944	27,797,896	27,306,099	23,981,411	20,387,895
Administrative and selling expenses		1,210,970	1,045,415	928,077	651,127	769,318	485,546
Interest expenses		1,665,294	1,660,106	2,241,797	1,880,761	1,118,578	1,334,999
Other expenses		149,375	1,696,594	680,314	63,028	137,650	119,204
Other income		(407,155)	(266,648)	(195,925)	(344,544)	(134,507)	(126,044)
Profit before taxation		2,274,807	2,319,016	1,211,285	978,394	1,310,832	548,281
Profit after taxation		1,612,568	2,033,932	1,517,250	979,706	924,523	687,275
Basic earnings per share	Rs.	26.98	34.03	25.38	16.39	15.47	11.52
Interim Dividend - cash	%	100	50	30	20	-	-
Final Dividend - cash	%	30	150	70	50	60	60
Total Dividend - cash	%	130	200	100	70	60	60

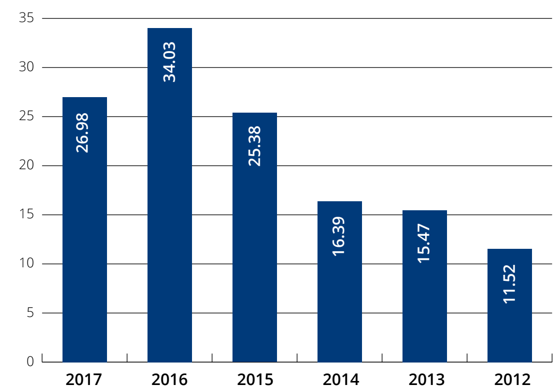
Dividend

(%age)



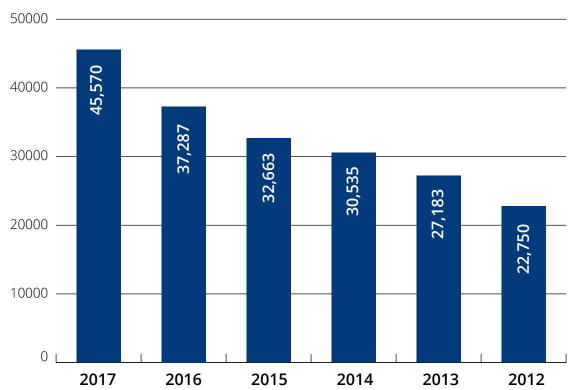
Earnings Per Share

(Rupees)



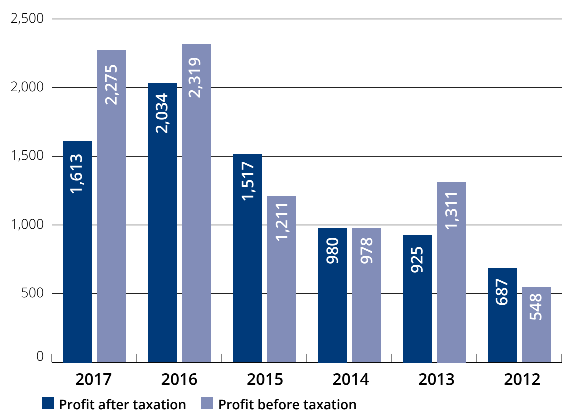
Net Sales

(Rs. in million)



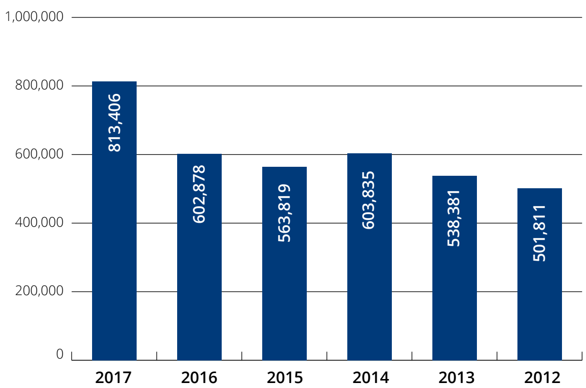
Profitability

(Rs. in million)



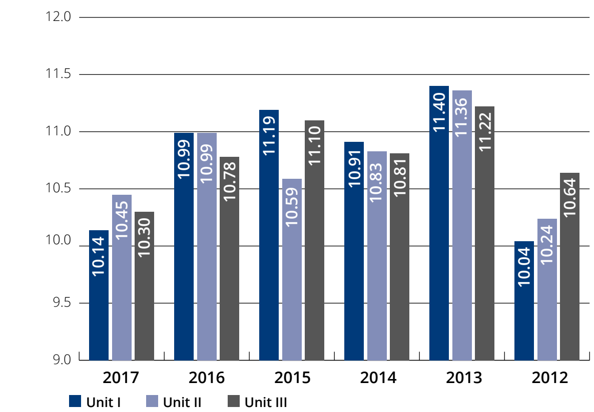
Sugar Production

(M. Tons)



Sucrose Recovery

(%age)



Production Data		2017	2016	2015	2014	2013	2012
Combined							
Sugar production	M.Tons	813,406	602,878	563,819	603,835	538,381	501,811
Sugar recovery	% age	10.27	10.94	11.02	10.86	11.35	10.22
Molasses production	M.Tons	339,129	224,961	206,334	238,253	188,540	213,687
Molasses recovery	% age	4.28	4.08	4.03	4.29	3.97	4.35
Unit - I							
Sugar production	M.Tons	357,733	280,418	277,155	312,746	289,147	272,226
Sugar recovery	% age	10.14	10.99	11.19	10.91	11.40	10.04
Molasses production	M.Tons	154,437	101,604	97,400	123,377	99,001	119,229
Molasses recovery	% age	4.38	3.98	3.93	4.30	3.90	4.40
Unit - II							
Sugar production	M.Tons	247,926	169,872	135,102	128,421	114,516	108,864
Sugar recovery	% age	10.45	10.99	10.59	10.83	11.36	10.24
Molasses production	M.Tons	101,620	68,207	54,841	52,304	41,384	44,783
Molasses recovery	% age	4.28	4.41	4.30	4.41	4.11	4.21
Unit - III							
Sugar production	M.Tons	207,747	152,588	151,562	162,668	134,718	120,721
Sugar recovery	% age	10.30	10.78	11.10	10.81	11.22	10.64
Molasses production	M.Tons	83,072	55,150	54,093	62,572	48,155	49,675
Molasses recovery	% age	4.12	3.90	3.96	4.16	4.01	4.38

Directors' Report

The Directors of the Company are pleased to present the Company's 28th Annual Report and Audited Accounts for the year ended 30th September 2017.

35%
higher sugar production

Overview

JDW Sugar Mills Limited ("the Company") was incorporated in Pakistan on 31 May 1990 as a private limited company and was subsequently converted into a public limited company on 24 August 1991. Shares of the Company are listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is production and sale of crystalline sugar, electricity and managing corporate farms.

Operating Results

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

Description	Units	2016-17				2015-16			
		JDW-I	JDW-II	JDW-III	Combined	JDW-I	JDW-II	JDW-III	Combined
Sugarcane Crushed	M.Tons	3,528,599	2,373,561	2,016,687	**7,918,847**	2,550,953	1,545,523	1,415,041	**5,511,517**
Sugar Production	M.Tons	357,733	247,926	207,747	**813,406**	280,418	169,872	152,588	**602,878**
Sucrose Recovery	%age	10.14	10.45	10.30	**10.27**	10.99	10.99	10.78	**10.94**
Molasses Production	M.Tons	154,437	101,620	83,072	**339,129**	101,604	68,207	55,150	**224,961**
Molasses Recovery	%age	4.38	4.28	4.12	**4.28**	3.98	4.41	3.90	**4.08**

The comments on above operating results are as under:

- Due to early start of crushing season, unfavorable weather conditions, massive early logging of sugarcane and sowing of unapproved varieties of sugarcane by some of the growers have resulted in reduction in the sucrose recovery. However, despite decrease in sucrose recovery company in an extended season of 170 days has achieved 44%

higher crushing and 35% higher sugar production as compared to last crushing season.

- Average sucrose recovery achieved this time was 67 bps lower than last crushing season because of reasons stated above. Average sucrose recovery achieved this time was 10.27% as compared to 10.94% achieved last year. However, molasses recovery has registered increase from 4.08% to 4.28%.

- JDW Units I & II were among the few mills who achieved sucrose recoveries above 10% in the province of Punjab. Sucrose recoveries achieved by other two group sugar units in Sindh province were also among top mills who achieved higher sucrose recoveries.

Deharki Sugar Mills being 100 % owned subsidiary of the Company has achieved the following operating results in its 6th year of its operation:

Operating Results – Subsidiary Company

		2016-17	2015-16
Sugarcane Crushed	M.Tons	1,950,674	1,462,632
Sugar Production	M.Tons	205,041	160,388
Sucrose Recovery	%age	10.51	10.97
Molasses Production	M.Tons	81,187	60,000
Molasses Recovery	%age	4.16	4.10

Financial Overview

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

(Rs. in million)

	30 Sep 17	30 Sep 16
Gross Sales	50,100	40,123
Net Sales	45,570	37,287
Operating Profit	3,940	3,979
Profit before Tax	2,275	2,319
Profit after Tax	1,613	2,034
Basic earnings per share	26.98	34.03

- The Company's gross turnover has increased by 25 % over last year whereas gross sales of Deharki Sugar Mills has dropped by 18 % to Rs. 8.4 billion due to carryover of more unsold sugar stocks into the next year. The aggregate sales volume has first time reached the level of Rs. 58 billion.

25%

increase in gross sales

- The Company has earned a pre-tax profit amounting to Rs. 2,275 million as against pre-tax profit of Rs.2,319 million earned last year showing a negligible decline of approx. 2% caused by drop in sale prices of sugar, molasses and bagasse in comparison to last year. Profit after tax and basic earnings per share have also decreased from Rs. 2,034 million to Rs. 1,613 million and Rs.34.03 to Rs. 26.98 respectively due to Rs. 377 million increase in certain current as well as deferred tax provisions.

- Financial cost of the Company is almost the same as was last year despite substantial increase in production volume and gross turnover of the Company which can be attributable to reduction in the mark up rates by the banks and on time servicing of long as well as short term debts. The Company has also saved costs on account of consumption of oil & lubricants and packing materials due to higher production volume.

- There has been normal annual increase in the Administration Expenses whereas decrease in Selling Expenses is mainly due to export of sugar on ex mills basis. Substantial decrease in Other Expenses is because of impairment of Rs. 1,526 million against investment in a subsidiary Company provided in the books of accounts last year.

- Owing to continuous improvement in the steam percentage to cane Company was able to save more bagasse for its power plants. Saved bagasse was more than our requirement of entire off season for both the co-generation plants, so instead of purchasing bagasse from the market

Directors' Report

company has sold extra bagasse and generated revenue therefrom. During period under review electricity sold to CPPA-G was for an amount of Rs. 4,117 million net of sales tax as against Rs. 3,885 million in the corresponding period. During the period under review co-generation plants on average basis were run for 331 days as against 305 days in the last year.

- Apart from sale of electricity from two co-generation plants Company is also selling power from its captive unit i.e., JDW I to MEPCO. Total revenue from sale of electricity net of sales tax under this arrangement during the year was Rs. 121 million (2015-16: Rs.80 million).

- On country basis sugar production has registered substantial increase from 5.1 million tons to 7.1 million tons i.e., 39 % surge. Due to higher sugar production in the country the Federal Government had allowed export of 725,000 tons of sugar without any export rebate in three tranches during the year. Sugar mills were able to export 504,997 tons against the allowed export quantity out of which the company on group basis had made export of 80,878 tons of sugar which represents approx. 16 % of the total sugar export. Later in September, 2017, the ECC allowed export of 500,000 tons of sugar with a freight support of Rs. 10.70/kg based on a cascading mechanism between the international price of US $ 376/MT as on 08 Sep 2017 and US $ 499/MT. Permission prior to this for quantity of 300,000 tons was replaced with 500,000 tons together with freight subsidy of Rs. 10.70/kg. The entire quantity of fresh permission with subsidy was booked for export during the month of November, 2017 but freight support announced by the Govt. is still being awaited by the sugar industry to ease out cash flows.

- There has been no improvement in the case of amount due from TDAP and disbursement of an aggregate inland freight subsidy of Rs. 306 million for JDWSML and DSML 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 sugarcane Rs. 180 per 40 kgs remained unchanged in the province of Punjab whereas Government of Sindh increased sugarcane support price from Rs. 172 to Rs. 182 per 40 kgs for the current crushing season.

- The balance sheet size of the company now is Rs. 42 billion and accumulated reserves are thirteen times of the paid up capital registering increase to Rs. 7.8 billion from Rs. 7.7 billion. Total equity & reserves have increased from Rs. 8.3 billion to Rs. 8.4 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 is making regular payment of dividend since 2000-01.

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. During the

year five more molasses tanks of the capacity of 15,000 tons each were added at all the three units of the company i.e., two at Unit I, one at Unit II and two 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. Our ultimate target on group basis for next few years is to finish the concept of storing molasses in the open pits.

- Even this crushing season our growers were happy with our consistent policy of making prompt payments. Growers' payment which was approx. Rs. 45 billion on group basis was released on timely basis throughout the crushing season and cane payments relating to last few days of the crushing season were completely paid off immediately after closure of the crushing season. The company has also financially supported it's growers by providing them agri loans in the form of seeds, fertilizers, pesticides and agri implements etc.

- During the year the Company has established two wholly owned subsidiary companies Ghotki Power (Private) Limited and Sadiqabad Power (Private) Limited (the Subsidiary Companies). The Subsidiary Companies were incorporated on 15 and 16 December 2016 respectively. The Board of Directors of the Company has approved investment in the Subsidiary Companies in their meeting held on 13 December 2016.

- In view of the improvement in financial results all financial covenants' have shown improvement such as current ratio and leverage ratio. The Company is fulfilling its financial obligations on time and enjoying cordial relationship with all the financial institutions it's dealing with.

Directors' Report

- The Pakistan Stock Exchange Limited (PSX) in its letter dated 28 December, 2017 has intimated us that on the basis of comprehensive criteria, which includes Dividend Payout, Capital Efficiency, Profitability, Free-float of shares, Transparency, Corporate Governance & Investors Relation, and Compliance with Listing of Companies & Securities Regulations has placed JDW Sugar Mills Limited (JDW) among "The Pakistan Stock Exchange Top 25 Companies for the year 2016. Our Company was ranked at serial 12 among top 25 companies at PSX. This is the 3rd time the Company has achieved this milestone which is a matter of pride for all of us.

- During the period under review, JDW has achieved another milestone by getting upgraded Ratings from JCR-VIS Credit Rating Company Limited. JCR-VIS on April 13, 2017 has upgraded the entity ratings of JDW Sugar Mills Limited (JDWSML) at 'A+/A-1' (Single A plus/A-One). Rating of the Company for TFC issues has also been upgraded to 'AA-' (Double A minus). Outlook on the assigned ratings is 'Stable'.

Dividend

The Board of Directors of the Company has announced 30% (Rs. 3 per share) final cash dividend. This is in addition to the already declared and paid interim 100% (Rs. 10 per share) cash dividend, thus making a total cash dividend to 130% (Rs. 13 per share) for the year ended 30 September 2017 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 as a matter of principle 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 Programme (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.

130%

Dividend

- 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 2017-18 was started on 29 November, 2017 for all the four sugar units and on group basis up to 29th December 2017, the company produced 213,233 tons of sugar with average sucrose recovery of 9.48%. Crop size this time seems higher than last crushing season despite reduction is yield per acre being experienced by the growers which would be only because of more area under sugar cane cultivation. Owing to more availability of sugar cane and improvement in sucrose recoveries it is expected that Company may achieve 10 to 15 % more sugar production this year as compared to last year. Expected production on country basis for 2017-18 is 7.5 million tons as against 7.1 million tons achieved last year.

- The minimum notified support price of sugar cane for crushing season 2017-18 is unchanged in Punjab and Sindh provinces at Rs. 180 per 40 kg & Rs. 182 per 40 kg respectively. Majority of the sugar mills in Punjab are purchasing sugar cane at around Rs. 150 with the reason that sugar prices in the market are not supporting the support price notified by the provincial governments. There is lot of distortion among mills located in Punjab and all possible malpractices are being followed by most of the Mills to get benefit from surplus supply of sugarcane and by causing massive losses to the growers. Growers are helpless and selling their sugarcane at through way prices. Govt. is trying to facilitate the sugar industry but all measures being taken are not working at all to reduce the miseries of sugar cane growers.

Honorable Sindh High Court in its order C.P.No.D-8666 of 2017 on Fixation Minimum Purchase Price of Sugarcane Rs.182 per 40kg has provided relief to the Mills in Sindh and reduced the rate from Rs. 182 to Rs. 172 per 40 kg from 23 December, 2017 for the crushing season 2017-18. For remaining Rs. 10/40 kg an undertaking has been obtained by the Court from the mills that they will pay to growers in case of adverse decision.

- In view of the expected higher sugar production in the country the Federal Govt. has allowed in December 2017 further export of 1,500,000 tons of sugar with freight support of Rs. 10.70/kg subject to the condition that the said amount of freight support will be given on a sliding scale between the international price of US$376/MT and $499/MT, i.e. once the price reaches at the level of $499/MT in international market, the State Bank of Pakistan would affect the stoppage of the freight support. Freight support will be shared by federal and provincial government on 50:50 basis. In current year so far the Company has made export of 37,670 tons of sugar and is committed to export more provided the process of release of freight support is speed up by SBP.

- Year under review was relatively a difficult year for the sugar industry due to surplus production, unfavourable sugar prices and no timely support from the Govt. to bailout the industry. Our Company, however, showed stable and consistent performance just because of higher sugar production, co-generation revenues, timely sale of major portion of sugar & molasses and continued consistent policies for availability of sugarcane through own farms. Imposition of 15% Regulatory Duty by the previous Government on export of molasses is causing loss of approx. Rs. 1,500 to Rs. 2,000 per ton of molasses at prevailing export price of molasses to each mill having no distillery set up which is discriminately and not giving level playing field. Abolishing of Regulatory Duty on export of molasses would help the sugar industry to get better prices of molasses.

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

Corporate and Financial Reporting Framework

The Company is in compliance with all requirements of corporate and financial reporting framework as enumerated in the Code of Corporate Governance and we conform that;

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

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

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

- International Financial Reporting Standards, as applicable in Pakistan 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.

- There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.

Directors' Report

- During the year 12 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	9
3.	Mrs. Samira Mahmud	9
4.	Ijaz Ahmed	12
5.	Raheal Masud	11
6.	Asim Nisar Bajwa	12
7.	Qasim Hussain Safdar	12

Directors who could not attend Board meetings due to their pre-occupations 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 & Remuneration Committee

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

Directors' Training Program

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

Value of Provident Fund & Gratuity Fund Investments

The Company operates a recognized provident fund scheme covering its eligible permanent employees. 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 30 June 2017 is aggregating to Rs. 495 million (2016: Rs. 417 million).

The Company also operates an approved funded Gratuity Fund Scheme covering its eligible permanent employees in accordance with Gratuity Fund Rules. The value of its investments as on 29 December 2017 was aggregating to Rs. 86 million.

Pattern of Shareholding

There were 1,168 shareholders of the Company as of 30 September 2017. A statement of pattern of shareholding is enclosed in this report.

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

National Exchequer

The Company contributed a sum of Rs. 5,137 million (2016: Rs. 3,168 Million) approximately to the national exchequer in the form of taxes & duties during the year under review.

Environmental Policy

The Company has a comprehensive policy that is in strict compliance with relevant environmental protocols.

Corporate Social Responsibility Activities

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 34 to 37.

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 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 debts.

Lahore:
30 December 2017 **Chief Executive** **Director**

ڈائریکٹرز رپورٹ

☆ ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔

☆ کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے بارے میں کسی بھی تاخیر کی ادائیگی یا ادائیگی سے گریز کا کوئی امکان نہیں ہے۔

☆ سال رواں کے دوران 12 بورڈ کی ملاقاتیں ہوئیں۔ جن کی تفصیلات اور حاضری کو مناسب طریقے میں مشتہر کیا جن کی حاضری کی تفصیل درج ذیل ہے۔

نمبر شمار	نام	تعداد میٹینگز
1	جہانگیر خان ترین	11
2	مخدوم سید احمد محمود	9
3	مسز سمیرا محمود	9
4	اعجاز احمد	12
5	راحیل مسعود	11
6	آصف نثار باجوہ	12
7	قاسم حسین صفدر	12

☆ وہ ڈائریکٹر جو میٹنگ سے پہلے کی مصروفیت کی بنا پر شامل نہیں اُن کی غیر حاضری کی چھٹی دی گئی۔

انسانی وسائل اور معاوضہ کمیٹی:

بورڈ نے کارپوریٹ گورنس کے ضمن میں انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔

ڈائریکٹرز کے تربیتی پروگرام:

کمپنی نے اپنے ڈائریکٹرز کیلئے تربیتی پروگرام منعقد کیے۔

پراویڈنٹ فنڈ اور گریجوٹی فنڈ کی سرمایہ کاری کی اہمیت:

کمپنی ایک تسلیم شدہ پراویڈنٹ فنڈ کے تحت اہل اور مستقل ملازمین کے لیے چلا رہی ہے۔ پراویڈنٹ فنڈ کے تحت آجر اور اجیر برابری کی بنیاد پر ماہانہ سرمایہ کاری کرتے ہیں۔ پراویڈنٹ فنڈ کے قواعد اور آڈٹ رپورٹ کے مطابق سرمایہ کاری کی قدر 2017 میں 495 ملین روپے ہے۔ جبکہ سال 2016 میں یہ رقم 417 ملین تھی۔

اس کے علاوہ کمپنی ایک گریجوٹی فنڈ سکیم چلا رہی ہے جس میں اس کے اہل اور مستقل ملازمین شامل ہیں۔ اسکی سرمایہ کاری کا حجم 29 دسمبر 2017 تک 86 ملین روپے تھا۔

پیٹرن آف شیر ہولڈنگ:

30 ستمبر 2017 میں 1,168 حصہ داران موجود تھے۔ جن کی علیحدہ سے تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹر CEO، CFO اور کمپنی سیکرٹری اور اُن کی بیویاں، نابالغ بچے کے حصص کی تفصیل رپورٹ کے ساتھ منسلک ہے۔

نیشنل ایکس چیکر:

کمپنی نے رواں سال میں ٹیکسز اور ڈیوٹی کی مد میں 5,137 ملین روپے جمع کروائے جبکہ سال 2016 میں 3,168 ملین جمع کروائے گئے۔

ماحولیاتی پالیسی:

کمپنی نے سال کے دوران ماحولیاتی تحفظ پر اپنی توجہ مرکوز رکھی۔

کارپوریٹ سماجی ذمہ داری:

کمپنی نے اپنی رواں سال کی سماجی ذمہ داریوں کا تذکرہ صفحہ نمبر 34 سے لیکر صفحہ نمبر 37 تک میں کیا ہے۔

آڈیٹر:

موجودہ آڈیٹر میسرز KPMG تاثیر ھادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ سبکدوش ہو رہے ہیں اور انھوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔

اظہار تشکر:

رواں سال کے منافع کے حصول کے پیشِ نظر بورڈ آف ڈائریکٹر اپنے تمام ورکر اور انتظامی سٹاف کی لگن اور انتھک محنت کا اعتراف کرتے ہیں۔ اور شکریہ ادا کرتے ہیں۔ کاشتکار ہماری انڈسٹری کا اہم عنصر ہیں اُن کی لگاتار تعاون کے شکرگذار ہیں اس کے علاوہ تمام مالیاتی ادارے، بنک، لیزنگ کمپنیاں کی مالی معاونت فراہم کرنے پر شکریہ ادا کرتے ہیں۔

چیف ایگزیکٹو   ڈائریکٹر   لاہور

30 دسمبر 2017

☆ سندھ اور پنجاب میں کم سے کم قیمت خرید گنا برائے سال 2017-18 گنے کی پسائی میں کوئی تبدیلی نہیں جو کہ بالترتیب 180 روپے فی 40 کلوگرام اور 182 روپے فی کلوگرام ہے۔ پنجاب کی بیشتر شوگر ملز لگ بھگ 150 روپے فی 40 کلوگرام کے حساب سے گنا خریدرہی ہیں جسکی وجہ یہ ہے کہ بازار میں ملنے والی چینی کی قیمت صوبائی حکومت کے مقررہ کردہ قیمت سے مطابقت نہیں رکھتی۔ گنے کی زیادہ مقدار ہونے کی وجہ سے پنجاب کی بیشتر ملز بددیانتی کے ساتھ کسانوں سے کم قیمت پر گنا خرید رہی ہیں جسکی وجہ سے اس معاملے میں آپس میں بدنظمی پائی جاتی ہے اور کسانوں کو بہت نقصان ہو رہا ہے۔ کسان بے یارو مددگار ہو کر گنا مختلف قیمتوں پر بیچنے پر مجبور ہیں۔ حکومت شوگر کی صنعت کو سہولت مہیا کرنے کیلئے تمام اقدامات کررہی ہے لیکن یہ اقدامات کسانوں کی ابترصورتحال کو بدلنے کیلئے مفید ثابت نہیں ہو رہے۔

☆ قابل احترام سندھ ہائیکورٹ نے اپنے حکم نامہ C.D.NO.D-8666 سال 2017 کے تحت بقیہ قیمت 40/10 کلوگرام کیلئے ملز سے حلف نامہ لیا ہے کہ وہ کسانوں کو دیں گے اگر فیصلہ مخالف آجائے قیمت خرید برائے گنا 182 روپے فی 40 کلوگرام مقرر کی ہے۔ اور مل مالکان کی امداد کے لیے 23 دسمبر 2017 سے 172 روپے فی 40 کلوگرام برائے سال 2017-18 مقرر کی ہے۔

☆ ملک میں چینی کی زائد متوقع پیداوار کے پیش نظر وفاقی حکومت نے دسمبر 2017 میں مزید 15 لاکھ ٹن چینی 10.70 روپے فی کلوگرام سبسڈی کے طور پر شوگر ملز کو برآمدگی کی اجازت دی ہے۔ بشرطیکہ بین القوامی چینی کی قیمت 376 ڈالر سے 499 ڈالر فی 100 کلوگرام ہو۔ اور بین القوامی چینی کی فروخت 499 ڈالر سے تجاوز ہونے کی صورت میں مرکزی بنک یہ سبسڈی روک دے گی۔ درآمدی کوٹہ جاری کرنے کے بعد مرکزی بنک بین الاقوامی قیمت کا حساب رکھے گا۔ اور سبسڈی کا تعین اس درآمدی کوٹے کے ساتھ کریگا جس کا وہ اہل ہو گا۔ سبسڈی مرکزی حکومت اور صوبائی حکومت میں برابر تقسیم ہو گی۔ موجودہ سال JDW نے اب تک برآمدی کوٹے کا 37,670 ٹن برآمد کر چکا ہے۔

☆ چینی کی صنعت کی اضافی پیداوار، چینی کی ناموافق قیمتوں اور صنعت کو مشکل حالات سے نکالنے کیلئے حکومت کا بروقت تعاون نا ہونے کی وجہ سے زیرے جائزہ سال چینی کی صنعت کیلئے ایک مشکل سال تھا۔ تاہم ہماری کمپنی نے چینی کی اضافی پیداوار، بجلی کی پیداوار سے آمدنی، چینی اور راب کے بڑے حصے کی بروقت فروخت، اپنے کھیتوں سے گنے کی لگاتار فراہمی اور مستقل پالیسیوں کی وجہ سے مستحکم اور مسلسل کارکردگی کا مظاہرہ کیا۔ پچھلی حکومت کی طرف سے راب کی برآمد پر 15% ریگولیٹری ڈیوٹی کے نفاذ کی وجہ سے جو کہ ان صنعتوں کے لیے تھا جن کے پاس ڈسٹلری کی سہولت موجود نہیں، تقریباً 1,500 روپے سے 2,000 روپے فی ٹن کی موجودہ برآمدی قیمت، نقصان کی وجہ بن رہی ہے جو کہ غیر منصفانہ ہے اور برابری کی سطح کے مطابق نہیں۔ راب کی برآمد پر ریگولیٹری ڈیوٹی کے ختم کرنے سے چینی کی صنعت کو راب کی بہتر قیمت مل سکتی ہے۔

☆ مسلسل اچھی کارکردگی کو برقرار رکھنے کے سلسلے میں ہم ذیلی مصنوعات کی بہتری، مصنوعات کو بنانے کے طریقے میں بہتری، مزید پھوک کی بچت، بجلی کی پیداوار میں اضافہ اور مالی اخراجات میں کمی میں توجہ دے رہے ہیں۔

کارپوریٹ اور مالیاتی جائزے کا نظام:

کمپنی کا کارپوریٹ اور مالیاتی جائزے کا نظام مطلوبہ معیار کے مطابق ہے جیسا کہ کارپوریٹ گورننس کے کوڈ میں درج ہے اور ہم اس کی تصدیق کرتے ہیں کہ:

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے شفاف طریقے سے معاملات میں اس کی حیثیت' اس کے طریق کار کے نتائج' پیسے کا بہاؤ اور حصص کی مالیت میں تبدیلی کو ظاہر کرتے ہیں۔

☆ کمپنی کی جانب سے اکاؤنٹس کی باقاعدہ بکس تیار کی جاتی ہیں۔

☆ موزوں اکاؤنٹنگ پالیسیوں کو مالیاتی گوشواروں کی تیاری میں مستقل بنیادوں پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں۔

☆ کمپنی کے آگے بڑھتے رہنے کی اہلیت میں کوئی خاطر خواہ شک وشبہ نہیں ہے۔

☆ کارپوریٹ گورنس کے طے کردہ ریگولیشنز سے کوئی انحراف نہیں کیا گیا۔

☆ بین الاقوامی مالیاتی جائزوں کے معیار جیسا کہ پاکستان میں قابل اطلاق ہیں کو مالیاتی گوشواروں کی تیاری کے لیے لاگو کیا گیا ہے اور ان سے کسی قسم کے انحراف کو مناسب طور پر افشا اور اس کی وضاحت کی گئی ہے۔

☆ اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابل بھروسہ ہے اور مؤثر طور پر نافذ العمل اور زیرنگرانی ہے۔

☆ کمپنی کی صلاحیت کے بارے میں اس حوالے سے کوئی شبہ نہیں کہ یہ چلتا ہوا کاروباری ادارہ ہے۔

☆ گزشتہ چھ (06) سالوں کے لیے بنیادی آپریٹنگ اور مالیاتی تفصیل لف ہے

ڈائریکٹرز رپورٹ

JDW-1 میں اور ایک JDW-2 اور دو JDW-3 میں لگائے گئے۔ان راب ٹینک میں سرمایہ کاری کی وجہ سے کمپنی کچھ مقدار گرمیوں کے موسم میں بھی راب کو ذخیرہ کر سکتی ہے اور اس ذخیرہ کو جولائی سے اکتوبر کے مہینوں کے درمیان فروخت کر سکتی ہے کیونکہ اس موسم میں باقی مہینوں کی نسبت قیمت فروخت زیادہ ہوتی ہے۔اگلے آنے والے چند سالوں میں ہمارے گروپ کا ہدف ہے کہ ہم راب کو کھلے ٹینک تلے ذخیرہ کرنا ختم کر دینگے۔

☆ اس سال بھی گنے کی پسائی میں ہمارے کسان ہماری مسلسل اور جاری پالیسی برائے فوری ادائیگی کی وجہ سے خوش ہیں۔پورے گروپ کی تقریباً 45ارب روپے کی ادائیگی پورے سیزن میں بروقت کی گئی جبکہ آخری کچھ دنوں کی ادائیگی مکمل طور پر پسائی کے سیزن کے فوراً بعد کر دی گئی۔کمپنی اس کے علاوہ امداد کی صورت میں کسانوں کو مالیاتی قرضے، بیج ،ادویات اور زرعی آلات بھی فراہم کیے۔

☆ سال رواں کے دوران کمپنی نے دو کلی طور پر ذاتی ذیلی کمپنیاں گھوٹکی پاور پرائیوٹ لمیٹڈ صادق آباد پاور لمیٹڈ کمپنی قائم کی۔بالترتیب 15اور 16 دسمبر 2016 کو رجسٹرڈ کی گئیں۔کمپنی کے بورڈ آف ڈائریکٹرز نے ان ذیلی کمپنیوں میں سرمایہ کاری کی اجازت اپنے اجلاس منعقدہ 13 دسمبر 2016 کو دی۔

☆ مالیاتی نتائج میں بہتری کی وجہ سے مالیاتی اشارے میں جو کہ واضح طور پر جاری تناسب اور فائدہ اٹھانے کے تناسب میں بہتری واقع ہوئی۔کمپنی مالیاتی اداروں کے مالیاتی معاہدے پورے کر رہی ہے اور ان اداروں سے اچھے تعلقات قائم ہیں۔

☆ حال ہی میں پاکستان سٹاک ایکسچینج لمیٹڈ (PSX) نے اپنے خط مورخہ 28 دسمبر 2017 کے ذریعے ہمیں اطلاع دی کہ مناسب معیار، منافع کی تقسیم، سرمایہ کاری کی کارکردگی، منافع بخش حصص کی آزادانہ خرید و فروخت، شفافیت، مخیّرانہ سرگرمیاں اور منظور شدہ کمپنیوں اور سیکورٹی ایکسچینج کمپنی نے JDW گروپ کو پہلی 25 بہترین کمپنیوں میں شمار کیا ہے، جس میں ہمارا نام 12 نمبر پر ہے۔یہ تیسری دفعہ ہے کہ کمپنی نے یہ سنگ میل حاصل کیا ہے۔جو ہمارے لیئے فخر کا باعث ہے۔

☆ زیر جائزہ مدت کے دوران JDW نے ایک اور سنگ میل عبور کیا جو کہ درجہ بندی میں بہتری ہے۔جو کہ JCR-VIS کریڈٹ ریٹنگ کی مطابقت کمپنی نے اپریل 2013 سے 2017 کو ادارے کی درجہ بندی کو A-1 / A+ (A+ Single A-One/) کمپنی کی درجہ بندی برائے TFC ایشو بھی اپ گریڈ کیا گیا۔جو کہ AA- اور (AA-) پچھلی درجہ بندی پر لفظ نقطہ نظر پر مستحکم ہے۔

منافع بخش:

بورڈ آف ڈائریکٹر نے 30% حصہ (Rs. 3/) نقد منافع کے حساب سے اعلان کیا ہے۔یہ پہلے ہی اعلان شدہ اور ادا شدہ عبوری نقد منافع 100 فیصد (Rs.) 10/ کے مجموعے کے علاوہ ہے۔جو کہ 130 فیصد (Rs. 13/) فی حصہ برائے سال 30 ستمبر 2017 حصہ داران کی منظوری کے تحت ہے۔

کاشتکاروں کے ساتھ تعلقات:

کمپنی کاشتکاروں کے ساتھ خوشگوار تعلقات قائم رکھتی ہے اور کسانوں کو اپنی ریڑھ کی ہڈی تصور کرتی ہے۔ان تعلقات کو مزید مظبوط کرنے کے لیئے مندرجہ ذیل ترجیحات اختیار کی گئیں۔

☆ متواتر طور پر گنے کی خرید کی بروقت ادائیگی کی پالیسی پر قائم رہنا۔

☆ کسانوں کی مالی ضروریات پورا کرنے کے لیئے کمپنی کی طرف سے مالی معاونت مختلف اداروں اور بنک اور قومی دیہی حمایت پروگرام شامل ہے۔سال رواں کی زیر جائزہ رپورٹ میں کافی بڑی رقم زرعی قرض کی مد میں نقد رقم، بیج، زرعی آلات، ٹربائن، ٹیوب ویل، کھاد، اور کرم کش ادویات شامل ہیں۔

☆ کسانوں کو جدید زرعی آلات کم قیمت پر آسان اقساط میں فراہمی ہے۔

☆ تکنیکی مہارت میں بڑھوتی کے لیئے مختلف مشاورتی پروگرام ہیں

☆ نیز کوالٹی اور بہتر پیداواری صلاحیت سے فی ایکڑ پیداوار میں اضافہ شامل ہے۔

مستقبل کا جائزہ:

چاروں یونٹ میں سال 18-2017 کے گنے کے پسائی کا آغاز 29 نومبر 2017 سے ہو چکا ہے اور 29 دسمبر 2017 کی بنیاد پر 9.48 فیصد ریکوری سے 213,233 ٹن پیداوار حاصل کی۔اس دفعہ گنے کی فصل پچھلے سال کی نسبت زیادہ ہے۔حالانکہ پیداوار فی ایکٹر کے حساب سے کم تھی لیکن یہ صرف اس لیے تھا کہ مزید رقبے پر گنا کاشت کیا گیا گنے کی اضافی مقدار میں موجودگی اور پیداواری تناسب میں اضافے کی وجہ سے اس بات کا امکان ہے کہ پچھلے سال کی نسبت اس سال کمپنی 10% سے زیادہ پیداوار حاصل کر یگی متوقع طور پر سال 18-2017 نے ملکی پیداوار 7.5 ملین ٹن ہے جو کہ پچھلے سال 7.1 ملین ٹن تھی۔

کمپنی کی مجموعی فروخت 25% بڑھی جبکہ ڈہر کی شوگر مل کی مجموعی فروخت میں 18% کمی کے ساتھ 8.40ارب روپے رہی۔جبکہ مجموعی فروخت نے پہلی دفعہ 58ارب روپے کا سنگ میل عبور کیا۔

کمپنی کا قبل از ٹیکس منافع اس سال 2.275ارب روپے جبکہ پچھلے سال 2.319ارب روپے تھا اس 2 فیصد معمولی کمی کی وجہ، چینی کی قیمت فروخت میں کمی اور پیداواری لاگت میں اضافہ ہے۔

منافع بعد از ٹیکس اور بنیادی کمائی فی حصہ 2.034 ارب سے کم ہوکر 1.613 ارب اور 34.03 سے کم ہوکر 26.98 روپے ہوئی جسکی وجہ کرنٹ اور ڈیفرڈ ٹیکس کی رقم میں 377 ملین روپے کا اضافہ ہے

☆ کمپنی کے مالیاتی اخراجات پچھلے سال جیسے ہی ہیں باوجود اسکے کہ مجموعی پیداواری تناسب میں اضافہ ہوا جسکی بنیادی وجہ شرح سُود میں کمی اور طویل مدتی قرض اور لیز کی ادائیگی اور مقابلتاً چینی کی اضافی فروخت ہے۔ہم نے اس سال تیل اور پیکنگ کے سامان کی لاگت میں بچت کی ہے۔

☆ انتظامی اخراجات میں اضافہ معمول کے مطابق ہے۔جبکہ فروختگی اخراجات میں کمی کی وجہ چینی کی برآمدی اخراجات میں کمی ہے۔دوسرے اخراجات میں بنیادی کمی کی وجہ ذیلی کمپنی کا نقصان (Impairment loss) جو کہ 1.526ارب روپے ہے پچھلے سال کے کھاتوں میں ریکارڈ کی گئی تھی۔

☆ بھاپ کے استعمال کا تناسب کی مسلسل بہتری کی وجہ سے ہم پھوک (Bagasse) بچانے میں کامیاب رہے جو کہ بجلی کے پیداواری یونٹ میں استعمال ہوگی۔پھوک کی اضافی بچت کی وجہ سے نہ صرف ہم پورا سال بجلی کی پیداوار بنانے میں اور اضافی بگاس فروخت کرنے میں کامیاب رہے۔سال رواں کے تناظر میں بجلی کی فروختگی سی۔پی۔پی۔اے۔جی کو 4,117 ملین خالص فروختگی جبکہ پچھلے سال 3,885 ملین روپے رہی۔موجودہ زیرہ جائزہ بجلی بنانے اور اوسط پیداواری دن 331 جبکہ پچھلے سال 305 دن تھے۔

☆ بجلی کے دونوں پیداواری یونٹ کے علاوہ کیپٹو یونٹ JDW-1 سے بجلی 121 ملین روپے کی سال 2016-17 میں MEPCO کو فروخت کی ۔جبکہ 2015-16 میں 80 ملین روپے کی فروخت کی گئی۔

☆ اس سال ملکی سطح پر چینی کی پیداوار میں خاطرخواہ اضافہ 7.1 ملین ٹن ہوا جبکہ پچھلے سال 5.1 ملین ٹن تھا۔ چینی کی اضافی پیدوار کی وجہ سے وفاقی حکومت نے 725,000 ٹن چینی بغیر کسی برآمدگی ریبیٹ کے تین قسطوں میں اجازت دی گئی۔ملکی سطح پر چینی کی پیداواری کمپنیوں نے برآمدگی کوٹے کا 504,997 چینی برآمد کی جس میں ہمارے گروپ کا حصہ 80,878 ٹن تھا جو کہ ٹوٹل برآمدگی کا 16 فیصد تھی۔بعد از ستمبر 2017 میں ای سی سی نے 10.70 فی کلو ترسیلی کرائے میں تعاون کے ساتھ 500,000 ٹن چینی کی برآمدگی کی اجازت دی جو کہ بین الاقوامی قیمت 376 امریکن ڈالر فی میٹرک ٹن سے لے کر 499 امریکن ڈالر فی میٹرک ٹن کے مقرر کردہ طریقے کار کے مطابق تھی۔اس سے قبل 300,000 ٹن چینی برآمدگی کی اجازت کو 500,000 ٹن برآمد کی اجازت بمعہ ترسیلی کرائے میں 10.70 روپے فی کلو کی رعائیت کے ساتھ تبدیل کیا گیا۔موجودہ اجازت کے مطابق کل مقدار کو نومبر 2017 میں ریکارڈ کیا لیکن حکومت کی جانب سے کرائے میں دی جانے والی رعائیت کیلئے چینی کی صنعت منتظر ہے تاکہ وہ مالی معاملات میں آسانی لاسکیں اور یہ کسی بھی شوگر ملز کی طرف سے برآمد کی جانے والی سب سے زیادہ مقدار تھی۔

☆ JDW اور DSM کو Inland Freight Subisdy (IFS) کی مد میں 306 ملین روپے TDAP کی طرف سے ابھی تک واجب الادا ہے اور اس میں ابھی تک کوئی بہتری نہیں آئی۔کمپنی نے اس سلسلے میں تمام قانونی تقاضے اور دستاویزات مکمل کیں TDAP جبکہ کچھ کیسز میں TDAP کی طرف سے بنکوں کو واضح احکامات برائے ادائیگی ملنے کے باوجود ابھی تک کوئی پیسہ نہیں مل سکا۔IFS کی مد میں رقم کتابوں میں وصول ہونے کے بعد ریکارڈ کی جائے گی۔

☆ پنجاب میں گنے کی امدادی قیمت خرید 180 روپے فی 40 کلوگرام میں کوئی تبدیلی نہیں ہوئی تھی۔جبکہ سندھ گورنمنٹ نے گنے کی خرید کی قیمت 172 سے بڑھا کر 182 روپے فی 40 کلوگرام مقرر کی تھی۔

☆ بیلینس شیٹ کا حجم 42 ارب روپے اور جمع شدہ ریزرو ادا شدہ سرمائے کا 13 گنا ہیں۔جو 7.7 ارب روپے سے بڑھ کر 8.7 ارب روپے ہو گئے ہیں۔مجموعی ریزورز میں اور مجموعی سرمایہ 8.3 ارب روپے سے بڑھ کر 8.4 ارب روپے ہو گئے ہیں۔اگر آپ کمپنی کے منافع کی تقسیم کا تقابلی جائزہ لیں تو ماسوائے 2006-07 کے علاوہ کمپنی 2000-01 لگاتار منافع کی تقسیم کر رہی ہے۔

دیگر دلچسپی کے اشارے کا خلاصہ:

کمپنی اس بات کا جائزہ لے رہی ہے کہ راب کے ذخیرے کو بڑھایا جائے اور بجائے کُھلے ٹینک کے اس کو لوہے کے ڈھانچے میں ذخیرہ کیا جائے۔موجودہ سال 15,000 ٹن کے پانچ ٹینک کا موجودہ تینوں یونٹوں میں اضافہ کیا گیا۔جس میں سے دو

ڈائریکٹرز رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 28ویں رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2017 پیش کرتے ہیں۔

جائزہ

JDW شوگر ملز 31 مئی 1990 میں بطور پرائیوٹ لمیٹڈ کمپنی قائم کی گئی۔ جسکو 24 اگست 1991 میں پبلک لمیٹڈ کمپنی میں تبدیل کر دیا گیا۔ کمپنی کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ کی لسٹ میں شامل ہیں۔ کمپنی کا بنیادی کام چینی اور بجلی کی پیداوار و فروخت اور کارپوریٹ فارمنگ ہے۔

آپریٹنگ نتائج

سال رواں کے کمپنی کے آپریٹنگ مالیاتی نتائج مختصراً نیچے موجود ہیں۔

		2016-2017				2015-2016			
		JDW-1	JDW-2	JDW-3	مجموعہ	JDW-1	JDW-2	JDW-3	مجموعہ
گنے کی کرشنگ (پسائی)	میٹرک ٹن	3,528,599	2,373,561	2,016,687	**7,918,847**	2,550,953	1,545,523	1,415,041	**5,511,517**
چینی کی پیداوار	میٹرک ٹن	357,733	247,926	207,747	**813,406**	280,418	169,872	152,588	**602,878**
چینی کی پیداواری تناسب	فیصد %	10.14	10.45	10.30	**10.27**	10.99	10.99	10.78	**10.94**
راب کی پیداوار	میٹرک ٹن	154,437	101,620	83,072	**339,129**	101,604	68,207	55,150	**224,961**
راب کی پیداواری تناسب	فیصد %	4.38	4.28	4.12	**4.28**	3.98	4.41	3.90	**4.08**

اوپر موجود نتائج کا جائزہ حسب ذیل ہے:

وقت سے پہلے گنے کی پسائی، ناموافق موسمی صورتحال، بڑے پیمانے پر گنے کی گراوٹ اور اور کچھ کاشتکاروں کی طرف سے غیر معیاری گنے کی بجائی کی وجہ سے چینی کی پیداواری تناسب میں کمی واقع ہوئی۔ چینی کی پیداواری تناسب میں کمی کے باوجود کمپنی نے پچھلے سال کے مقابلے میں 44% یادہ پسائی کی اور 35% زیادہ چینی کی پیداوار حاصل کی۔

اوپر بیان کی گئی وجوہات کی بناء پر چینی کی پیداواری تناسب میں 67 بی پی ایس کمی واقع ہوئی۔ اس دفعہ چینی کی پیداواری تناسب 10.27% ہے جبکہ اس کے مقابلے میں پچھلے سال 10.94% فیصد حاصل کیا گیا۔ بہر حال راب کی پیداواری تناسب 4.08% سے بڑھ کر 4.28% تک اضافہ رجسٹرڈ ہوا۔

جے۔ڈی۔ڈبلیو کے یونٹ I اور یونٹ II صوبہ پنجاب میں اُن چند شوگر ملز میں شامل ہیں جنہوں نے پیداواری تناسب 10% سے زیادہ حاصل کی۔ جبکہ بقایا دو گروپ یونٹس بھی صوبہ سندھ کی سب سے بہتر پیداواری تناسب والی شوگر ملز میں شامل ہیں۔

ڈہرکی شوگر ملز جو کہ اسکی 100 فیصد ذیلی ملکیت ہے اسکی چھٹی سالانہ کارکردگی کے نتائج نیچے موجود ہیں۔

ذیلی کمپنی کے آپریٹنگ نتائج:

		2016-17	2015-16
گنے کی پسائی	میٹرک ٹن	1,950,674	1,462,632
چینی کی پیداوار	میٹرک ٹن	205,041	160,388
چینی کی پیداواری تناسب	فیصد%	10.51	10.97
راب کی پیداوار	میٹرک ٹن	81,187	60,000
راب کی پیداواری تناسب	فیصد%	4.16	4.10

مالیاتی جائزہ:

کمپنی کے نتائج مندرجہ ذیل ہیں

(ملین روپے)

	30 ستمبر 2017	30 ستمبر 2016
مجموعی فروخت	50,100	40,123
خالص فروخت	45,570	37,287
کارکردگی منافع	3,940	3,979
قبل از ٹیکس منافع	2,275	2,319
بعد از ٹیکس منافع	1,613	2,034
فی حصہ آمدنی	26.98	34.03

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	30–09–2017

4. No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
310	1	100	9,178
396	101	500	123,729
89	501	1,000	69,838
291	1,001	5,000	482,756
18	5,001	10,000	127,065
13	10,001	15,000	168,599
6	15,001	20,000	114,947
4	20,001	25,000	97,623
4	25,001	30,000	112,606
2	30,001	35,000	63,578
1	35,001	40,000	37,211
1	40,001	45,000	41,203
3	45,001	50,000	143,122
1	55,001	60,000	56,311
2	60,001	65,000	126,927
1	70,001	75,000	70,150
2	75,001	80,000	156,540
1	105,001	110,000	105,600
2	110,001	115,000	229,551
1	115,001	120,000	117,407
1	165,001	170,000	167,327
1	190,001	195,000	192,548
1	345,001	350,000	348,494
1	530,001	535,000	533,223
1	650,001	655,000	651,864
1	775,001	780,000	775,378
1	795,001	800,000	800,000
1	905,001	910,000	906,873
1	1,425,001	1,430,000	1,430,000
1	1,495,001	1,500,000	1,500,000
1	1,940,001	1,945,000	1,943,281
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	6,705,001	6,710,000	6,706,988
1	11,095,001	11,100,000	11,099,012
1	15,600,001	15,605,000	15,603,932
1,168			**59,776,661**

5.	Categories of shareholders		Shares Held	Percentage
	5.1	Directors, Chief Executive Officer, and their spouse and minor childern	31,588,575	52.8443%
	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	11,950	0.0200%
	5.7	Shareholders holding 10% and more	36,783,213	61.5344%
	5.8	General Public		
		a. Local	22,762,403	38.0791%
		b. Foreign	-	0.0000%
	5.9	Others (to be specified)		
		Joint Stock Companies	2,343,380	3.9202%
		Investment Companies	2,085	0.0035%
		Foreign Companies	2,998,545	5.0162%
		Others	1,119	0.0019%

6.	Signature of Company Secretary	
7.	Name of Signatory	Muhammad Rafique
8.	Designation	Company Secretary
9.	CNIC Number	35201-3029372-5
10.	Date	30-09-2017

Categories of Shareholding

AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG) AS ON SEPTEMBER 30, 2017

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	5,850	0.0098%
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	MR. JAHANGIR KHAN TAREEN	13,042,293	21.8184%
2	MUKHDOOM SYED AHMED MAHMUD	15,603,932	26.1037%
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:		4,462,381	7.4651%
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	13,042,293	21.8184%
2	MUKHDOOM SYED AHMED MAHMUD	15,603,932	26.1037%
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	(90,000)	233,432	(2,010,000)
2	MUKHDOOM SYED AHMED MAHMUD	90,000	2,010,000	-
3	MR. MUHAMMAD RAFIQUE	(800,000)	150,000	-


CMD
CMD

High Pressure Co-Generation Power Plants

2017, 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 resource is undoubtedly the backbone of our industry business. With sound farming knowledge, distinctive agronomic strategies and modern machinery, our people help 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;
- Hot water treatment facility;
- Disease free Seed Screening Programme;
- Transfer of technology;
- Application of GIS (Computerized Geographic Information System); 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 equipments 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 140 HP tractors with hydraulic tilting blade to make drains;
- CNH 140 HP tractors for Zonal Ripper;
- Gypsum spreaders;
- Inter row herbicide sprayers;
- 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 sugarcane 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, sugarcane 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.

Production of disease free seed for corporate farms and local growers.

Production of certified seed (Disease free seed playing vital role in sugar industry).

Recent tests revealed ratoon stunting RSD and White leaf disease WLD is found common in commercial cultivars of the area. In this scenario seed certification is important to keep sustain cane production through these locally adopted cultivars.

Hot Water Treatment (HWT) Facility

Hot water treatment is primarily required to ensure disease free seed for farms. Small portable HWT plant was setup in 2014 under crop improvement (R&D), new portable setup was imported last year and HWT started in 2016-17.Fixed hot water treatment plants of bigger capacity is now constructed at unit 1 and unit 4. These plants will start HWT operation in the season 2017-18.

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 systemic and strategic intervention for agriculture productivity enhancement. This program is a truly multi-stakeholder project as it involves partnership between farming communities, the private sector (JDW Sugar Mills Ltd.) and a non-profit organization (National Rural Support Programme). Its need was felt when the statistics of the region showed the declining trends in the acreage of sugarcane. The declining trend was attributed to poor seed quality, low yields, nonscientific agronomic practices, lack of access to credit and delayed payment to small growers by the Mills which discouraged the small farmers and growers. Therefore, SPEP was initiated as a joint venture between NRSP and the JDW Sugar Mills with the objective to double the production of sugarcane of 10,000 small farmers living in designated Union Council around the JDW Sugar Mills in Rahim Yar Khan. 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. The SPEP program had a significant positive impact on total household income, farm income, sugarcane income and household expenditures.

With continued support from JDW Sugar Mills, NRSP expanded its operation in 58 union councils. The number of active COs grew in 2016-17 to 7,346 with a membership of 85,362 farmers. The main features of the SPEP include:

Increase income of poor rural people by increase in per acre yield of sugarcane, through:

- Improvement in production technology
- Resource use efficiency
- Need based support (credit, agri-machinary, inputs, seed etc.)
- 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 Sugar Mills provide services through direct advice in COs meetings, published literature and farm visits.
- Credit facility from JDW Sugar Mills and NRSP for purchase of seed and other agricultural inputs on guarantee of the COs.
- Small farmers have access to new seeds, pesticides, farm machinery provided by JDW Sugar Mills on credit at subsidized rates.

NRSP has distributed loan of Rs. 1,827.2 million in the year 2016-17 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 of Rs. 353.63 million in current season.

The following activities have been carried out in the SPEP area

- Community Mobilization carried out by NRSP
- Organization of small farmers into Community Organization (CO)
- Providing them planning and management trainings
- Development of marketing channels

Extension services carried out by JDW Sugar Mills

- Arrangement of quality inputs
- Giving technical advice
- Better agronomic practices

Sugarcane Crop Improvement Program

Sugarcane crop can improve with new sugarcane varieties and this can only be achieved through sugarcane research and breeding. JDW is producing its own seed/fuzz through sugarcane flowering and crossing. We normally produce 400 successful crosses each year and achieve excellent germination from the sexual seed. We germinate the seed in specific germination chamber which gave excellent results. Last year, we have produced 18,500 seedlings successfully through which we are doing the selection process for the varieties.

We are also importing the vegetative seed of varieties from different countries through CIRAD France. From this material, there are few promising sugarcane varieties in the pipeline. The sucrose % ranges from 11 to 12.5 and average yield is 1000 to 1200 maunds /acre. We are propagating and multiplying these clones for further plantings at mills farms in Punjab and Sindh.

Now, we are producing healthy seed nurseries through hot water treatment. The trial was successful and it produced disease free seed and now we are establishing large hot water plants at our mills.

World latest equipment have been imported last 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.

Financial Services carried out both by NRSP and JDW Mills i.e., SPEP

- CO savings
- Credit for fertilizer
- Credit for seed
- Credit for agriculture machinery and implements

Integrated Pest Management

Integrated control means “applied pest control which combines and integrates biological (natural predators & parasites) and chemical control and employed the use of economic threshold to determine when chemical control should be utilized to prevent pests from reaching the economic injury level”. IPM is an effective and environmentally sensitive approach to pest management. Many species of insects attack sugarcane crop which can be divided into two major groups:

i. Sucking Pests and

ii. Borers

Pests of both groups can damage the crop severely which may results into low yield and inferior quality juice.

Here in JDW we are also utilizing integrated approach for control of above said species of insect pests. Among the sucking pests Pyrilla perpusilla or sugarcane leafhopper is the most destructive one. To keep the Pyrilla perpusilla population below Economic Threshold Level (ETL) we have used egg parasite of Pyrilla perpusilla i.e. Parachrysocheris javensis and nymphal and adult parasite i.e. Epiricania melanoleuca. In fields where population of above mentioned parasites are not enough, we have managed releasing of parasites in such fields and in case of severe attack of Pyrilla perpusilla chemical control will be employed. As far as borers are concerned Trichogramma chilonis has reared in bio-lab and released in field for their

Corporate Social Responsibility

control. In addition to this granular form of chemicals were also applied for control of borer complex. JDW group of sugar mills have established a "Pest Warning & Control System for Growers" which is working at grass root level for creating awareness among farming community.

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 animals nutrition and health is of utmost importance. To transfer knowledge and skill to Livestock farmers of our area, JDW Group under 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.

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 2016-2017.

Activity / Description	JDW-QEFA		
	Boys/Men	Girls/Women	Total
Total Schools	59	63	122
Enrolment	8,325	5,247	13,572
No. of teachers (Current Status)	150	135	285
Teachers trained	209	231	440
School councils formed	64	65	129
School council members	593	282	875
School council members trained	125	61	186

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 showing 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 2016-17 JDW Sugar Mills has spent Rs. 6.6 million (July-16 to June-17) for district Rahim Yar khan and Rs. 10 million has been utilized in district Ghotki & Khairpur to upgrade the level of education. These funds included employment of teachers, new classrooms, boundary walls, and furniture for students and teachers, toilets, sheds, water supplies, electricity & electrification, IT labs, support material, walking bridge and whitewash.

Currently NRSP is running 122 schools in district Rahim Yar Khan with the enrollment of more than 13,572 students to uplift the education level in Rahim Yar Khan. In this quarter different activities/events have been carried out to develop the intellectual abilities of the students and to encourage/motivate them to continue their education. Under the QEFA project different activities have been carried out.

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

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

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

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

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

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 Board 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 programs conducted by Executive Development Centre of The University of Lahore, a duly approved training institution by Securities and Exchange Commission of Pakistan. Remaining Directors are exempted on the basis of experience criteria.

10. The appointment, remuneration and terms and conditions of employment of Head of Internal Audit were 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. Qasim Hussain Safdar	Chairman/Member	Independent Director
Mrs. Samira Mahmud	Member	Non-Executive Director
Mr. Ijaz Ahmed	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 a Human Resource and Remuneration Committee. It comprises of following 03 (Three) Directors:

Name	Designation	Category
Mr. Ijaz Ahmed	Chairman/Member	Independent Director
Mrs. Samira Mahmud	Member	Non-Executive Director
Mr. Asim Nisar Bajwa	Member	Non-Executive Director

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

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

30 December 2017
Lahore

Chief Executive

Director

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

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Review Report to the Members
ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of JDW Sugar Mills Limited ("the Company") for the year ended 30 September 2017 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 2017.

30 December 2017
Lahore

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

KPMG Taseer Hadi & Co.
Chartered Accountants
2nd Floor,
Servis House,
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Lahore, Pakistan.

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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 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2017 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.

30 December 2017
Lahore

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

Unconsolidated Balance Sheet

	Note	2017 Rupees	2016 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		7,152,880,785	7,044,672,556
		8,428,964,323	8,320,756,094
NON CURRENT LIABILITIES			
Redeemable capital - secured	8	–	83,333,333
Long term finances - secured	9	9,792,313,674	9,495,166,901
Liabilities against assets subject to finance lease - secured	10	153,047,674	495,823,654
Deferred taxation	11	1,818,467,413	1,641,059,144
Retirement benefits	12	29,618,756	101,168,252
		11,793,447,517	11,816,551,284
CURRENT LIABILITIES			
Short term borrowings - secured	13	10,053,163,155	3,415,654,047
Current portion of non-current liabilities	14	3,368,757,109	3,139,610,613
Trade and other payables	15	8,375,050,128	7,327,682,941
Accrued profit / interest / mark-up	16	226,191,820	125,798,019
		22,023,162,212	14,008,745,620
		42,245,574,052	34,146,052,998
CONTINGENCIES AND COMMITMENTS	17		

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

Chief Executive

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	21,058,980,010	19,541,735,582
Biological assets	19	14,595,399	7,279,311
Investment property	20	218,599,597	196,467,698
Intangibles	21	620,889,016	622,928,744
Long term investments	22	2,303,378,840	2,283,110,383
Long term advances	23	3,272,223	18,430,247
Long term deposits	24	54,978,065	111,446,138
		24,274,693,150	22,781,398,103
CURRENT ASSETS			
Biological assets	19	2,282,737,798	2,240,966,107
Stores, spare parts and loose tools	25	1,412,675,360	1,080,682,261
Stock-in-trade	26	7,939,757,487	5,035,625,241
Trade debts - unsecured considered good	27	3,234,430,508	1,025,619,160
Advances, deposits, prepayments and other receivables	28	2,182,572,665	1,126,498,627
Advance tax - net		784,949,809	848,667,402
Cash and bank balances	29	133,757,275	6,596,097
		17,970,880,902	11,364,654,895
		42,245,574,052	34,146,052,998

Director

Unconsolidated Profit and Loss Account

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 Rupees	2016 Rupees
Gross sales		50,100,348,657	40,122,718,008
Sales tax and others		(4,530,367,689)	(2,835,292,017)
Net sales	30	45,569,980,968	37,287,425,991
Cost of sales	31	(40,676,688,988)	(30,832,943,837)
Gross profit		4,893,291,980	6,454,482,154
Administrative expenses	32	(1,126,164,658)	(878,079,077)
Selling expenses	33	(84,805,426)	(167,335,500)
Other income	34	407,154,597	266,647,788
Other expenses	35	(149,375,356)	(1,696,593,643)
		(953,190,843)	(2,475,360,432)
Profit from operations		3,940,101,137	3,979,121,722
Finance cost	36	(1,665,293,789)	(1,660,105,995)
Profit before taxation		2,274,807,348	2,319,015,727
Taxation	37	(662,239,586)	(285,083,739)
Profit after taxation		1,612,567,762	2,033,931,988
Earnings per share - basic and diluted	38	26.98	34.03

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 2017

	2017 Rupees	2016 Rupees
Profit after taxation	1,612,567,762	2,033,931,988
Other comprehensive loss		
Items that will not be reclassified to profit and loss account:		
Re-measurement of defined benefit liability	(14,204,297)	(17,810,879)
Related tax	4,261,289	5,343,264
	(9,943,008)	(12,467,615)
Total comprehensive income for the year	1,602,624,754	2,021,464,373

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 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	39	(122,202,405)	8,673,527,473
Taxes paid		(421,113,724)	(212,605,904)
Staff retirement benefits paid		(174,985,986)	(70,985,676)
Workers' Profit Participation Fund paid		(193,329,828)	(81,107,289)
		(789,429,538)	(364,698,869)
Net cash (used in) / generated from operating activities		(911,631,943)	8,308,828,604
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(2,778,251,625)	(2,071,295,045)
Advances for future issuance of shares		(20,268,457)	–
Proceeds from sale of investment property		37,437,422	–
Long term advances		22,333,332	17,305,555
Long term deposits - net		56,468,073	5,358,723
Proceeds from sale of operating fixed assets		86,227,818	28,274,831
Net cash used in investing activities		(2,596,053,437)	(2,020,355,936)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		593,535,655	2,473,193,879
Short term borrowings - net		6,342,221,271	(3,571,261,698)
Finance cost paid		(1,524,503,193)	(1,723,855,902)
Lease rentals paid		(613,732,820)	(460,830,277)
Dividend paid		(1,457,962,192)	(721,851,787)
Net cash generated from / (used in) financing activities		3,339,558,721	(4,004,605,785)
Net (decrease) / increase in cash and cash equivalents		(168,126,659)	2,283,866,883
Cash and cash equivalents at beginning of the year		(2,205,907,300)	(4,489,774,183)
Cash and cash equivalents at end of the year		(2,374,033,959)	(2,205,907,300)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		133,757,275	6,596,097
- Running finances and morabaha finances		(2,507,791,234)	(2,212,503,397)
		(2,374,033,959)	(2,205,907,300)

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 2017

	Share capital	Reserves: Capital — Share premium	Reserves: Revenue — Accumulated profit	Total reserves	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees
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
Total comprehensive income for the year					
Profit for the year ended 30 September 2017	–	–	1,612,567,762	1,612,567,762	1,612,567,762
Other comprehensive loss for the year ended 30 September 2017 - net of tax	–	–	(9,943,008)	(9,943,008)	(9,943,008)
	–	–	1,602,624,754	1,602,624,754	1,602,624,754
Transactions with owners of the Company					
Final cash dividend for the year ended 30 September 2016 @ Rs. 15.00 per share	–	–	(896,649,915)	(896,649,915)	(896,649,915)
Interim cash dividend for the period ended 31 March 2017 @ Rs. 10.00 per share	–	–	(597,766,610)	(597,766,610)	(597,766,610)
	–	–	(1,494,416,525)	(1,494,416,525)	(1,494,416,525)
Balance as at 30 September 2017	597,766,610	678,316,928	7,152,880,785	7,831,197,713	8,428,964,323

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 and was subsequently converted into a public limited company on 24 August 1991. Shares of the Company are listed on the Pakistan Stock Exchange Limited. 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 National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") for 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%
- Ghotki Power (Private) Limited (GPL)	Pakistan	100%
- Sadiqabad Power (Private) Limited (SPL)	Pakistan	100%
- Faruki Pulp Mills Limited (FPML)	Pakistan	57.67%

	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.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 23 of 2017 dated 04 October 2017 has advised the Companies whose financial year closes on or before 31 December 2017 to prepare their financial statements in accordance with the provisions of the repealed Ordinance.

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 against trade debts, advances, deposits and other receivables

The Company reviews the recoverability of its trade debts, advances, deposits 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 its eligible 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 Recoverable amounts of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets including goodwill, 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 and in case of goodwill formal estimates of recoverable amount annually.

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.

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 have been applied consistently to all periods presented in these financial statements.

4.1 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land and capital work in progress are stated at cost less any identified impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.18.

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 profit and loss account 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 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	Average cost
Work-in-process and finished goods	Average manufacturing cost
Molasses and bagasse - by products	Net realizable value

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

4.5 Trade debts

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

4.6 Biological assets

Biological assets comprise of crop in fields. These assets are measured at fair value less estimated point of sale costs, with changes in the fair value during the period recognized in the 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 operates an approved funded defined benefit gratuity plan covering its eligible employees who have completed the minimum qualifying period. The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in profit and loss account.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined 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) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or 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 enacted or substantially enacted at the reporting date and 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.

- Revenue from 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;
- Rental income are recognized on accrual basis;
- Dividend income is recognized when the Company's right to receive the dividend is established; and
- Interest income is recognized as and when accrued on effective interest method.

4.10 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances, running finances and morabaha finances 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 leases 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. 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 Markup bearing borrowings

Markup bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, markup 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 offset and the net amount is reported in the unconsolidated financial statements, when the Company has a legally enforceable right to offset 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 currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at 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 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 as for administrative purpose.

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

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

4.23 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 recognised 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.

5.1.1 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 Energy Purchase Agreement (EPA) 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:

	2017 Rupees	2016 Rupees
De-recognition of property, plant and equipment	(5,188,050,413)	(5,486,311,454)
Recognition of lease debtor	5,823,885,664	6,001,671,301
Increase in deferred tax liability	190,750,575	154,607,954
Increase in un-appropriated profit at beginning of the year	336,958,325	178,083,302
Increase in profit for the year - net of tax	152,023,142	158,875,023
Increase in un-appropriated profit at end of the year	488,981,467	336,958,325

5.2 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

The Companies Act, 2017 applicable for financial year beginning on 1 October 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This amendment is not likely to have an impact on the Company's financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2017:

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's 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 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 financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

  Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

  The above amendments are not likely to have an impact on Company's financial statements.

		2017 Rupees	2016 Rupees
6	**SHARE CAPITAL**		
6.1	**Authorized share capital**		
	75,000,000 (2016: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
	25,000,000 (2016: 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 (2016: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
	27,630,936 (2016: 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 81 (2) of the Companies Act, 2017.

	Note	2017 Rupees	2016 Rupees
8 REDEEMABLE CAPITAL - SECURED			
Privately Placed Term Finance Certificates - II	8.1	83,333,333	194,444,444
Current portion of non-current liabilities	14	(83,333,333)	(111,111,111)
		–	83,333,333

8.1 Privately Placed Term Finance Certificates - II

The Company has obtained these facilities from Pak Libya Holding Company and Pair Investment Company. The markup rates applicable during the year is three months KIBOR plus 100 bps per annum (2016: three months KIBOR plus 100 bps per annum). These are secured against joint parri passu charge on land, all present and future fixed assets, plant and machinery of the Company and personal guarantees of sponsor directors of the Company.

	Note	2017 Rupees	2016 Rupees
9 LONG TERM FINANCES - SECURED			
Markup bearing finances from conventional bank	9.1.1	10,428,383,065	10,955,666,181
Islamic mode of financing	9.1.2	2,495,929,882	1,264,000,000
	9.1 & 9.2	12,924,312,947	12,219,666,181
Current maturity presented under current liabilities	14	(3,131,999,273)	(2,724,499,280)
		9,792,313,674	9,495,166,901

9.1 **Long term finances - secured**

		Markup basis	Limit	Loan duration	Grace period	Principal outstanding 2017	Principal outstanding 2016
			Rupees			Rupees	Rupees
9.1.1	**Markup bearing finances from conventional bank**						
	MCB Bank Limited - Led Syndicate						
	MCB Bank Limited	3mk + 1.00	1,000,000,000	07 Years	1.5 Years	545,454,545	727,272,727
	United Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	272,727,273	363,636,363
	Allied Bank Limited	3mk + 1.00	940,000,000	07 Years	1.5 Years	512,727,272	683,636,362
	Askari Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	272,727,271	363,636,360
	Habib Metropolitan Bank	3mk + 1.00	100,000,000	07 Years	1.5 Years	54,545,455	72,727,273
	The Bank of Punjab	3mk + 1.00	800,000,000	07 Years	1.5 Years	436,363,636	581,818,183
	JS Bank Limited	3mk + 1.00	150,000,000	07 Years	1.5 Years	81,818,185	109,090,910
	Meezan Bank Limited	3mk + 1.00	350,000,000	07 Years	1.5 Years	190,734,434	254,312,578
			4,340,000,000			2,367,098,071	3,156,130,756
	Pak Oman Investment Company Limited (I)	3mk + 1.00	500,000,000	06 Years	01 Year	275,000,000	375,000,000
	Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	475,000,000	500,000,000
	The Bank of Punjab (I)	3mk + 1.00	300,000,000	06 Years	01 Year	179,985,680	239,985,680
	The Bank of Punjab (II)	3mk + 1.00	700,000,000	06 Years	01 Year	420,000,000	560,000,000
	The Bank of Punjab (III)	3mk + 1.00	500,000,000	05 Years	01 Year	500,000,000	500,000,000
	MCB Bank Limited (NIB)	3mk + 1.00	500,000,000	05 Years	–	258,458,150	361,841,410
	Pak Libya Holding Company Limited	3mk + 1.00	100,000,000	05 Years	–	65,000,000	85,000,000
	National Bank of Pakistan Limited (I)	3mk + 1.00	1,000,000,000	05 Years	01 Year	812,500,000	1,000,000,000
	National Bank of Pakistan Limited (II)	3mk + 0.50	1,000,000,000	05 Years	01 Year	965,966,161	–
	Soneri Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	240,000,000	300,000,000
	Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	500,000,000	–
	Faysal Bank Limited (I)	6mk + 1.00	500,000,000	05 Years	–	125,000,000	250,000,000
	Faysal Bank Limited (II)	3mk + 1.00	650,000,000	06 Years	–	297,916,671	406,250,003
	Faysal Bank Limited (III)	3mk + 1.00	500,000,000	05 Years	–	166,666,664	333,333,332
	Faysal Bank Limited (IV)	3mk + 1.00	1,000,000,000	03 Years	–	666,666,668	1,000,000,000
	Pak Brunei Investment Company Limited	3mk + 1.00	200,000,000	6.5 Years	1.5 Years	3,750,000	18,750,000
	Standard Chartered Bank - (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	750,000,000	950,000,000
	Askari Bank Limited	3mk + 1.00	300,000,000	05 Years	–	225,000,000	285,000,000
	MCB Bank Limited	3mk + 1.00	1,000,000,000	05 Years	02 Years	634,375,000	634,375,000
	Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	500,000,000	–
			11,550,000,000			8,061,284,994	7,799,535,425
			15,890,000,000			10,428,383,065	10,955,666,181
9.1.2	**Islamic mode of financing**						
	Dubai Islamic Bank (Pakistan) Limited (I)	3mk + 1.00	500,000,000	5.5 Years	06 Months	234,000,000	334,000,000
	Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	468,750,000	500,000,000
	Askari Bank Limited (Islamic) (I)	6mk + 1.00	300,000,000	06 Years	01 Year	180,000,000	240,000,000
	Askari Bank Limited (Islamic) (II)	3mk + 1.00	200,000,000	05 Years	–	150,000,000	190,000,000
	Bank Alfalah Limited (Islamic)	3mk + 0.90	500,000,000	05 Years	01 Year	463,179,882	–
	National Bank of Pakistan (Islamic)	3mk + 0.50	1,000,000,000	05 Years	01 Year	1,000,000,000	–
			3,000,000,000			2,495,929,882	1,264,000,000
			18,890,000,000			12,924,312,947	12,219,666,181

* 3 mk i.e. 3 months KIBOR

9.2 Long term finances are secured against ranking / joint parri passu charge on land, all present and future fixed assets, plant and machinery of the Company and personal guarantees of sponsor directors of the 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:

		2017		
	Note	Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	14	165,224,811	11,800,308	153,424,503
Later than one year and not later than five years		158,215,952	5,168,278	153,047,674
		323,440,763	16,968,586	306,472,177

	2016		
	Minimum lease payments	Finance cost for future periods	Present value
	Rupees	Rupees	Rupees
Not later than one year	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

Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from three months to one year KIBOR plus 100 to 300 bps per annum (2016: three months to one year 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.

	2017 Rupees	2016 Rupees
11 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	2,687,512,697	2,403,179,886
- leased assets	216,526,671	352,786,250
	2,904,039,368	2,755,966,136
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(91,941,653)	(239,947,163)
- provisions for doubtful debts and obsolescence	(25,193,878)	(49,492,411)
- impairment of investment in subsidiary and associate	(27,000,000)	(603,319,800)
- Provision for WPPF	(36,362,741)	(37,338,336)
- employees' retirement benefits	–	(29,033,640)
- tax credits	(905,073,683)	(155,775,642)
	(1,085,571,955)	(1,114,906,992)
	1,818,467,413	1,641,059,144
11.1 Movement in deferred tax balances is as follows:		
As at 01 October	1,641,059,144	1,405,403,969
Recognized in profit and loss account:		
- accelerated tax depreciation on operating fixed assets	284,332,811	206,395,932
- leased assets	(136,259,579)	(28,733,793)
- liabilities against assets subject to finance lease	148,005,510	37,404,556
- provisions for doubtful debts and obsolescence	24,298,533	(24,298,533)
- impairment of investment in subsidiary and associate	576,319,800	(457,916,100)
- Provision for WPPF	975,595	(18,212,786)
- employees' retirement benefits	33,294,929	(913,269)
- tax loss for the year	–	2,127,768
- tax credits	(749,298,041)	525,144,663
	181,669,558	240,998,439
Recognized in other comprehensive income:		
- employees' retirement benefits	(4,261,289)	(5,343,264)
	1,818,467,413	1,641,059,144

12 RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2017 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

	Note	2017 Rupees	2016 Rupees
Present value of defined benefit obligation	12.1	119,018,899	101,168,252
Fair value of plan assets	12.2	(89,400,143)	–
Liability as at 30 September		29,618,756	101,168,252

		2017 Rupees	2016 Rupees
12.1	**Movement in liability for funded defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	101,168,252	75,844,689
	Current service cost for the year	14,642,906	8,910,227
	Interest cost for the year	7,746,250	6,168,675
	Benefits paid during the year	(8,401,625)	(7,566,218)
	Actuarial loss on present value of defined benefit obligation	3,863,116	17,810,879
	Present value of defined benefit obligation at end of year	119,018,899	101,168,252
12.2	**Movement in fair value of plan assets**		
	Balance at beginning of the year	–	–
	Return on plan assets excluding interest income	4,494,373	–
	Contributions made during the year	103,648,576	–
	Actuarial loss on fair value of plan assets	(10,341,181)	–
	Benefits paid by the fund	(8,401,625)	–
	Fair value of plan assets at end of the year	89,400,143	–
12.3	**Charge for the year**		
	Profit and loss account:		
	Current service cost	14,642,906	8,910,227
	Interest cost for the year	7,746,250	6,168,675
	Return on plan assets excluding interest income	(4,494,373)	–
		17,894,783	15,078,902
	Other comprehensive income:		
	Actuarial loss on obligation	3,863,116	17,810,879
	Actuarial loss on defined benefit assets	10,341,181	–
		32,099,080	32,889,781
12.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	–
	Actuarial loss during the year	(14,204,297)	(17,810,879)
	Charge to other comprehensive income	14,204,297	17,810,879
	Closing actuarial losses	–	–

12.5 Historical information

	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
Present value of defined obligations	119,018,899	101,168,252	75,844,689	68,256,699	61,601,620
Experience adjustment loss / (gain)	14,204,297	17,810,879	5,293,750	(3,281,607)	8,397,486

12.6 Expected expense for the next year

The Company expects to charge Rs 17.09 million to unconsolidated profit and loss account on account of defined benefit plan in 2018.

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 2017 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	(8,438,481)	13,892,422
Future salary 100 bps movement	13,466,481	(8,269,646)

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.

	2017 Rupees	2016 Rupees
12.8 Actuarial assumptions		
Valuation discount rate	8%	7.25%
Salary increase rate	8%	7.25%
Expected return on plan assets	8%	7.25%
Normal retirement age	60 Years	60 Years
Mortality rate	SLIC 2001 - 2015	SLIC 2001 - 2015

	Note	2017 Rupees	2016 Rupees
13 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks			
Cash finances	13.1	6,393,802,000	–
Running finances	13.2	1,457,791,234	1,162,503,397
Inland bill discounting	13.3	884,999,998	799,999,999
Finance against trust receipts	13.4	266,569,923	403,150,651
		9,003,163,155	2,365,654,047
Islamic mode of financing			
Morabaha finances	13.5	1,050,000,000	1,050,000,000
		10,053,163,155	3,415,654,047

13.1 The Company has obtained these facilities from various banks and financial institutions aggregating Rs. 15,800 million (2016: Rs. 11,950 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 20 to 50 bps per annum (2016: one to six months KIBOR plus 90 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. 2,580 million (2016: Rs. 2,180 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 20 to 100 bps per annum (2016: one to six months KIBOR plus 100 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 (2016: Rs. 1,100 million). The markup rate applicable during the year ranges from one to three months KIBOR plus 50 bps per annum (2016: three months KIBOR plus 100 to 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. 850 million (2016: Rs. 750 million). It carries markup ranging from one to six months KIBOR plus 100 to 135 bps per annum (2016: one to six months KIBOR plus 100 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 morabaha finance facilities aggregating Rs. 1,050 million (2016: Rs. 1,050 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 50 to 75 bps per annum (2016: three to six months KIBOR plus 100 to 150 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.

13.6 The Company has obtained salam / istisna finances facilities from various banks and financial institutions aggregating to Rs. 3,335 million (2016: Rs. 4,035 million). These are secured against pledge of sugar and personal guarantees of sponsor directors of the Company.

		Note	2017 Rupees	2016 Rupees
14	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Redeemable capital - secured	8	83,333,333	111,111,111
	Long term finances - secured	9	3,131,999,273	2,724,499,280
	Liabilities against assets subject to finance lease - secured	10	153,424,503	304,000,222
			3,368,757,109	3,139,610,613

		Note	2017 Rupees	2016 Rupees
15	**TRADE AND OTHER PAYABLES**			
	Advances from customers		6,418,358,640	5,784,068,478
	Trade and other creditors	15.1	1,452,615,500	1,105,650,360
	Payable to Workers' Profit Participation Fund	15.2	121,209,135	124,461,118
	Payable to Workers' Welfare Fund	15.3	31,093,238	45,745,525
	Accrued expenses		167,781,704	146,882,808
	Retention money		16,203,439	14,001,257
	Unclaimed dividend		64,248,402	27,794,069
	Tax deducted at source		33,309,670	29,172,009
	Other payables		70,230,400	49,907,317
			8,375,050,128	7,327,682,941

15.1 This includes an unsecured amount of Rs. nil (2016: Rs. 1.52 million) and Rs. 0.83 million (2016: Rs. 0.63 million) due to JDW Aviation (Private) Limited and Agro Industrial Solutions respectively (related parties).

		Note	2017 Rupees	2016 Rupees
15.2	**Payable to Workers' Profit Participation Fund**			
	Balance as at 01 October		124,461,118	63,751,833
	Add: Allocation for the year	35	121,209,135	124,461,118
	Interest on funds utilized	36	68,868,710	17,355,456
			314,538,963	205,568,407
	Less: Paid during the year		(193,329,828)	(81,107,289)
	Balance as at 30 September		121,209,135	124,461,118
15.3	**Payable to Workers' Welfare Fund**			
	Balance as at 01 October		45,745,525	–
	Provision for the year		23,029,523	45,745,525
	Reversal of prior year provision of WWF		(37,681,810)	–
	Balance as at 30 September		31,093,238	45,745,525

		2017 Rupees	2016 Rupees
16	**ACCRUED PROFIT / INTEREST / MARK-UP**		
	Markup on financing / borrowings from conventional banks		
	Redeemable capital - secured	1,499,725	3,702,970
	Long term finances - secured	105,471,103	102,600,397
	Short term borrowings - secured	98,831,043	6,908,311
		205,801,871	113,211,678
	Profit on Islamic mode of financing		
	Long term finances - secured	8,723,410	11,960,918
	Short term borrowings - secured	11,666,539	625,423
		20,389,949	12,586,341
		226,191,820	125,798,019

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. However, 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. The 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 Case of the Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2014. Deputy Commissioner of Inland Revenue ('DCIR") passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") which is still pending for adjudication. 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.

17.1.5 Case of the Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period June 2013 to July 2014 by the Federal Board of Revenue ("FBR"). A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") which is still pending for adjudication. Further the stay against recovery of the said demand has been granted by the ATIR. The management of the Company is confident that this case will be decided in its favor. Accordingly no provision has been made in unconsolidated financial statements.

17.1.6 Counter guarantees given by the Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. nil (2016: Rs. 3,213 million).

17.1.7 Cross corporate guarantees given by the Company to its bankers for DSML (a subsidary company) as at the reporting date amounts to Rs. nil (2016: Rs. 2,571.02 million).

17.1.8 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 83 million (2016: Rs. 83 million).

		2017 Rupees	2016 Rupees
17.2	**Commitments**		
17.2.1	Letters of credit for import of machinery and its related components	569,509,835	301,369,738

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

	2017 Rupees	2016 Rupees
Not later than one year	242,773,563	263,490,106
Later than one year but not later than five years	835,839,006	1,195,189,390
Later than five years	6,016,667	15,052,538
	1,084,629,236	1,473,732,034

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:

	2017 Rupees	2016 Rupees
Not later than one year	1,465,012	66,371,694
Later than one year but not later than five years	629,115	55,861,174
	2,094,127	122,232,868

	Note	2017 Rupees	2016 Rupees
18 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	18.1	19,183,947,822	18,533,844,373
Capital work in progress	18.5	1,785,030,726	924,081,851
Stores, spare parts and loose tools held for capital expenditure		90,001,462	83,809,358
		21,058,980,010	19,541,735,582

18.1 Operating fixed assets

	Cost					Depreciation				
	As at 01 October 2016	Additions / (deletion) during the year	Transfers / adjustments in / (out) during the year	As at 30 September 2017	Rate	As at 01 October 2016	For the year	Transfers / (deletions) / adjustments in / (out) during the year	As at 30 September 2017	Net book value as at 30 September 2017
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,701,691,680	1,345,250	(38,288,435)	1,646,076,499	–	–	–	–	–	1,646,076,499
		(18,671,996)	–					–		
			–					–		
								–		
Factory building on freehold land	1,897,903,349	66,441,303	–	1,940,806,860	10	742,924,540	114,473,556	–	832,642,837	1,108,164,023
		–	29,192,174					–		
			(52,729,966)					12,993,202		
								(37,748,461)		
Non–factory building on freehold land	732,803,460	2,245,685	–	760,110,636	5-20	208,984,152	25,146,586	–	258,530,625	501,580,011
		–	44,482,041					–		
			(19,420,550)					32,333,512		
								(7,933,625)		
Plant and machinery	16,968,522,042	1,572,969,376	256,387,162	18,790,043,726	5-20	4,141,027,110	725,049,853	28,615,487	4,876,259,655	13,913,784,071
		(53,218,594)	81,748,028					(46,305,983)		
			(36,364,288)					42,176,566		
								(14,303,378)		
Motor vehicles	1,266,794,868	231,447,625	366,242,435	1,844,629,909	20	693,244,321	249,067,700	139,615,292	1,062,777,341	781,852,568
		(57,932,861)	38,077,842					(40,702,558)		
			–					21,552,586		
								–		
Electrical installation	163,020,828	37,481,979	–	155,500,527	10	62,980,873	10,910,181	–	58,962,453	96,538,074
		(3,670,556)	44,164,421					(2,370,243)		
			(85,496,145)					29,891,141		
								(42,449,499)		
Office equipment	110,620,512	2,051,001	–	66,181,346	20	53,609,489	12,466,219	–	32,921,713	33,259,633
		(3,633,152)	113,000					(3,074,671)		
			(42,970,015)					39,681		
								(30,119,005)		
Tools and equipment	63,417,990	12,559,182	–	71,003,543	10-20	26,504,485	4,391,042	–	24,621,744	46,381,799
		(2,168,894)	8,344,543					(1,478,404)		
			(11,149,278)					3,355,777		
								(8,151,156)		
Agri implements	36,974,512	–	3,960,001	–	10	19,862,520	2,184,323	967,579	–	–
		–	–					–		
			(40,934,513)					–		
								(23,014,422)		
Furniture and fixture	35,877,618	2,400,257	–	22,950,277	10	15,065,225	2,512,917	–	8,725,453	14,224,824
		(11,778,210)	507,176					(6,410,318)		
			(4,056,564)					234,613		
								(2,676,984)		

	Cost					Depreciation				
	As at 01 October 2016	Additions / (deletion) during the year	Transfers / adjustments in / (out) during the year	As at 30 September 2017	Rate	As at 01 October 2016	For the year	Transfers / (deletions) / adjustments in / (out) during the year	As at 30 September 2017	Net book value as at 30 September 2017
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Weighbridge	10,454,656	1,136,071	–	33,732,894	10	8,510,584	279,690	–	18,683,384	15,049,510
		–	22,142,167					–		
			–					9,893,110		
								–		
Roads and boundary wall	72,232,596	–	–	89,791,493	10	32,146,053	4,008,654	–	46,283,852	43,507,641
		–	17,558,897					–		
			–					10,129,145		
								–		
Arms and ammunitions	7,907,517	–	–	7,907,517	10	4,607,560	329,996	–	4,937,556	2,969,961
		–	–					–		
			–					–		
								–		
Fire fighting equipments	78,819,448	–	–	82,815,232	20	29,792,590	9,805,372	–	41,223,855	41,591,377
		–	3,995,784					–		
			–					1,625,893		
								–		
Aircraft	469,981,824	–	–	469,981,824	10-25	237,705,084	30,353,985	–	268,059,069	201,922,755
		–	–					–		
			–					–		
								–		
Tube well	3,436,079	1,075,775	–	8,267,613	10	1,734,006	224,438	–	3,843,789	4,423,824
		–	3,755,759					–		
			–					1,885,345		
								–		
Computers	38,189,968	2,221,787	–	36,890,899	33	22,060,151	5,777,167	–	26,025,217	10,865,682
		(2,560,343)	4,683,023					(2,098,060)		
			(5,643,536)					4,241,361		
								(3,955,402)		
	23,658,648,948	1,933,375,291	588,301,163	26,026,690,795		6,300,758,742	1,196,981,679	169,198,358	7,564,498,543	18,462,192,252
		(153,634,606)						(102,440,237)		
Leased										
Plant and machinery	969,994,300	–	(256,387,162)	713,607,138	5	92,354,903	38,317,930	(28,615,487)	102,057,346	611,549,792
		–	–					–		
			–					–		
								–		
Agri implements	3,960,001	–	(3,960,001)	–	10	878,513	89,066	(967,579)	–	–
		–	–					–		
			–					–		
								–		
Motor vehicles	412,970,935	93,846,350	(366,242,435)	140,574,850	20	117,737,652	52,246,712	(139,615,292)	30,369,072	110,205,778
		–	–					–		
			–					–		
								–		
	1,386,925,236	93,846,350	(626,589,598)	854,181,988		210,971,068	90,653,708	(169,198,358)	132,426,418	721,755,570
		–	–					–		
			–					–		
								–		
	25,045,574,184	2,027,221,641	(38,288,435)	26,880,872,783		6,511,729,810	1,287,635,387	–	7,696,924,961	19,183,947,822
		(153,634,606)	–					(102,440,237)		
			–					–		
								–		

18.2 Additions in operating fixed assets include transfer from capital work in process amounting to Rs. 1,313.59 million (2016: Rs. 1,596.27 million).

18.2.1 Transfers from freehold land represents transfer of land to investment property during the year amounting to Rs. 38.29 million (2016: Rs. 23.44 million).

	Cost					Depreciation				Net book value as at 30 September 2016
	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	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,731,632,598	–	(23,440,768)	1,701,691,680	–	–	–	–	–	1,701,691,680
		–	(6,500,150)							
Factory building on freehold land	1,833,502,302	68,401,211	–	1,897,903,349	10	619,409,917	126,420,562	–	742,924,540	1,154,978,810
		(2,058,023)	(1,942,141)					(1,459,203)		
Non–factory building on								(1,446,737)		
freehold land	700,057,050	26,589,544	–	732,803,460	5-20	181,051,678	27,425,280	–	208,984,152	523,819,308
		(1,756,154)	7,913,020					(939,541)		
								1,446,734		
Plant and machinery	14,856,952,358	1,774,491,089	257,165,097	16,968,522,042	5-20	3,252,237,287	867,878,303	49,329,459	4,141,027,110	12,827,494,932
		(14,038,461)	93,951,959					(5,218,742)		
								(23,199,197)		
Motor vehicles	690,983,656	194,206,734	177,117,327	1,266,794,868	20	424,557,853	175,316,600	87,021,711	693,244,321	573,550,547
		(47,016,372)	251,503,523					(32,785,624)		
								39,133,781		
Electrical installation	146,752,575	21,370,957	–	163,020,828	10	55,291,201	10,354,941	–	62,980,873	100,039,955
		(5,102,704)	–					(2,665,268)		
Office equipment	125,670,502	751,431	–	110,620,512	20	52,015,951	15,173,072	–	53,609,489	57,011,023
		(15,798,955)	(2,466)					(13,579,534)		
Tools and equipment	112,851,188	8,120,603	–	63,417,990	10-20	32,846,451	3,829,495	–	26,504,485	36,913,506
		(12,608,542)	(44,945,259)					(7,420,713)		
								(2,750,748)		
Agri implements	507,017,572	–	1,299,000	36,974,512	10	176,865,750	1,901,332	485,869	19,862,520	17,111,992
		(30,900)	(471,311,160)					(21,203)		
								(159,369,228)		
Furniture and fixture	45,400,096	2,615,657	–	35,877,618	10	20,439,002	2,620,930	–	15,065,225	20,812,393
		(12,148,121)	9,986					(7,994,706)		
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	–	72,232,596	10	27,856,631	4,305,498	–	32,146,053	40,086,543
		(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	34,510,622	9,529,909	–	38,189,968	33	21,881,059	5,141,714	–	22,060,151	16,129,817
		(5,850,564)	–					(4,962,622)		
	21,420,762,274	2,113,496,920	412,140,656	23,658,648,948		5,097,509,179	1,289,661,151	136,837,039	6,300,758,742	17,357,890,206
		(116,428,214)	(171,322,688)					(77,063,232)		
								(146,185,395)		
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)	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)		
	1,622,099,253	295,402,489	(435,581,424)	1,386,925,236		350,365,776	113,309,959	(136,837,039)	210,971,068	1,175,954,168
		(1,605,000)	(93,390,082)					(526,144)		
								(115,341,484)		
	23,042,861,527	2,408,899,409	(23,440,768)	25,045,574,184		5,447,874,955	1,402,971,110	–	6,511,729,810	18,533,844,373
		(118,033,214)	(264,712,770)					(77,589,376)		
								(261,526,879)		

		Note	2017 Rupees	2016 Rupees
18.3	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods manufactured	31.1	942,082,441	1,093,577,823
	Administrative expenses	32	54,603,750	60,596,924
	Biological assets	19.2	290,949,196	248,796,363
			1,287,635,387	1,402,971,110

18.4 Disposal of operating fixed assets

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sales value Rupees	Gain / (loss) Rupees	Mode of disposal
	Employees						
01 Vehicle	Saeed Ahmad Khan	1,679,000	1,191,438	487,562	503,700	16,138	Company Policy
01 Vehicle	Javaid Iqbal	1,709,000	1,189,766	519,234	512,700	(6,534)	- do -
01 Vehicle	S.M. Raza Zaidi	1,524,000	1,047,881	476,119	457,200	(18,919)	- do -
01 Vehicle	Muhammad Zaman Khan	1,514,000	1,041,004	472,996	454,200	(18,796)	- do -
01 Vehicle	Rana Niaz	1,514,000	1,065,737	448,263	454,200	5,937	- do -
01 Vehicle	Fahim Safdar	1,444,000	983,766	460,234	577,600	117,366	- do -
01 Vehicle	Sajid Ahmad	1,394,000	1,039,350	354,650	418,200	63,550	- do -
01 Vehicle	Sajid Mehmood	1,374,000	944,742	429,258	549,600	120,342	- do -
01 Vehicle	Muhammad Ramzan	1,374,000	929,105	444,895	549,600	104,705	- do -
01 Vehicle	Siddique Shad	1,096,000	712,518	383,482	438,400	54,918	- do -
01 Vehicle	Javaid Iqbal Rana	1,096,000	708,552	387,448	438,400	50,952	- do -
01 Vehicle	Munir Ahmed Daha	1,000,000	595,542	404,458	925,000	520,542	- do -
01 Vehicle	Javaid Saleem Khan	930,000	619,704	310,296	372,000	61,704	- do -
01 Vehicle	Khursheed Anwar	911,000	660,671	250,329	364,400	114,071	- do -
01 Vehicle	Mazhar Hussain	911,000	641,894	269,106	364,400	95,294	- do -
01 Vehicle	Muhammad Akram	906,000	639,687	266,313	362,400	96,087	- do -
01 Vehicle	Muhammad Yaseen	906,000	638,370	267,630	362,400	94,770	- do -
01 Vehicle	Khawaja Fasi Ullah	891,000	641,876	249,124	356,400	107,276	- do -
01 Vehicle	Muhammad Javed	891,000	632,789	258,211	356,400	98,189	- do -
01 Vehicle	Muhammad Ahsan	891,000	632,256	258,744	356,400	97,656	- do -
01 Vehicle	Mussadiq Rahim	870,000	618,037	251,963	348,000	96,037	- do -
01 Vehicle	Muddasir Aleem	742,000	505,919	236,081	296,800	60,719	- do -
01 Vehicle	Muhammad Jalal	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Asif Mehmood	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Muhammad Arshad	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Muhammad Younas	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Muhammad Sajid	711,515	498,060	213,455	364,381	150,926	- do -
01 Vehicle	Ehsan-ul-Haq	86,000	28,930	57,070	43,000	(14,070)	- do -
	Other Parties						
02 Vehicles	Khurram Imtiaz	1,172,940	1,042,224	130,716	746,000	615,284	Negotiation
02 Vehicles	Zahir Khan	1,533,833	1,348,218	185,615	1,165,000	979,385	- do -
10 Tractors	Mehmood	4,348,485	3,261,364	1,087,121	7,000,000	5,912,879	- do -
02 Tractors	JK Sugar Mills (Private) Limited	1,280,223	960,167	320,056	1,305,000	984,944	- do -
01 Vehicle	Mr. Ashraf	379,424	221,331	158,093	400,000	241,907	- do -
01 Vehicle	Mr. Abid Karim	421,582	252,949	168,633	750,000	581,367	- do -
03 Vehicles	Khurram Motors	3,200,000	2,247,695	952,305	2,685,000	1,732,695	- do -
01 Vehicle	Khawaja Soha Butt	1,059,000	452,508	606,492	838,182	231,690	- do -
03 Vehicles	EFU General Insurance Limited	7,474,500	4,812,982	2,661,518	5,406,000	2,744,482	Insurance Claim
Land	Anayat Hussain Shah	18,671,996	-	18,671,996	26,272,500	7,600,504	Negotiation
Office Equipment	General Traders (Private) Limited	440,000	292,058	147,942	65,000	(82,942)	- do -
Machinery	Baba Farid Sugar Mills Limited	42,938,023	41,873,183	1,064,840	18,687,000	17,622,160	- do -
Machinery	Deharki Sugar Mills (Private) Limited - a related party	6,211,152	1,978,716	4,232,436	4,232,436	-	- do -
Assets - written off		26,089,748	16,543,425	9,546,323	-	-	Company Policy
Net book value of assets less than Rs. 50,000		9,203,125	6,811,279	2,391,846	4,992,319	2,600,473	- do -
	2017	153,634,606	102,440,237	51,194,369	86,227,818	44,579,772	
	2016	118,033,214	77,589,376	40,443,838	28,274,831	7,307,525	

		2017 Rupees	2016 Rupees
18.5	**Capital work in progress**		
	As at 1 October	924,081,851	1,073,689,878
	Additions during the year	2,174,535,113	1,446,665,395
	Transfers made during the year	(1,313,586,238)	(1,596,273,422)
	As at 30 September	1,785,030,726	924,081,851
	Break-up of closing balances is as follows:		
	Advances to suppliers	1,077,473,132	513,171,810
	Plant and machinery	439,115,723	375,033,072
	Advances against air craft	174,676,052	–
	Building	93,249,886	35,876,969
	Roads & boundary walls	515,933	–
		1,785,030,726	924,081,851

18.5.1 Additions to capital work in progress also include borrowing costs of Rs. 28.47 million (2016: Rs. 66.18 million) relating to specific borrowings at the rates ranging from 6.65% to 7.14% per annum (2016: 6.98% to 9.49% per annum).

19 BIOLOGICAL ASSETS

	2017 Rupees	2016 Rupees
Consumable biological assets represent		
Sugarcane		
Immature - classified as non current assets	14,595,399	7,279,311
Mature - classified as current assets	2,282,737,798	2,229,977,882
Cotton		
Mature - classified as current assets	–	10,988,225
	2,282,737,798	2,240,966,107
	2,297,333,197	2,248,245,418

19.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value adjustment Rupees	Carrying value Rupees
Balance at 01 October 2016		2,124,219,791	124,025,627	2,248,245,418
Expenses incurred during the year	19.2	2,939,375,048	–	2,939,375,048
		5,063,594,839	124,025,627	5,187,620,466
Fair value gain at the point of harvest		–	196,543,727	196,543,727
Cost of crop harvested and fair value adjustment		(2,843,660,710)	(320,569,354)	(3,164,230,064)
Gain on fair value at year end		–	77,399,068	77,399,068
Balance at 30 September 2017		2,219,934,129	77,399,068	2,297,333,197

		Note	2017 Rupees	2016 Rupees
19.2	**Expenses incurred during the year**			
	Land rentals		716,485,780	670,046,854
	Salaries, wages and other benefits	19.2.1	451,257,387	348,606,527
	Harvesting expenses		333,129,762	257,162,144
	Fertilizer expenses		273,299,340	293,086,084
	Depreciation	18.3	290,949,196	248,796,363
	Irrigation expenses		295,645,655	259,948,923
	Seed and sapling expenses		155,795,223	111,439,753
	Land preparation & cultivation expenses		161,312,589	149,799,464
	Repairs and maintenance		53,639,206	43,862,436
	Pesticide and herbicide expenses		77,438,964	70,563,136
	Sowing expenses		40,836,311	36,748,447
	Insurance		19,120,766	22,137,655
	Bio-laboratory expenses		24,167,100	21,854,300
	Vehicle running expenses		30,652,490	26,607,453
	Utility expenses		6,544,405	7,764,294
	Freight		3,914,238	7,126,444
	Printing & stationery		1,649,104	1,697,642
	Travelling and conveyance		534,143	614,575
	Others		3,003,389	14,853,957
		19.2.2	2,939,375,048	2,592,716,451

19.2.1 Salaries, wages and other benefits include Rs. 12.10 million (2016: Rs. 9.6 million) in respect of provident fund.

19.2.2 This represents net-off cost of seeds used for own consumption.

19.3 The Company harvested 19,140,327 maunds of sugarcane, 80,103 maunds of wheat, 3,037 maunds of cotton and 41,952 maunds of rhodes grass during the year at average yields of 910, 44.66, 14.28 and 108.09 maunds per acre respectively. Further sugarcane mature crop was produced on 1,173 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 recognised in respect of Level 3 fair values:

Gain included in cost of good manufactured and other income:

	Note	2017 Rupees	2016 Rupees
Change in fair value (realised)			
cost of goods consumed		320,569,354	312,061,164
Change in fair value (unrealised)			
other income	34	77,399,068	124,025,627

19.4.3 Valuation techniques and significant unobservable inputs

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

	Unit	2017 Value	2016 Value
Valued plantations (Actual)			
-Punjab Zone	Acres	12,473	10,890
-Sindh Zone	Acres	11,327	11,318
Estimated yield per acre			
-Punjab Zone	Maunds	950	920
-Sindh Zone	Maunds	922	874
Harvest age	Months	12-14	12-14
Estimated future sugarcane market price per maund			
-Punjab Zone	Rupees	180	180
-Sindh Zone	Rupees	182	182
Risk - adjusted discount rate	% per month	0.85%	0.99%

Cost of Rs. 14.6 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) 2017 Rupees	Increase / (Decrease) 2016 Rupees
Decrease of 10% in expected average yield per acre	(279,160,673)	(270,206,481)
Decrease of 10% in expected average selling price per maund	(382,083,844)	(344,866,307)
Increase of 10% in discount rate	(9,780,846)	10,380,960

19.6 Segment-wise composition

	Cost Rupees	Fair value Rupees	Total Rupees
Punjab	1,302,615,827	(66,589,332)	1,236,026,495
Sindh	917,318,302	143,988,400	1,061,306,702
Total	2,219,934,129	77,399,068	2,297,333,197

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	2017 Rupees	2016 Rupees
20	**INVESTMENT PROPERTY**			
	Balance as at 01 October		196,467,698	173,026,930
	Transferred from operating fixed assets		38,288,435	23,440,768
	Disposal of investment property		(16,156,536)	–
	Balance as at 30 September	20.1	218,599,597	196,467,698

20.1 It represents agricultural land given on lease.

20.2 The fair value of investment property is Rs. 374 million (2016: Rs. 352 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 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.

		Note	2017 Rupees	2016 Rupees
21	**INTANGIBLES**			
	Goodwill	21.1	608,310,693	608,310,693
	Oracle computer software	21.2	12,578,323	14,618,051
			620,889,016	622,928,744

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 10.69% 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	2017 Rupees	2016 Rupees
21.2	**Oracle computer software**			
	Cost		20,397,279	20,397,279
	Accumulated amortization			
	As at 01 October		5,779,228	3,739,500
	Amortization for the year	32	2,039,728	2,039,728
			7,818,956	5,779,228
	As at 30 September		12,578,323	14,618,051
	Rate of amortization		10.00%	10.00%

		Note	2017 Rupees	2016 Rupees
22	**LONG TERM INVESTMENTS**			
	Investment in subsidiary companies - unquoted	22.1	2,283,110,383	2,283,110,383
	Advances for future issuance of shares	22.2	20,268,457	–
	Investment in associated company - unquoted	22.3	–	–
			2,303,378,840	2,283,110,383

		Note	2017 Rupees	2016 Rupees
22.1	**Investment in subsidiary companies - unquoted**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	104,975,000 (2016: 104,975,000) fully paid shares of Rs. 10 each			
	Equity held 100% (2016: 100%)		1,049,750,000	1,049,750,000
	Faruki Pulp Mills Limited ("FPML")			
	310,892,638 (2016: 310,892,638) fully paid shares of Rs. 10 each			
	Equity held 57.67% (2016: 57.67%)			
	Cost as at 01 October		3,154,426,383	2,044,648,050
	Acquired during the year: nil (2016: 110,977,833) fully paid shares of Rs. 10 each		–	1,109,778,333
	Cost as at 30 September		3,154,426,383	3,154,426,383
	Less: Impairment allowance		(1,921,066,000)	(1,921,066,000)
			1,233,360,383	1,233,360,383
			2,283,110,383	2,283,110,383

		Note	2017 Rupees	2016 Rupees
22.2	**Advances for future issuance of shares**			
	Ghotki Power (Private) Limited		10,134,581	–
	Sadiqabad Power (Private) Limited		10,133,876	–
		22.2.1	20,268,457	–

22.2.1 During the year the Company has given advances to wholly owned subsidiary companies Ghotki Power (Private) Limited and Sadiqabad Power (Private) Limited (the Subsidiary Companies) for future issuance of shares. The Subsidiary Companies were incorporated on 15 and 16 December 2016 respectively. The Board of Directors of the Company has approved this investment in the Subsidiary Companies in their meeting held on 13 December 2016.

		2017 Rupees	2016 Rupees
22.3	**Investment in associated company - unquoted**		
	JDW Power (Private) Limited		
	Cost as at 01 October		
	9,000,000 (2016: 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% (2016: 47.37%)	–	–

23 LONG TERM ADVANCES

This represents interest free soft loan given to Sukkur Electric Power Company ("SEPCO") and Multan Electric Power Company ("MEPCO") to meet 100 % expenses of grid interconnection at Unit III and Unit II 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 and 12 June 2014 for Unit II and Unit III respectively.

24 LONG TERM DEPOSITS

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

25 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017 Rupees	2016 Rupees
Stores			
- Sugar		608,957,237	488,872,840
- Co-Generation Power		99,173,556	68,770,276
- Corporate sugarcane farms		258,111,983	246,929,574
		966,242,776	804,572,690
Spares parts			
- Sugar		485,124,901	323,835,562
- Co-Generation Power		67,151,836	43,415,592
		552,276,737	367,251,154
Loose tools			
- Sugar		28,572,423	23,296,786
- Co-Generation Power		11,902,009	9,494,415
		40,474,432	32,791,201
		1,558,993,945	1,204,615,045
Less: Provision for obsolescence	31.1	(146,318,585)	(123,932,784)
		1,412,675,360	1,080,682,261

26 STOCK-IN-TRADE

	2017 Rupees	2016 Rupees
Sugar	7,591,326,448	4,853,852,641
Bagasse	334,668,275	181,772,600
Molasses	13,762,764	–
	7,939,757,487	5,035,625,241

		Note	2017 Rupees	2016 Rupees
27	**TRADE DEBTS - UNSECURED**			
	Trade debts - considered good	27.1	3,234,430,508	1,025,619,160
	Trade debts - considered doubtful		39,203,083	14,486,141
			3,273,633,591	1,040,105,301
	Less: Provision for doubtful debts	32	(39,203,083)	(14,486,141)
			3,234,430,508	1,025,619,160

27.1 This includes Rs. 1,614.25 million (2016: Rs. 922.38 million) receivable from CPPA-G on account of sale of electricity under EPA.

		Note	2017 Rupees	2016 Rupees
28	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to growers			
	Unsecured - considered good		356,733,686	40,707,263
	Unsecured - considered doubtful		4,937,966	4,937,966
			361,671,652	45,645,229
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
			356,733,686	40,707,263
	Advances to suppliers and contractors			
	Unsecured - considered good		312,234,688	334,159,329
	Unsecured - considered doubtful		23,810,163	21,617,812
			336,044,851	355,777,141
	Less: Provision for doubtful advances		(23,810,163)	(21,617,812)
			312,234,688	334,159,329
	Advances to related party - unsecured, considered good	28.1	700,722,792	–
	Advances to staff - unsecured, considered good			
	- against salaries	28.2	11,727,993	14,496,289
	- against expenses		6,755,319	4,583,125
	Sugar export subsidy		43,800,000	228,985,000
	Sales tax and federal excise duty		671,634,155	416,428,240
	Prepaid expenses		34,609,038	31,287,806
	Current maturity of long term advances	23	19,088,890	26,264,198
	Deposits		–	16,306,364
	Other receivables	28.3	25,266,104	13,281,013
			2,182,572,665	1,126,498,627

28.1 This amount represents advances given to Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary company.

28.2 This includes an amount of Rs. 6.32 million (2016: Rs. 8.87 million) receivable from executives of the Company.

28.3 This includes an amount of Rs. 10.16 million (2016: Rs. 4.43 million) receivable from employee provident fund.

		Note	2017 Rupees	2016 Rupees
29	**CASH AND BANK BALANCES**			
	At banks:			
	- Current accounts			
	Deposits with islamic banks		14,007,219	721,896
	Deposits with conventional banks		114,843,981	3,523,703
			128,851,200	4,245,599
	- Saving accounts			
	Deposits with conventional banks	29.1	2,264,620	111,816
			131,115,820	4,357,415
	Cash in hand		2,641,455	2,238,682
			133,757,275	6,596,097

29.1 The balances in saving accounts carry markup at 3.75% per annum (2016: 3.50% to 4.00% per annum).

		Note	2017 Rupees	2016 Rupees
30	**SALES - NET**			
	Sugar	30.1	39,859,896,276	33,062,735,516
	Agriculture produce	30.2	1,327,197,842	950,684,616
	Electricity	30.3	4,661,052,498	4,329,958,711
	Molasses - by product	30.4	2,621,326,893	1,779,339,165
	Agri inputs		1,511,242,053	–
	Bagasse - by product		119,633,095	–
			50,100,348,657	40,122,718,008
	Less:			
	- Sales tax on sugar		(3,847,104,686)	(2,435,362,697)
	- Sales tax on electricity, bagasse, agri inputs and molasses		(669,586,825)	(384,581,190)
	- Commission and others		(13,676,178)	(15,348,130)
			(4,530,367,689)	(2,835,292,017)
			45,569,980,968	37,287,425,991
30.1	**Sugar**			
	- Local		35,712,014,974	31,588,573,116
	- Export	30.1.1	4,147,881,302	1,474,162,400
			39,859,896,276	33,062,735,516

30.1.1 This includes sugar export subsidy of Rs. nil (2016: Rs. 321.23 million).

		2017 Rupees	2016 Rupees
30.2	**Agriculture produce**		
	- Sugarcane to DSML	1,177,778,578	883,560,699
	- Sugarcane seed and others	149,419,264	67,123,917
		1,327,197,842	950,684,616
30.3	**Electricity**		
	- Captive Power	141,957,423	93,030,000
	- Co-Generation Power		
	Variable energy price	2,769,747,989	2,421,954,321
	Fixed energy price	1,749,347,086	1,814,974,390
		4,519,095,075	4,236,928,711
		4,661,052,498	4,329,958,711

		2017 Rupees	2016 Rupees
30.4	**Molasses - by product**		
	- Sales under DTRE		
	(Duty & Tax Remission for Exporters)	2,163,275,476	1,287,991,239
	- Others	458,051,417	491,347,926
		2,621,326,893	1,779,339,165

		Note	2017 Rupees	2016 Rupees
31	**COST OF SALES**			
	Opening stock-in-trade		5,035,625,241	4,860,648,469
	Add: Cost of goods manufactured	31.1	43,580,821,234	31,007,920,609
			48,616,446,475	35,868,569,078
	Less: Closing stock			
	- Sugar		(7,591,326,448)	(4,853,852,641)
	- Bagasse		(334,668,275)	(181,772,600)
	- Molasses		(13,762,764)	–
			(7,939,757,487)	(5,035,625,241)
			40,676,688,988	30,832,943,837

		Note	2017 Rupees	2016 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed			
	(including procurement and other costs)	31.1.1	37,487,520,466	26,147,172,998
	Salaries, wages and other benefits	31.1.2	1,750,205,504	1,418,533,760
	Cost of agri inputs		1,158,121,538	–
	Depreciation	18.3	942,082,441	1,093,577,823
	Stores and spare parts consumed		715,471,214	574,095,330
	Packing materials consumed		311,565,358	241,481,111
	Chemicals consumed		217,645,066	161,246,152
	Operation and maintenance costs	31.1.3	211,527,800	182,524,785
	Cost of bagasse consumed		204,421,414	602,701,814
	Vehicle running expenses		94,500,780	87,231,525
	Oil, lubricants and fuel consumed		78,856,338	64,730,112
	Insurance		75,480,273	67,351,387
	Mud and bagasse shifting expenses		68,761,220	22,284,225
	Electricity and power		52,429,368	56,120,445
	Repairs and maintenance		39,495,339	33,404,258
	Handling and storage		31,934,162	20,660,642
	Operating lease rentals		27,409,032	51,208,935
	Freight and octroi		23,354,157	17,619,204
	Initial land preparation		20,979,798	31,275,280
	Printing and stationery		10,133,002	8,027,822
	Telephone and fax		7,481,814	6,548,892
	Travelling and conveyance		3,336,273	3,323,841
	Provision for obsolescence	25	22,385,801	79,850,180
	Assets written off		9,546,323	17,547,479
	Land vacation charges		–	738,197
	Other expenses		16,176,753	18,664,412
			43,580,821,234	31,007,920,609
31.1.1	**Cost of sugarcane consumed**			
	- Sugarcane produced	31.1.1.1	3,314,818,023	2,541,139,804
	- Fair value adjustment		124,025,627	(221,883,469)
			3,438,843,650	2,319,256,335
	- Sugarcane purchased		34,048,676,816	23,827,916,663
			37,487,520,466	26,147,172,998

31.1.1.1 This amount includes depreciation of Rs. 297.16 million (2016: Rs. 240.96 million).

31.1.2 Salaries, wages and other benefits include Rs. 39.57 million (2016: Rs. 32.03 million) in respect of provident fund and Rs. 12.53 million (2016: Rs. 10.56 million) in respect of staff gratuity.

		2017 Rupees	2016 Rupees
31.1.3	**Operation and maintenance costs**		
	Reimbursable cost	169,329,531	140,695,734
	Operating fee	42,198,269	41,829,051
		211,527,800	182,524,785

		Note	2017 Rupees	2016 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	32.1	710,970,198	549,697,209
	Charity and donations	32.2	68,148,270	39,256,976
	Legal and professional services		72,533,024	38,331,968
	Depreciation	18.3	54,603,750	60,596,924
	Office rent and renovation		44,369,122	34,964,014
	Travelling and conveyance		31,546,578	33,165,894
	Vehicle running and maintenance		21,251,582	20,667,061
	Repairs and maintenance		20,549,763	21,560,775
	Telephone, fax and postage		10,881,417	9,051,291
	Insurance		10,498,434	9,859,985
	Printing and stationery		7,233,633	6,682,608
	Fee and taxes		7,146,346	11,531,925
	Subscription and renewals		6,334,696	6,507,699
	Electricity and power		6,269,504	5,093,509
	Operating lease rentals		3,863,095	6,563,310
	Entertainment		4,023,483	3,713,232
	Auditors' remuneration	32.3	3,733,500	3,280,000
	Advertisement		2,145,600	1,896,545
	Amortization	21.2	2,039,728	2,039,728
	Newspapers, books and periodicals		203,422	190,335
	Assets written off		–	1,929,055
	Provision for doubtful trade debts / advances	27 & 28	26,909,293	1,421,138
	Other expenses		10,910,220	10,077,896
			1,126,164,658	878,079,077

32.1 Salaries, wages and other benefits include Rs. 16.982 million (2016: Rs. 16.729 million) in respect of provident fund and Rs. 5.37 million (2016: Rs. 4.52 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.

		2017 Rupees	2016 Rupees
32.3	**Auditors' remuneration**		
	Statutory audit	2,750,000	2,500,000
	Half yearly review	575,000	400,000
	Other certificates	408,500	280,000
	Out of pocket expenses	–	100,000
		3,733,500	3,280,000

		Note	2017 Rupees	2016 Rupees
33	**SELLING EXPENSES**			
	Freight outwards		31,868,024	130,551,412
	Salaries, wages and other benefits	33.1	31,195,361	24,435,512
	Other selling expenses		21,742,041	12,348,576
			84,805,426	167,335,500

33.1 Salaries, wages and other benefits include Rs. 0.62 million (2016: Rs. 0.55 million) in respect of provident fund.

		Note	2017 Rupees	2016 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	Markup from deposits with conventional banks			
	- Interest income on bank deposits		1,053,924	1,316,546
	Markup on delayed payment from CPPA-G		32,133,474	18,328,919
			33,187,398	19,645,465
	Income from non-financial assets			
	Scrap sales		88,441,503	39,262,940
	Sale of mud		83,727,379	64,294,832
	Fair value gain on biological assets	19.4.2	77,399,068	124,025,627
	Gain on sale of operating fixed assets		44,579,772	7,307,525
	Reversal of prior year provision of WWF		37,681,810	–
	Gain on sale of investment property		21,280,886	–
	Foreign exchange gain		10,465,107	2,043,767
	Rental income	34.1	7,625,300	7,933,085
	Others		2,766,374	2,134,547
			373,967,199	247,002,323
			407,154,597	266,647,788

34.1 This represents the rental income earned from investment property.

		Note	2017 Rupees	2016 Rupees
35	**OTHER EXPENSES**			
	Workers' Profit Participation Fund	15.2	121,209,135	124,461,118
	Workers' Welfare Fund	15.3	23,029,523	45,745,525
	Impairment against investment in FPML		–	1,526,387,000
	Others		5,136,698	–
			149,375,356	1,696,593,643

		Note	2017 Rupees	2016 Rupees
36	**FINANCE COST**			
	Markup based loans from conventional banks			
	- Short term borrowings - secured	36.1	575,963,492	523,536,276
	- Long term finances - secured		726,025,593	783,688,035
	- Redeemable capital - secured		8,867,880	20,580,907
	- Finance leases		41,872,570	79,603,435
			1,352,729,535	1,407,408,653
	Islamic mode of financing			
	- Short term borrowings - secured		148,702,976	176,219,801
	- Long term finances - secured		85,621,985	70,494,112
			234,324,961	246,713,913
	Workers' Profit Participation Fund	15.2	68,868,710	17,355,456
	Bank charges and commission		37,842,498	54,809,169
			106,711,208	72,164,625
	Less: Borrowing costs capitalized		(28,471,915)	(66,181,196)
			1,665,293,789	1,660,105,995

36.1 Markup on short term borrowings is net of markup from related party amounting to Rs. 2.07 million (2016: Rs. 41.49 million) on receivable from the party.

		2017 Rupees	2016 Rupees
37	**TAXATION**		
	Income tax		
	- Current	362,545,994	–
	- Prior	81,622,394	42,842,655
		444,168,388	42,842,655
	Agriculture tax	1,692,083	1,242,645
	Deferred tax	181,669,558	240,998,439
	Super tax - Tax year 2017	34,709,557	–
		662,239,586	285,083,739

		2017 Rupees	2016 Rupees
37.1	**Tax charge reconciliation**		
	Numerical reconciliation between tax expense and accounting profit		
	Profit before taxation	2,274,807,348	2,319,015,727
	Applicable tax rate as per Income Tax Ordinance, 2001	30%	31%
	Tax on accounting profit	682,442,204	718,894,875
	Tax credit	(177,033,967)	(177,449,109)
	Exempt income	(11,811,388)	(99,581,300)
	Effect of final tax regime	14,069,978	(26,970,060)
	Super tax - Tax year 2017	34,709,557	–
	Effect of permanent differences	28,432,449	–
	Tax rate adjustment	–	(7,855,172)
	Effect of tax loss adjustment	–	(104,271,212)
	Others - including prior year tax	91,430,753	(17,684,283)
		662,239,586	285,083,739

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-G 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, 2017 introduced a tax under section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modarba, that derives profits for tax year but does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus shares.

The Board of Directors in their meetings held on 13 May 2017 and 30 December 2017 have recommended an interim and final cash dividend of Rs. 13.00 per share in total for the year ended 30 September 2017 (2016: Rs. 20.00) which complies with the above stated requirements. Accordingly, no provision for tax in this respect has been made in these unconsolidated financial statements.

37.4 For tax contingencies, refer note 17.1.

			2017	2016
38	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Basic earnings per share			
	Profit after taxation	**Rupees**	1,612,567,762	2,033,931,988
	Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
	Basic earnings per share	**Rupees**	26.98	34.03

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

		2017 Rupees	2016 Rupees
39	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	2,274,807,348	2,319,015,727
	Adjustments for non-cash and other items:		
	Finance cost	1,665,293,789	1,660,105,995
	Depreciation	1,293,842,658	1,395,135,783
	Amortization	2,039,728	2,039,728
	Workers' Profit Participation Fund	121,209,135	124,461,118
	Workers' Welfare Fund	23,029,523	45,745,525
	Staff retirement benefits	87,758,841	73,991,706
	Provision for obsolescence	22,385,801	79,850,180
	Provision for doubtful trade debts / advances	26,909,293	1,421,138
	Reversal of prior year provision of WWF	(37,681,810)	–
	Gain on disposal of investment property	(21,280,886)	–
	Gain on disposal of operating fixed assets	(44,579,772)	(7,307,525)
	Assets written off	9,546,323	19,476,534
	Fair value gain on biological assets	(77,399,068)	(124,025,627)
	Impairment against investment in FPML	–	1,526,387,000
		3,071,073,555	4,797,281,555
	Operating profit before working capital changes	5,345,880,903	7,116,297,282
	(Increase) / decrease in current assets		
	Stock-in-trade	(2,904,132,246)	(174,976,772)
	Biological assets	28,311,289	(573,293,168)
	Trade debts	(2,233,528,290)	83,272,971
	Stores, spare parts and loose tools	(354,378,900)	4,907,276
	Advances, deposits, prepayments and other receivables	(1,033,172,285)	987,112,726
		(6,496,900,432)	327,023,033
	Increase in current liabilities		
	Trade and other payables	1,028,817,124	1,230,207,158
	Cash (used in) / generated from operations	(122,202,405)	8,673,527,473

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	840,000	38,210,000	85,000,000	25,000,000	56,500,000	46,000,000	328,787,290	244,152,585
House allowance	336,000	15,284,000	34,000,000	10,000,000	22,600,000	18,400,000	131,514,916	97,661,034
Utilities	84,000	3,821,000	8,500,000	2,500,000	5,650,000	4,600,000	32,878,729	24,415,259
Bonus	–	30,000,000	46,666,669	–	31,500,000	22,000,000	267,196,476	239,529,900
Company's contribution towards provident fund	–	–	–	–	–	–	31,653,491	22,651,565
Staff retirement benefit- gratuity	–	–	–	–	–	–	2,824,587	15,078,903
	1,260,000	87,315,000	174,166,669	37,500,000	116,250,000	91,000,000	794,855,489	643,489,246
Number of persons	1	1	1	1	2	2	171	142

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

No meeting fee was paid to Directors during the year (2016: 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. 62.61 million (2016: Rs. 52.27 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.

41.2.1 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:

	2017 Rupees	2016 Rupees
Long term advances	3,272,223	18,430,247
Long term deposits	54,978,065	111,446,138
Trade debts	3,234,430,508	1,025,619,160
Advances, deposits and other receivables	756,805,779	70,347,864
Bank balances	131,115,820	4,357,415
	4,180,602,395	1,230,200,824

41.2.2 Concentration of credit risk

The Company identifies concentration of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2017 Rupees	2016 Rupees
Customers	3,234,430,508	1,025,619,160
Banking companies	131,115,820	4,357,415
Others	815,056,067	200,224,249
	4,180,602,395	1,230,200,824

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

	2017 Rupees	2016 Rupees
The aging of trade receivables at the reporting date is:		
Not past due	3,234,430,508	1,025,619,160
Past due 365 days	39,203,083	14,486,141
	3,273,633,591	1,040,105,301

	2017		2016	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	3,234,430,508	–	1,025,619,160	–
Past due more than 365 days	39,203,083	39,203,083	14,486,141	14,486,141
	3,273,633,591	39,203,083	1,040,105,301	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:

	2017 Rupees	2016 Rupees
At banks:		
Current accounts	128,851,200	4,245,599
Saving accounts	2,264,620	111,816
	131,115,820	4,357,415

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

	Rating		Rating	2017	2016
Banks	Long term	Short term	Agency	Rupees	Rupees
Al-Baraka Bank (Pakistan)					
Limited	A	A1	PACRA	40,273	20,843
Allied Bank Limited	AA+	A1+	PACRA	6,160,618	114,293
Askari Bank Limited	AA+	A1+	PACRA	171,135	33,015
Askari Bank Limited (Islamic)	AA+	A1+	PACRA	34,475	27,223
Bank Al Habib Limited	AA+	A1+	PACRA	17,691	22,782
Bank Alfalah Limited	AA+	A1+	PACRA	164,289	48,768
Bank Alfalah Limited (Islamic)	AA+	A1+	PACRA	9,748,089	11,062
Bank Islami Pakistan Limited	A+	A1	PACRA	179,831	28,793
Dubai Islamic Bank (Pakistan)					
Limited	AA-	A-1	JCR-VIS	21,447	14,660
Faysal Bank Limited	AA	A1+	PACRA	19,389,668	73,815
Habib Bank Limited	AAA	A-1+	JCR-VIS	2,884,279	179,798
JS Bank Limited	AA-	A1+	PACRA	433,876	19,038
MCB Bank Limited	AAA	A1+	PACRA	20,948,966	1,320,725
MCB Islamic Bank Limited	A	A1	PACRA	3,534,295	36,270
Meezan Bank Limited	AA	A-1+	JCR-VIS	164,629	–
National Bank of Pakistan	AAA	A1+	PACRA	54,653,533	140,243
National Bank of Pakistan (Islamic)	AAA	A1+	PACRA	295,399	11,703
Silk Bank Limited	A-	A-2	JCR-VIS	5,509	18,719
Sindh Bank Limited	AA	A-1+	JCR-VIS	17,071	27,489
Soneri Bank Limited	AA-	A1+	PACRA	14,455	14,117
Summit Bank Limited	A-	A-1	JCR-VIS	2,521,860	227,555
The Bank of Khyber	A	A1	PACRA	24,030	14,495
The Bank of Punjab	AA	A1+	PACRA	9,375,872	1,720,869
The First Micro Finance					
Bank Limited	A+	A-1	JCR-VIS	10,907	21,604
Tameer Bank Limited	A+	A1	PACRA	38,905	17,305
United Bank Limited	AAA	A-1+	JCR-VIS	169,112	161,603
Standard Chartered Bank (Pakistan)					
Limited	AAA	A1+	PACRA	95,606	–
MCB Bank Limited					
(Formally NIB Bank Limited)	AAA	A1+	PACRA	–	10,612
Al-Baraka Bank (Pakistan) Limited					
(Formally Burj Bank Limited)	A	A1	PACRA	–	20,016
				131,115,820	4,357,415

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.

	2017				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital - secured	83,333,333	84,818,000	84,818,000	–	–
Long term finances - secured	12,924,312,947	14,881,058,077	3,944,212,155	10,936,845,922	–
Short term borrowings - secured	10,053,163,155	10,163,660,737	10,163,660,737	–	–
Liabilities against assets subject to finance lease - secured	306,472,177	323,440,763	165,224,811	158,215,952	–
Accrued profit / interest / mark-up	226,191,820	226,191,820	226,191,820	–	–
Trade and other payables	1,706,831,043	1,706,831,043	1,706,831,043	–	–
	25,300,304,475	27,386,000,440	16,290,938,566	11,095,061,874	–

	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 - secured	194,444,444	206,974,444	122,341,111	84,633,333	–
Long term finances - secured	12,219,666,181	14,307,456,181	3,597,369,280	10,710,086,901	–
Short term borrowings - secured	3,415,654,047	3,423,187,781	3,423,187,781	–	–
Liabilities against assets subject to finance lease - secured	799,823,876	880,489,536	346,117,766	534,371,770	–
Accrued profit / interest / mark-up	125,798,019	125,798,019	125,798,019	–	–
Trade and other payables	1,316,441,742	1,316,441,742	1,316,441,742	–	–
	18,071,828,309	20,260,347,703	8,931,255,699	11,329,092,004	–

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:

		2017		2016	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	Note	Rupees	Rupees	Rupees	Rupees
Advance to DSML	28	700,722,792	–	–	–
Redeemable capital - secured	8	–	83,333,333	–	194,444,444
Long term finances - secured	9	–	12,924,312,947	–	12,219,666,181
Liabilities against assets subject to finance lease - secured	10	–	306,472,177	–	799,823,876
Short term borrowings - secured	13	–	10,053,163,155	–	3,415,654,047
Variable rate instruments		700,722,792	23,367,281,612	–	16,629,588,548

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 2017.

	Profit and loss 100 bps	
	Increase Rupees	Decrease Rupees
As at 30 September 2017	(226,665,588)	226,665,588
As at 30 September 2016	(166,295,885)	166,295,885

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		
	Note	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments				Rupees			
30 September 2017							
Financial assets measured at fair value		–	–	–	–	–	–
Financial assets not measured at fair value							
Long term advances		3,272,223	–	3,272,223	–	–	–
Long term deposits		54,978,065	–	54,978,065	–	–	–
Trade debts - unsecured considered good		3,234,430,508	–	3,234,430,508	–	–	–
Advances, deposits and other receivables		756,805,779	–	756,805,779	–	–	–
Cash and bank balances		133,757,275	–	133,757,275	–	–	–
	41.4.5 (a)	4,183,243,850	–	4,183,243,850	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–
Financial liabilities not measured at fair value							
Redeemable capital - secured		–	83,333,333	83,333,333	–	–	–
Long term finances - secured		–	12,924,312,947	12,924,312,947	–	–	–
Short term borrowings - secured		–	10,053,163,155	10,053,163,155	–	–	–
Liabilities against assets							
subject to finance lease - secured		–	306,472,177	306,472,177	–	–	–
Accrued profit / interest / mark-up		–	226,191,820	226,191,820	–	–	–
Trade and other payables		–	1,706,831,043	1,706,831,043	–	–	–
	41.4.5 (a)	–	25,300,304,475	25,300,304,475	–	–	–

	Note	Carrying amount			Fair value		
		Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments		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 - unsecured considered good		1,025,619,160	–	1,025,619,160	–	–	–
Advances, deposits and other receivables		70,347,864	–	70,347,864	–	–	–
Cash and bank balances		6,596,097	–	6,596,097	–	–	–
	41.4.5 (a)	1,232,439,506	–	1,232,439,506	–	–	–
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 - secured		–	799,823,876	799,823,876	–	–	–
Accrued profit / interest / mark-up		–	125,798,019	125,798,019	–	–	–
Trade and other payables		–	1,316,441,742	1,316,441,742	–	–	–
	41.4.5 (a)	–	18,071,828,309	18,071,828,309	–	–	–

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 financial statements. Other significant transactions with related parties except those disclosed elsewhere are as follows:

	Relationship	Nature of transactions	2017 Rupees	2016 Rupees
43.1	**Subsidiary companies**			
		Short term advance - net	704,300,000	1,379,102,233
		Markup expense on short term advances	1,812,560	–
		Markup income on short term advances	3,885,339	41,494,849
		Sale of sugarcane	1,177,778,578	883,560,698
		Purchase of bagasse	121,960,452	441,015,463
		Reimbursement on use of Company's aircraft	10,827,042	9,879,346
		Rent on land acquired on lease	3,577,208	–
		Proceeds from sale of property, plant and equipment	4,951,950	5,945,590
		Purchase of property, plant and equipment	1,875,501	–
		Advances for issuance of shares	10,134,581	–
		Advances for issuance of shares	10,133,876	–
		Issuance of shares	–	1,109,778,333
43.2	**Associated company**	Reimbursement of expenses	15,435,344	–
		Payment against purchase of aircraft	–	3,500,000
43.3	**Post employment benefit plans**	Provident fund contribution	142,240,446	113,629,375
		Payment to recognised gratuity fund	103,648,576	–
43.4	**Key management personnel**	Consultancy services	13,091,751	8,518,328

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

44 CAPACITY AND PRODUCTION

	2017 Tonnes	2016 Tonnes
Sugar		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugar production	357,733	280,417
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugar production	247,926	169,872
Unit III		
Crushing capacity	2,100,000	2,100,000
Sugar production	207,747	152,588

The crushing capacity is based on 150 days (2016: 150 days) and shortfall in production is due to unavailability of sugarcane supply.

	2017 MWh	2016 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated / produced	210,593	191,373
Energy delivered to CPPA-G	176,561	162,548
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated / produced	199,005	182,785
Energy delivered to CPPA-G	169,778	157,575

	2017		2016	
Corporate Sugar Cane Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	32,287	Punjab & Sindh	24,595
Land under cultivation	Punjab & Sindh	22,208	Punjab & Sindh	19,848

45 PROVIDENT FUND TRUST

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

	Unit	30 June 2017	30 June 2016
Size of fund - total assets	Rupees	513,948,597	437,445,570
Cost of investments made	Rupees	473,291,536	402,395,860
Percentage of investments made	Percentage	92.09%	91.99%
Fair value of investment	Rupees	495,307,353	417,064,576

The breakup of fair value of investments is as follows:

	30 June 2017		30 June 2016	
	Rupees	Percentage	Rupees	Percentage
Investments in mutual funds	233,607,237	47.16%	1,258,158	0.30%
Certificate of investment and term deposits receipts	131,068,994	26.46%	55,000,000	13.19%
Shares in listed companies	38,302,044	7.73%	19,247,535	4.62%
Cash at bank	92,329,078	18.65%	341,558,883	81.89%
	495,307,353	100.00%	417,064,576	100.00%

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

46 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2017	2016
Average number of employees during the year	8,517	7,646
Total number of employees as at 30 September	6,194	5,992

47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 30 December 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 30 December 2017 has proposed a final cash dividend of Rs. 3.00 per share, for the year ended 30 September 2017, for approval of the members in the Annual General Meeting to be held on 28 January 2018.

Chief Executive

Director

CONSOLIDATED
FINANCIAL STATEMENTS

Directors' Report
ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited ("the Holding Company") and its Subsidiary Companies Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited ("the Group") for the year ended September 30, 2017.

Deharki Sugar Mills (Private) Limited ("DSML") was incorporated as a Private Limited Company. 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. The Company will be engaged in the manufacture and sale of paper pulp. The Holding Company Holds 57.67% shares of the Subsidiary Company.

Sadiqabad Power (Private) Limited ("SPL") was incorporated on 16 December 2016. The Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based co-generation power plants. The Holding Company Holds 100% shares of the Subsidiary Company.

Ghotki Power (Private) Limited ("GPL") was incorporated on 15 December 2016. The Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based co-generation power plants. The Holding Company Holds 100% 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, 2017 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.

FINANCIAL OVERVIEW

The consolidated financial results are as follows:

	30 September 2017	30 September 2016
	(Rs. in Million)	
Gross Sales	57,192	49,020
Net Sales	51,769	45,361
Operating Profit	4,265	5,551
Profit before Tax	2,308	3,566
Profit after Tax	1,852	2,941

Directors have 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.

30 December 2017
Lahore | Chief Executive | Director

ڈائریکٹرز رپورٹ

ڈائریکٹرز خوشی کے ساتھ جے ڈی ڈبلیو شوگر ملز اور اسکے زیریں ادارے ڈہرکی شوگر ملز پرائیویٹ لمیٹڈ، فاروقی پلپ ملز لمیٹڈ، صادق آباد پاور پرائیویٹ لمیٹڈ، گھوٹکی پاور پرائیویٹ لمیٹڈ کی سالانہ آڈٹیڈ مالیاتی رپورٹ برائے سال 30 ستمبر پیش کر رہے ہیں۔

ڈہرکی شوگر ملز پرائیویٹ لمیٹڈ کمپنی ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ذیلی ادارے کا بنیادی کام گنے سے چینی بنانا اور بیچنا ہے۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

فاروقی پلپ ملز لمیٹڈ کو پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام پیپر پلپ بنانا اور بیچنا ہے۔ اس ذیلی کمپنی کے 57.67 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

صادق آباد پاور پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

گھوٹکی پاور پرائیویٹ لمیٹڈ کمپنی کو ایک پرائیویٹ لمیٹڈ کمپنی کے طور پر قائم کیا گیا تھا۔ اس ادارے کا بنیادی کام بجلی پیدا کرنا اور بیچنا ہوگا۔ اس ذیلی کمپنی کے 100 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

ہم اس بات کی تصدیق کرتے ہیں کہ ہماری بہترین معلومات کے مطابق یہ سالانہ آڈیٹڈ مالیاتی رپورٹ برائے 30 ستمبر 2017 پاکستان میں منظور شدہ اکاؤنٹنگ سٹنڈرڈ کے مطابق ہے اور اپنے تمام اثاثوں، واجبات اور مالیاتی پوزیشن کی سچی اور منصفانہ تصویر پیش کر رہی ہے۔

سالانہ مالیاتی نتائج مندرجہ ذیل ہیں:

	30 ستمبر 2017	30 ستمبر 2016
	(ملین روپے)	
مجموعی فروخت	57,192	49,020
خالص فروخت	51,769	45,361
آپریٹنگ منافع	4,256	5,551
منافع قبل از ٹیکس	2,308	3,566
منافع بعد از ٹیکس	1,852	2,941

ڈائریکٹرز نے اس رپورٹ میں اپنے تمام شیئر ہولڈرز کو ہولڈنگ ادارے اور اسکی تمام ذیلی اداروں کی تفصیلی امور سے آگاہ کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

چیف ایگزیکیوٹیو

ڈائریکٹر

۳۰ ستمبر ۲۰۱۷

لاہور

KPMG Taseer Hadi & Co.
Chartered Accountants
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Auditor's 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 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company. The financial statements of the subsidiary companies, Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited were audited by other firms of auditors whose 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 such 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 the Holding Company and its Subsidiary Companies as at 30 September 2017 and the results of their operations for the year then ended.

Emphasis of matter

We draw attention to note 1.3 to the consolidated financial statements, which indicates that Faruki Pulp Mills Limited ("a Subsidiary Company") has not been able to commence commercial production to date 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.

30 December 2017
Lahore

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

Consolidated Balance Sheet

	Note	2017 Rupees	2016 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		8,309,276,127	7,957,485,567
Equity attributable to owners of the Parent		9,585,359,665	9,233,569,105
Non-controlling interests		483,176,144	486,430,148
		10,068,535,809	9,719,999,253
NON CURRENT LIABILITIES			
Redeemable capital - secured	8	–	83,333,333
Long term finances - secured	9	10,162,313,674	10,103,138,981
Liabilities against assets subject to finance lease - secured	10	153,047,674	495,823,654
Deferred taxation	11	1,808,456,552	1,869,360,530
Retirement benefits	12	36,372,935	106,839,313
		12,160,190,835	12,658,495,811
CURRENT LIABILITIES			
Short term borrowings - secured	13	13,783,388,645	3,594,347,767
Current portion of non-current liabilities	14	3,606,729,189	3,816,448,480
Trade and other payables	15	9,359,222,449	7,962,291,146
Accrued profit / interest / mark-up	16	277,241,631	132,500,195
		27,026,581,914	15,505,587,588
		49,255,308,558	37,884,082,652
CONTINGENCIES AND COMMITMENTS	17		

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

Chief Executive

	Note	2017 Rupees	2016 Rupees
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	18	26,248,589,291	24,203,769,418
Biological assets	19	14,595,399	7,279,311
Investment property	20	218,599,597	196,467,698
Intangibles	21	1,076,016,261	1,078,098,811
Long term investments	22	–	–
Long term advances	23	3,272,223	18,430,247
Long term deposits	24	55,042,065	111,510,138
		27,616,114,836	25,615,555,623
CURRENT ASSETS			
Biological assets	19	2,282,737,798	2,240,966,107
Stores, spare parts and loose tools	25	1,712,412,677	1,335,033,812
Stock-in-trade	26	11,331,790,869	5,287,410,535
Trade debts - unsecured considered good	27	3,588,040,356	1,046,012,899
Advances, deposits, prepayments and other receivables	28	1,734,614,036	1,543,949,118
Advance tax - net		818,893,090	783,413,904
Cash and bank balances	29	170,704,896	31,740,654
		21,639,193,722	12,268,527,029
		49,255,308,558	37,884,082,652

Director

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 Rupees	2016 Rupees
Gross sales		57,191,739,524	49,019,684,884
Sales tax and others		(5,422,413,247)	(3,658,649,655)
Net sales	30	51,769,326,277	45,361,035,229
Cost of sales	31	(46,396,148,583)	(37,216,339,703)
Gross profit		5,373,177,694	8,144,695,526
Administrative expenses	32	(1,300,454,317)	(1,054,244,594)
Selling expenses	33	(90,520,675)	(173,087,627)
Other income	34	435,003,763	314,279,841
Other expenses	35	(152,233,728)	(1,680,322,257)
		(1,108,204,957)	(2,593,374,637)
Profit from operations		4,264,972,737	5,551,320,889
Finance cost	36	(1,956,637,158)	(1,971,053,440)
		2,308,335,579	3,580,267,449
Share of loss of associate		–	(14,169,790)
Profit before taxation		2,308,335,579	3,566,097,659
Taxation	37	(455,882,430)	(624,847,770)
Profit after taxation		1,852,453,149	2,941,249,889
Attributable to:			
Owners of the Company		1,855,889,201	2,963,198,238
Non-controlling interests		(3,436,052)	(21,948,349)
		1,852,453,149	2,941,249,889

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 2017

	2017 Rupees	2016 Rupees
Profit after taxation	1,852,453,149	2,941,249,889
Other comprehensive loss		
Items that will not be reclassified to profit and loss account:		
Re-measurement of defined benefit liability	(13,761,357)	(20,204,202)
Related tax	4,261,289	5,343,264
	(9,500,068)	(14,860,938)
Total comprehensive income for the year	1,842,953,081	2,926,388,951
Attributable to:		
Owners of the Company	1,846,207,085	2,949,344,410
Non-controlling interests	(3,254,004)	(22,955,459)
	1,842,953,081	2,926,388,951

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 2017

	Note	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	38	(1,881,561,922)	10,250,100,595
Taxes paid		(548,004,314)	(297,789,700)
Staff retirement benefits paid		(191,212,834)	(95,732,582)
Workers' Profit Participation Fund paid		(256,311,956)	(108,835,276)
		(995,529,104)	(502,357,558)
Net cash flows (used in)/generated from operating activities		(2,877,091,026)	9,747,743,037
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(3,494,882,137)	(2,312,702,096)
Proceeds from sale of investment property		37,437,422	–
Long term advances		22,333,332	17,305,555
Long term deposits - net		56,468,073	23,918,722
Proceeds from sale of operating fixed assets		82,823,382	25,184,241
Net cash used in investing activities		(3,295,819,928)	(2,246,293,578)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(36,324,745)	2,443,333,479
Short term borrowings - net		9,146,911,624	(5,582,781,761)
Finance cost paid		(1,769,145,925)	(2,012,512,846)
Lease rentals paid		(613,732,820)	(552,025,052)
Dividend paid		(1,457,962,192)	(721,851,787)
Net cash generated from/(used in) financing activities		5,269,745,942	(6,425,837,967)
Net (decrease)/increase in cash and cash equivalents		(903,165,012)	1,075,611,492
Cash and cash equivalents at beginning of the year		(2,329,460,675)	(3,412,216,896)
Cash and cash equivalents on acquisition of subsidiary		–	7,144,729
Cash and cash equivalents at end of the year		(3,232,625,687)	(2,329,460,675)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		170,704,896	31,740,654
- Running finances and morabaha finances		(3,403,330,583)	(2,361,201,329)
		(3,232,625,687)	(2,329,460,675)

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 2017

	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 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
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)	–	(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)	–	(179,329,983)
	–	–	(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
Total comprehensive income for the year							
Profit/(loss) for the year ended 30 September 2017	–	–	1,855,889,201	1,855,889,201	1,855,889,201	(3,436,052)	1,852,453,149
Other comprehensive (loss)/income for the year ended 30 September 2017 - net of tax	–	–	(9,682,116)	(9,682,116)	(9,682,116)	182,048	(9,500,068)
	–	–	1,846,207,085	1,846,207,085	1,846,207,085	(3,254,004)	1,842,953,081
Transactions with owners of the Company							
Final cash dividend for the year ended 30 September 2016 @ Rs. 15.00 per share	–	–	(896,649,915)	(896,649,915)	(896,649,915)	–	(896,649,915)
Interim cash dividend for the period ended 31 March 2017 @ Rs. 10.00 per share	–	–	(597,766,610)	(597,766,610)	(597,766,610)	–	(597,766,610)
	–	–	(1,494,416,525)	(1,494,416,525)	(1,494,416,525)	–	(1,494,416,525)
Balance as at 30 September 2017	597,766,610	678,316,928	8,309,276,127	8,987,593,055	9,585,359,665	483,176,144	10,068,535,809

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

Chief Executive　　　　　　　　Director

1 STATUS AND NATURE OF BUSINESS

The Group comprises of

- JDW Sugar Mills Limited ("the Holding Company");
- Deharki Sugar Mills (Private) Limited - "DSML" ("the Subsidiary Company");
- Faruki Pulp Mills Limited - "FPML" ("the Subsidiary Company");
- Sadiqabad Power (Private) Limited - "SPL" ("the Subsidiary Company"); and
- Ghotki Power (Private) Limited - "GPL" ("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 and was subsequently converted into a public limited company on 24 August 1991. Shares of the the Holding Company are listed on the Pakistan Stock Exchange Limited. 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. 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 Holding Company holds 100% shares of the Subisdiary Company.

1.3 Faruki Pulp Mills Limited ("the Subsidiary Company") was incorporated in Pakistan on 20 October 1991 as a public limited company. 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 13-B, Block K, Main Boulevard Gulberg II Lahore. The Holding Company and DSML hold 58.91% shares in aggregate of the Subsidiary Company at the end of the year.

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, FPML re-commenced trial production in 2012 and had 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 mentioned conditions indicate that a material uncertainty exists that may cast significant doubts on FPML's ability to continue as a going concern and, therefore, FMPL may be unable to realize its assets and discharge its liabilities in the normal course of business.However, financial statements of FPML have been prepared on a going concern basis as the management is confident, based upon a commitment of continued financial support from FPML's principal shareholder, M/s JDW Sugar Mills Limited ("the Holding Company"), that it will be able to commence commercial production in year ending 30 September 2020. Statutory auditors of FPML in their audit report on the financial statements of FPML for the year ended 30 September 2017 have included emphasis of matter paragraph referring this matter in their audit report.

1.4 Sadiqabad Power (Private) Limited - "SPL" ("the Subsidiary Company") was incorporated in Pakistan on 16 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based cogeneration power plants. The registered office of the Subsidiary Company is situtated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Holding Company holds 100% shares of the Subsidiary Company.

1.5 Ghotki Power (Private) Limited - "GPL" ("the Subsidiary Company") was incorporated in Pakistan on 15 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based cogeneration power plants. The registered office of the Subsidiary Company is situtated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Holding Company holds 100% shares of the Subsidiary Company.

1.6 The Holding Company executed Energy Purchase Agreements ("EPA") on 20 March 2014 with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") for 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 of the Holding Company 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.

During the year on 30 May 2017, the Companies Act, 2017 (the Act) was enacted which replaced and repealed the Companies Ordinance, 1984 (the repealed Ordinance). However, the Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 23 of 2017 dated 04 October 2017 has advised the Companies whose financial year closes on or before 31 December 2017 to prepare their financial statements in accordance with the provisions of the repealed Ordinance.

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 JUDGMENTS

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

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

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

3.1 Property, plant and equipment

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

3.2 Stores, spare parts and loose tools

The Group reviews the stores, spare parts and loose tools for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores, 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 against trade debts, advances, deposits and other receivables

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

3.5 Provisions and contingencies

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

3.6 Provisions

A provision is recognized in the 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 for the Holding Company and unfunded gratuity scheme for the Subsidiary Company ("FPML") covering full time permanent workers of the respective companies 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 Recoverable amounts of assets / cash generating units and impairment

The management of the Group reviews carrying amounts of its assets including goodwill, 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. In case of goodwill formal estimation of recoverable amount is carried out annually.

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.

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 profit and loss account.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these financial statements.

4.1 Basis of consolidation

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

Subsidiaries

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

Non-controlling interests

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

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land and capital work in progress are stated at cost less any identified impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.19

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

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

Leased

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 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.

4.4 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 balance sheet date.

Cost is determined as follows:

Raw materials	Average cost
Work-in-process and finished goods	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 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 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 and FPML operate an approved funded defined benefit gratuity plan and unfunded staff gratuity scheme, respectively, covering all of its eligible employees who have completed the minimum qualifying period. The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in profit and loss account.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined 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) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

4.9 Taxation

Income tax expense comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using enacted or substantially enacted at the reporting date and 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.

4.10 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.

- Revenue from 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;
- Rental income are recognized on accrual basis;
- Dividend income is recognized when the Company's right to receive the dividend is established; and
- Interest income is recognized as and when accrued on effective interest method.

4.11 Cash and cash equivalents

For the purpose of cash flow statement cash and cash equivalents comprise cash in hand, bank balances, running finances and morabaha finances which are stated in the 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 balance sheet date and adjusted to reflect the current best estimate.

4.13 Leases

Leases are classified as finance leases 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. 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 Group'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 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 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 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 Group has transferred substantially all risks and rewards of ownership.

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

4.14.2 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 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.

4.15 Markup bearing borrowings

Markup bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, markup 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.

4.16 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 profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements, when the Group has a legally enforceable right to offset 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 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 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 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 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 recognised 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 Group is not required to account for a portion of its Energy Purchase Agreement (EPA) as a lease under IAS 17. If the Group were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2017 Rupees	2016 Rupees
De-recognition of property, plant and equipment	(5,188,050,413)	(5,486,311,454)
Recognition of lease debtor	5,823,885,664	6,001,671,301
Increase in deferred tax liability	190,750,575	154,607,954
Increase in un-appropriated profit at beginning of the year	336,958,325	178,083,302
Increase in profit for the year	152,023,142	158,875,023
Increase in un-appropriated profit at end of the year	488,981,467	336,958,325

5.2 New Companies Act, 2017 and new and revised approved accounting standards, interpretations and amendments thereto

The Companies Act, 2017 applicable for financial year beginning on 1 October 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This amendment is not likely to have an impact on the Group's financial statements.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2017:

- 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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Group's 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 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 Group's financial statements.

- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Group's financial statements.

  Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Groups's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

  The above amendments are not likely to have an impact on Group's financial statements.

		2017 Rupees	2016 Rupees
6	**SHARE CAPITAL**		
6.1	**Authorized share capital**		
	75,000,000 (2016: 75,000,000) voting ordinary		
	shares of Rs. 10 each	750,000,000	750,000,000
	25,000,000 (2016: 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 (2016: 32,145,725) voting ordinary		
	shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
	27,630,936 (2016: 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 Group only for the purpose specified in section 81 (2) of the Companies Act, 2017.

		Note	2017 Rupees	2016 Rupees
8	**REDEEMABLE CAPITAL - SECURED**			
	Privately Placed Term Finance Certificates - II	8.1	83,333,333	194,444,444
	Current portion of non-current liabilities	14	(83,333,333)	(111,111,111)
			–	83,333,333

8.1 Privately Placed Term Finance Certificates - II

The Holding Company has obtained these facilities from Pak Libya Holding Company and Pair Investment Company. The markup rates applicable during the year is three months KIBOR plus 100 bps per annum (2016: three months KIBOR plus 100 bps per annum). These are secured against joint parri passu charge on land, all present and future fixed assets, plant and machinery of the Holding Company and personal guarantees of sponsor directors of the Holding Company.

		Note	2017 Rupees	2016 Rupees
9	**LONG TERM FINANCES - SECURED**			
	Markup bearing finances from conventional bank	9.1.1	11,036,355,145	12,193,498,661
	Islamic mode of financing	9.1.2	2,495,929,882	1,264,000,000
		9.1 & 9.2	13,532,285,027	13,457,498,661
	Current maturity presented under current liabilities	14	(3,369,971,353)	(3,354,359,680)
			10,162,313,674	10,103,138,981

9.1 **Long term finances - secured**

		Markup basis	Limit	Loan duration	Grace period	Principal outstanding 2017	Principal outstanding 2016
			Rupees			Rupees	Rupees
9.1.1	**Conventional Long Term Loans**						
	MCB Bank Limited - Led Syndicate						
	MCB Bank Limited	3mk + 1.00	1,000,000,000	07 Years	1.5 Years	545,454,545	727,272,727
	United Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	272,727,273	363,636,363
	Allied Bank Limited	3mk + 1.00	940,000,000	07 Years	1.5 Years	512,727,272	683,636,362
	Askari Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	272,727,271	363,636,360
	Habib Metropolitan Bank	3mk + 1.00	100,000,000	07 Years	1.5 Years	54,545,455	72,727,273
	The Bank of Punjab	3mk + 1.00	800,000,000	07 Years	1.5 Years	436,363,636	581,818,183
	JS Bank Limited	3mk + 1.00	150,000,000	07 Years	1.5 Years	81,818,185	109,090,910
	Meezan Bank Limited	3mk + 1.00	350,000,000	07 Years	1.5 Years	190,734,434	254,312,578
			4,340,000,000			2,367,098,071	3,156,130,756
	United Bank Limited - Led Syndicate						
	United Bank Limited	3mk + 1.00	1,020,000,000	07 Years	1.5 Years	40,772,080	244,632,480
	Faysal Bank Limited	3mk + 1.00	700,000,000	07 Years	1.5 Years	28,000,000	168,000,000
	The Bank of Punjab	3mk + 1.00	340,000,000	07 Years	1.5 Years	13,600,000	81,600,000
	Soneri Bank Limited	3mk + 1.00	140,000,000	07 Years	1.5 Years	5,600,000	33,600,000
	Meezan Bank Limited	3mk + 1.00	250,000,000	07 Years	1.5 Years	10,000,000	60,000,000
			2,450,000,000			97,972,080	587,832,480
	Pak Oman Investment Company Limited (I)	3mk + 1.00	500,000,000	06 Years	01 Year	275,000,000	375,000,000
	Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	475,000,000	500,000,000
	The Bank of Punjab (I)	3mk + 1.00	300,000,000	06 Years	01 Year	179,985,680	239,985,680
	The Bank of Punjab (II)	3mk + 1.00	700,000,000	06 Years	01 Year	420,000,000	560,000,000
	The Bank of Punjab (III)	3mk + 1.00	500,000,000	05 Years	01 Year	500,000,000	500,000,000
	MCB Bank Limited (NIB)	3mk + 1.00	500,000,000	05 Years	–	258,458,150	361,841,410
	Pak Libya Holding Company Limited	3mk + 1.00	100,000,000	05 Years	–	65,000,000	85,000,000
	National Bank of Pakistan Limited (I)	3mk + 1.00	1,000,000,000	05 Years	01 Year	812,500,000	1,000,000,000
	National Bank of Pakistan Limited (II)	3mk + 0.50	1,000,000,000	05 Years	01 Year	965,966,161	–
	Soneri Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	240,000,000	300,000,000
	Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	500,000,000	–
	Faysal Bank Limited (I)	6mk + 1.00	500,000,000	05 Years	–	125,000,000	250,000,000
	Faysal Bank Limited (II)	3mk + 1.00	650,000,000	06 Years	–	297,916,671	406,250,003
	Faysal Bank Limited (III)	3mk + 1.00	500,000,000	05 Years	–	166,666,664	333,333,332
	Faysal Bank Limited (IV)	3mk + 1.00	1,000,000,000	03 Years	–	666,666,668	1,000,000,000
	Pak Brunei Investment Company Limited	3mk + 1.00	200,000,000	6.5 Years	1.5 Years	3,750,000	18,750,000
	Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	750,000,000	950,000,000
	Askari Bank Limited	3mk + 1.00	300,000,000	05 Years	–	225,000,000	285,000,000
	MCB Bank Limited	3mk + 1.00	1,000,000,000	05 Years	02 Years	634,375,000	634,375,000
	Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	500,000,000	–
	Pak Brunei Investment Company Limited	3mk + 1.00	200,000,000	05 Years	–	110,000,000	150,000,000
	The Bank of Punjab	3mk + 1.00	500,000,000	05 Years	–	400,000,000	500,000,000
			12,250,000,000			8,571,284,994	8,449,535,425
			19,040,000,000			11,036,355,145	12,193,498,661
9.1.2	**Islamic mode of financing**						
	Dubai Islamic Bank (Pakistan) Limited (I)	3mk + 1.00	500,000,000	5.5 Years	06 Months	234,000,000	334,000,000
	Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	468,750,000	500,000,000
	Askari Bank Limited (Islamic) (I)	6mk + 1.00	300,000,000	06 Years	01 Year	180,000,000	240,000,000
	Askari Bank Limited (Islamic) (II)	3mk + 1.00	200,000,000	05 Years	–	150,000,000	190,000,000
	Bank Alfalah Limited (Islamic)	3mk + 0.90	500,000,000	05 Years	01 Year	463,179,882	–
	National Bank of Pakistan (Islamic)	3mk + 0.50	1,000,000,000	05 Years	01 Year	1,000,000,000	–
			3,000,000,000			2,495,929,882	1,264,000,000
			22,040,000,000			13,532,285,027	13,457,498,661

* 3 mk i.e. 3 months KIBOR

9.2 Long term loans are secured against ranking/joint parri passu charge on land, all present and future fixed assets, plant and machinery of the Group and personal guarantees of sponsor directors of the Group.

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	2017		
		Minimum lease payments	Finance cost for future periods	Present value
		Rupees	Rupees	Rupees
Not later than one year	14	165,224,811	11,800,308	153,424,503
Later than one year and not later than five years		158,215,952	5,168,278	153,047,674
		323,440,763	16,968,586	306,472,177

	2016		
	Minimum lease payments	Finance cost for future periods	Present value
	Rupees	Rupees	Rupees
Not later than one year	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

Lease rentals are payable on quarterly/monthly basis and include finance cost ranging from three months to one year KIBOR plus 100 to 300 bps per annum (2016: three months to one year 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.

	2017 Rupees	2016 Rupees
11 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	3,276,101,853	2,988,501,177
- leased assets	216,526,671	352,786,250
	3,492,628,524	3,341,287,427
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(91,941,653)	(248,472,403)
- provisions for doubtful debts and obsolescence	(25,436,603)	(49,680,589)
- loss on derecognition of investment in associate		
and impairment of associate	(27,000,000)	(458,437,430)
- provision for WPPF	(37,220,253)	(55,527,073)
- employees' retirement benefits	–	(29,033,642)
- tax losses	(164,552,834)	(48,658,911)
- minimum and other tax credits	(1,338,020,629)	(582,116,849)
	(1,684,171,972)	(1,471,926,897)
	1,808,456,552	1,869,360,530
11.1 Movement in deferred tax balances is as follows:		
As at 01 October	1,869,360,530	1,432,287,934
Recognized in profit and loss account:		
- accelerated tax depreciation on operating fixed assets	287,600,676	263,371,979
- leased assets	(136,259,579)	(28,733,793)
- liabilities against assets subject to finance lease	156,530,750	62,037,168
- provisions for doubtful debts and obsolescence	24,243,986	(24,486,711)
- loss on derecognition of investment in associate		
and impairment of associate	431,437,430	(431,437,430)
- Provision for WPPF	18,306,820	(23,792,101)
- employees' retirement benefits	33,294,931	(913,271)
- tax losses	(115,893,923)	296,985,033
- minimum and other tax credits	(755,903,780)	329,384,986
	(56,642,689)	442,415,860
Recognized in other comprehensive income:		
- employees' retirement benefits	(4,261,289)	(5,343,264)
	1,808,456,552	1,869,360,530

12 RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company and FPML defined benefits were conducted on 30 September 2017 using projected unit credit method. Details of obligations are as follows:

	Note	2017 Rupees	2016 Rupees
Funded gratuity fund	12.1	29,618,756	101,168,252
Unfunded staff gratuity scheme	12.2	6,754,179	5,671,061
		36,372,935	106,839,313

		Note	2017 Rupees	2016 Rupees
12.1	**Funded retirement benefits**			
	The amounts recognised in the consolidated balance sheet are as follows:			
	Present value of defined benefit obligation	12.1.1	119,018,899	101,168,252
	Fair value of plan assets	12.1.2	(89,400,143)	–
	Liability as at 30 September		29,618,756	101,168,252
12.1.1	**Movement in liability for funded defined benefit obligation**			
	Balance at the beginning of the year		101,168,252	75,844,689
	Current service cost for the year		14,642,906	8,910,227
	Interest cost for the year		7,746,250	6,168,675
	Benefits paid during the year		(8,401,625)	(7,566,218)
	Actuarial loss on present value of defined benefit obligation		3,863,116	17,810,879
	Present value of defined benefit obligation at end of year		119,018,899	101,168,252
12.1.2	**Movement in fair value of plan assets**			
	Balance at beginning of the year		–	–
	Return on plan assets excluding interest income		4,494,373	–
	Contributions paid by the employer		103,648,576	–
	Actuarial loss on fair value of plan assets		(10,341,181)	–
	Benefits paid by the fund		(8,401,625)	–
	Fair value of plan assets at end of the year		89,400,143	–
12.1.3	**Charge for the year**			
	Profit and loss account:			
	Current service cost		14,642,906	8,910,227
	Interest cost for the year		7,746,250	6,168,675
	Return on plan assets excluding interest income		(4,494,373)	–
			17,894,783	15,078,902
	Other comprehensive income:			
	Actuarial loss on obligation		3,863,116	17,810,879
	Actuarial loss on fair value of plan assets		10,341,181	–
			32,099,080	32,889,781
12.1.4	**Movement in actuarial losses**			
	Opening actuarial losses		–	–
	Actuarial loss during the year		(14,204,297)	(17,810,879)
	Charge to other comprehensive income		14,204,297	17,810,879
	Closing actuarial losses		–	–

12.1.5 Historical information

	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
Present value of defined obligations	119,018,899	101,168,252	75,844,689	68,256,699	61,601,620
Experience adjustment loss / (gain)	14,204,297	17,810,879	5,293,750	(3,281,607)	8,397,486

12.1.6 Expected expense for the next year

The Group expects to charge Rs 17.09 million to consolidated profit and loss account on account of funded defined benefit plan in 2018.

12.1.7 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 2017 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	(8,438,481)	13,892,422
Future salary 100 bps movement	13,466,481	(8,269,646)

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.

		2017 Rupees	2016 Rupees
12.1.8	**Actuarial assumptions**		
	Valuation discount rate	8%	7.25%
	Salary increase rate	8%	7.25%
	Expected return on plan assets	8%	7.25%
	Normal retirement age	60 Years	60 Years
	Mortality rate	SLIC 2001 - 2015	SLIC 2001 - 2015
12.2	**Unfunded retirement benefits**		
	The amounts recognised in the consolidated balance sheet are as follows:		
	Present value of defined benefit obligation	6,754,179	5,671,061
12.2.1	**Movement in liability for funded defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	5,671,061	3,606,266
	Current service cost	1,241,944	1,122,138
	Interest cost	503,977	267,834
	Benefits paid	(65,000)	(1,400,000)
	Benefits due but not paid	(154,863)	(318,500)
	Actuarial (gains)/losses	(442,940)	2,393,323
		6,754,179	5,671,061
12.2.2	**The amounts recognized in the statement of comprehensive income are as follows:**		
	Current service cost	1,241,944	1,122,138
	Interest cost	503,977	267,834
	Total, included in salaries and wages - administrative expenses	1,745,921	1,389,972

12.2.3 Historical information

	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
Present value of defined obligations	6,754,179	5,671,061	3,606,266	3,293,916	5,871,042

		2017 Rupees	2016 Rupees
12.2.4	**Actuarial assumptions**		
	Discount Rate	7.75%	7.25%
	Future salary increases	6.75%	6.25%
	Average expected remaining working life time of employees	8 years	8 years
	Expected mortality rate	SLIC 2001-15	SLIC 2001-15
	Expected withdrawal and early retirement rate	Based on experience	Based on experience

13 SHORT TERM BORROWINGS - SECURED

	Note	2017 Rupees	2016 Rupees
Markup based borrowings from conventional banks			
Cash finances	13.1	9,128,652,000	–
Running finances	13.2	1,603,330,583	1,311,201,329
Inland bill discounting	13.3	884,999,998	799,999,999
Finance against trust receipts	13.4	366,406,064	433,146,439
		11,983,388,645	2,544,347,767
Islamic mode of financing			
Morabaha finances	13.5	1,800,000,000	1,050,000,000
		13,783,388,645	3,594,347,767

13.1 The Group has obtained these facilities from various banks and financial institutions aggregating Rs. 21,650 million (2016: Rs. 14,250 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 20 to 100 bps per annum (2016: one to six months KIBOR plus 50 to 250 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. 2,730 million (2016: Rs. 2,330 million). The markup rates applicable during the year ranges from one to six months KIBOR plus 20 to 100 bps per annum (2016: one to six months KIBOR plus 100 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 (2016: Rs. 1,100 million). The markup rate applicable during the year ranges from one to three months KIBOR plus 50 bps per annum (2016: three months KIBOR plus 100 to 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. 1,050 million (2016: Rs. 950 million). It carries markup ranging from one to six months KIBOR plus 100 to 135 bps per annum bps per annum (2016: one to six months KIBOR plus 100 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 morabaha finance facilities aggregating Rs. 1,800 million (2016: Rs. 1,300 million). The markup rates applicable during the year ranges from three to six months KIBOR plus 50 to 75 bps per annum (2016: three to six months KIBOR plus 100 to 150 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.

13.6 The Group has obtained salam/istisna finances facilities from various banks and financial institutions aggregating to Rs. 5,135 million (2016: Rs. 5,670 million). These are secured against pledge of sugar and personal guarantees of sponsor directors of the Group.

		Note	2017 Rupees	2016 Rupees
14	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Redeemable capital - secured	8	83,333,333	111,111,111
	Long term finances - secured	9	3,369,971,353	3,354,359,680
	Liabilities against assets subject to finance lease - secured	10	153,424,503	350,977,689
			3,606,729,189	3,816,448,480
15	**TRADE AND OTHER PAYABLES**			
	Advances from customers		7,202,669,958	6,199,416,643
	Trade and other creditors	15.1	1,603,181,447	1,214,497,664
	Payable to Workers' Profit Participation Fund	15.2	124,067,507	185,090,244
	Payable to Workers' Welfare Fund	15.3	31,093,238	45,745,525
	Accrued expenses		208,097,930	180,348,701
	Retention money		16,203,439	22,730,273
	Unclaimed dividend		64,248,402	27,794,069
	Tax deducted at source		33,556,518	29,172,009
	Other payables		76,104,010	57,496,018
			9,359,222,449	7,962,291,146

15.1 This includes an unsecured amount of Rs. nil (2016: Rs. 1.52 million) and Rs. 0.83 million (2016: Rs. 0.63 million) due to JDW Aviation (Private) Limited and Agro Industrial Solutions respectively (related parties).

		Note	2017 Rupees	2016 Rupees
15.2	**Payable to Workers' Profit Participation Fund**			
	Balance as at 01 October		185,090,244	90,181,799
	Add: Allocation for the year	35	124,067,507	185,090,244
	Interest on funds utilized	36	71,221,712	18,653,477
			380,379,463	293,925,520
	Less: Paid during the year		(256,311,956)	(108,835,276)
	Balance as at 30 September		124,067,507	185,090,244
15.3	**Payable to Workers' Welfare Fund**			
	Balance as at 01 October		45,745,525	15,601,439
	Provision for the year		23,029,523	45,745,525
	Reversal of prior year provision of WWF		(37,681,810)	(15,601,439)
	Balance as at 30 September		31,093,238	45,745,525

		2017 Rupees	2016 Rupees
16	**ACCRUED PROFIT / INTEREST / MARK-UP**		
	Markup on financing/borrowings from conventional banks		
	Redeemable capital - secured	1,499,725	3,702,970
	Long term finances - secured	110,609,938	109,086,977
	Short term borrowings - secured	140,593,034	7,123,907
		252,702,697	119,913,854
	Profit on Islamic mode of financing		
	Long term finances - secured	8,723,410	11,960,918
	Short term borrowings - secured	15,815,524	625,423
		24,538,934	12,586,341
		277,241,631	132,500,195

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. However, 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 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. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR"), who vide order dated 06 April 2010 decided appeal in favour of the Holding Company on most of the issues. 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 Case of the Holding Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2014. Deputy Commissioner of Inland Revenue ('DCIR") passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") which is still pending for adjudication. 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.

17.1.5 Case of the Holding Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period June 2013 to July 2014 by the Federal Board of Revenue ("FBR"). A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") which is still pending for adjudication further the stay against recovery of the said demand has been granted by the ATIR. The management of the Holding Company is confident that this case will be decided in its favor. Accordingly no provision has been made in consolidated financial statements.

17.1.6 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.

17.1.7 The tax department issued a show cause notice to the Subsidiary Company "DSML" on 23 May 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, the Subsidiary Company filed a writ petition against this notice in the Honorable Sindh High Court ("Court") on the basis that the rate of 0.5%

has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice and the final outcome of the case is pending. Management of the Subsidiary Company expects a favorable outcome in this case. Hence no provision has been made in the consolidated financial statements.

17.1.8 Guarantees 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 (2016: Rs 7.5 million)

17.1.9 Counter guarantees given by the Holding Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. nil (2016: Rs. 3,213 million).

17.1.10 Cross corporate guarantees given by the Holding Company to its bankers for DSML (a subsidary company) as at the reporting date amounts to Rs. nil (2016: Rs. 2,571.02 million).

17.1.11 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 million (2016: Rs. 83 million).

		2017 Rupees	2016 Rupees
17.2	**Commitments**		
17.2.1	Letters of credit for import of machinery and its related components		
	Holding Company - JDWSML	569,509,835	301,369,738
	Subsidiary Company - DSML	17,449,232	17,930,824

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

	2017 Rupees	2016 Rupees
Not later than one year	239,196,355	263,490,106
Later than one year but not later than five years	805,075,014	1,195,189,390
Later than five years	6,016,667	15,052,538
	1,050,288,036	1,473,732,034

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:

	Note	2017 Rupees	2016 Rupees
Not later than one year		1,465,012	66,371,694
Later than one year but not later than five years		629,115	55,861,174
		2,094,127	122,232,868

18 PROPERTY, PLANT AND EQUIPMENT

	Note	2017 Rupees	2016 Rupees
Operating fixed assets	18.1	23,219,852,562	22,151,628,694
Capital work in progress	18.5	2,938,735,267	1,968,331,366
Stores, spare parts and loose tools held for capital expenditure		90,001,462	83,809,358
		26,248,589,291	24,203,769,418

18.1 Operating fixed assets

	Cost					Depreciation				Net book value as at 30 September 2017
	As at 01 October 2016	Additions/ (deletion) during the year	Transfers/ adjustments in/ (out) during the year	As at 30 September 2017	Rate	As at 01 October 2016	For the year	Transfers / (deletions) / adjustments in/ (out) during the year	As at 30 September 2017	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,895,679,344	519,932,750	(38,288,435)	2,358,651,663	-	-	-	-	-	2,358,651,663
		(18,671,996)	-				-	-		
		-	-				-	-		
		-	-				-	-		
Factory building on freehold land	2,400,573,289	68,785,239	-	2,441,562,838	10	908,369,456	145,066,216	-	1,026,724,204	1,414,838,634
		-	24,934,276				-	-		
		-	(52,729,966)				-	11,036,993		
		-	-				-	(37,748,461)		
Non-factory building on freehold land	937,306,126	2,476,823	-	969,102,338	5-20	252,660,164	33,852,536	-	312,868,796	656,233,542
		-	48,739,939				-	-		
		-	(19,420,550)				-	34,289,721		
		-	-				-	(7,933,625)		
Plant and machinery	20,092,231,343	1,636,150,589	675,141,617	22,386,685,375	5-20	4,804,833,405	861,830,588	104,316,444	5,750,869,674	16,635,815,701
		(49,815,078)	69,341,192				-	(45,015,675)		
		-	(36,364,288)				-	39,208,290		
		-	-				-	(14,303,378)		
Motor vehicles	1,347,906,451	259,004,625	366,242,435	1,956,776,048	20	728,583,148	255,927,640	139,615,292	1,106,481,969	850,294,079
		(57,932,861)	41,555,398				-	(40,702,558)		
		-	-				-	23,058,447		
		-	-				-	-		
Electrical installation	173,189,257	39,016,404	-	169,766,368	10	66,685,254	11,673,890	-	64,713,828	105,052,540
		(3,722,987)	46,779,839				-	(2,392,709)		
		-	(85,496,145)				-	31,196,892		
		-	-				-	(42,449,499)		
Office equipment	125,322,745	2,051,001	-	79,142,047	20	64,381,021	12,671,149	-	42,561,085	36,580,962
		(3,747,933)	(1,513,751)				-	(3,156,600)		
		-	(42,970,015)				-	(1,215,480)		
		-	-				-	(30,119,005)		
Tools and equipment	67,572,095	12,709,182	-	80,534,464	10-20	27,672,060	4,702,558	-	27,734,331	52,800,133
		(2,978,849)	14,381,314				-	(1,803,091)		
		-	(11,149,278)				-	5,313,960		
		-	-				-	(8,151,156)		
Agri implements	40,369,512	-	3,960,001	-	10	21,134,739	2,396,601	967,579	-	-
		-	(3,395,000)				-	-		
		-	(40,934,513)				-	(1,484,496)		
		-	-				-	(23,014,423)		
Furniture and fixture	44,077,506	2,400,257	-	28,074,361	10	19,013,903	2,744,635	-	11,547,149	16,527,212
		(14,929,199)	582,361				-	(7,737,555)		
		-	(4,056,564)				-	203,150		
		-	-				-	(2,676,984)		

	Cost					Depreciation				
	As at 01 October 2016	Additions/ (deletion) during the year	Transfers adjustments in/ (out) during the year	As at 30 September 2017	Rate	As at 01 October 2016	For the year	Transfers / (deletions) / adjustments in/ (out) during the year	As at 30 September 2017	Net book value as at 30 September 2017
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Weighbridge	10,454,656	1,136,071	-	37,862,769	10	8,510,584	279,690	-	19,752,146	18,110,623
		-	26,272,042				-	-		
		-	-				-	10,961,872		
		-	-				-	-		
Roads and boundary wall	147,496,462	-	-	165,055,359	10	56,388,724	9,110,774	-	75,628,643	89,426,716
		-	17,558,897				-	-		
		-	-				-	10,129,145		
		-	-				-	-		
Arms and ammunitions	7,907,517	-	-	7,907,517	10	4,607,560	329,996	-	4,937,556	2,969,961
		-	-				-	-		
		-	-				-	-		
		-	-				-	-		
Fire fighting equipments	78,819,448	-	-	82,815,232	20	29,792,590	9,805,372	-	41,223,855	41,591,377
		-	3,995,784				-	-		
		-	-				-	1,625,893		
		-	-				-	-		
Aircraft	469,981,824	-	-	469,981,824	10-25	237,705,084	30,353,985	-	268,059,069	201,922,755
		-	-				-	-		
		-	-				-	-		
		-	-				-	-		
Tube well	3,436,079	1,075,775	-	9,833,641	10	1,734,006	224,438	-	4,251,298	5,582,343
		-	5,321,787				-	-		
		-	-				-	2,292,854		
		-	-				-	-		
Computers	42,687,717	2,463,223	-	40,312,133	33	25,494,104	6,183,226	-	28,613,382	11,698,751
		(3,406,048)	4,210,777				-	(2,843,238)		
		-	(5,643,536)				-	3,734,691		
		-	-				-	(3,955,401)		
	27,885,011,372	2,547,201,939	1,007,055,618	31,284,063,977		7,257,565,801	1,387,153,294	244,899,315	8,785,966,985	22,498,996,992
		(155,204,951)						(103,651,426)		
Leased										
Plant and machinery	1,388,748,755	-	(675,141,617)	713,607,138	5	162,880,403	43,493,387	(104,316,444)	102,057,346	611,549,792
		-	-				-	-		
Agri implements	3,960,001	-	(3,960,001)	-	10	878,513	89,066	(967,579)	-	-
		-	-				-	-		
Motor vehicles	412,970,935	93,846,350	(366,242,435)	140,574,850	20	117,737,652	52,246,712	(139,615,292)	30,369,072	110,205,778
		-	-				-	-		
	1,805,679,691	93,846,350	(1,045,344,053)	854,181,988		281,496,568	95,829,165	(244,899,315)	132,426,418	721,755,570
		-	-					-		
								-		
	29,690,691,063	2,641,048,289	(38,288,435)	32,138,245,965		7,539,062,369	1,482,982,459	-	8,918,393,403	23,219,852,562
		(155,204,951)						(103,651,426)		

18.2 Additions in operating fixed assets include transfer from capital work in process amounting to Rs. 1,354.47 million (2016: Rs. 2,195.06 million).

18.2.1 Transfers from freehold land represents transfer of land to investment property of the Holding Company during the year amounting to Rs. 38.29 million (2016: Rs 23.44 million)

18.2.2 Freehold land includes agriculture land acquired during the year for Rs. 518 million measuring 172.86 Acres land at Mouza Sheikh Bakhar and Mouza Shirin, Tehsil Sadiqabad, District Rahim Yar Khan was acquired on 20 May 2017. The title of the land is in process for transfer in the name of Group at reporting date.

	Cost				Rate	Depreciation				Net book value as at 30 September 2016
	As at 01 October 2015	Additions/ (deletion) during the year	Transfers (to) / from / adjustments during the year	As at 30 September 2016		As at 01 October 2015	For the year	Transfers / (deletions) / adjustments 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 freehold land	903,855,714	27,293,546	-	937,306,126	5-20	215,612,547	36,540,423	-	252,660,164	684,645,962
		(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	10	17,629,867	12,162,723	-	29,792,590	49,026,858
			-					-		
Aircraft	469,981,824	-	-	469,981,824	20	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)		

		Note	2017 Rupees	2016 Rupees
18.3	**Depreciation charge for the year has been allocated as follows:**			
	Cost of goods manufactured	31.1	1,137,429,514	1,290,702,968
	Administrative expenses	32	54,603,750	65,067,087
	Biological assets	19.2	290,949,195	248,796,363
			1,482,982,459	1,604,566,418

18.4 Disposal of operating fixed assets

Description	Particulars of buyer	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sales value Rupees	Gain / (loss) Rupees	Mode of disposal
	Employees						
01 Vehicle	Saeed Ahmad Khan	1,679,000	1,191,438	487,562	503,700	16,138	Company Policy
01 Vehicle	Javaid Iqbal	1,709,000	1,189,766	519,234	512,700	(6,534)	- do -
01 Vehicle	S.M. Raza Zaidi	1,524,000	1,047,881	476,119	457,200	(18,919)	- do -
01 Vehicle	Muhammad Zaman Khan	1,514,000	1,041,004	472,996	454,200	(18,796)	- do -
01 Vehicle	Rana Niaz	1,514,000	1,065,737	448,263	454,200	5,937	- do -
01 Vehicle	Fahim Safdar	1,444,000	983,766	460,234	577,600	117,366	- do -
01 Vehicle	Sajid Ahmad	1,394,000	1,039,350	354,650	418,200	63,550	- do -
01 Vehicle	Sajid Mehmood	1,374,000	944,742	429,258	549,600	120,342	- do -
01 Vehicle	Muhammad Ramzan	1,374,000	929,105	444,895	549,600	104,705	- do -
01 Vehicle	Siddique Shad	1,096,000	712,518	383,482	438,400	54,918	- do -
01 Vehicle	Javaid Iqbal Rana	1,096,000	708,552	387,448	438,400	50,952	- do -
01 Vehicle	Munir Ahmed Daha	1,000,000	595,542	404,458	925,000	520,542	- do -
01 Vehicle	Javaid Saleem Khan	930,000	619,704	310,296	372,000	61,704	- do -
01 Vehicle	Khursheed Anwar	911,000	660,671	250,329	364,400	114,071	- do -
01 Vehicle	Mazhar Hussain	911,000	641,894	269,106	364,400	95,294	- do -
01 Vehicle	Muhammad Akram	906,000	639,687	266,313	362,400	96,087	- do -
01 Vehicle	Muhammad Yaseen	906,000	638,370	267,630	362,400	94,770	- do -
01 Vehicle	Khawaja Fasi Ullah	891,000	641,876	249,124	356,400	107,276	- do -
01 Vehicle	Muhammad Javed	891,000	632,789	258,211	356,400	98,189	- do -
01 Vehicle	Muhammad Ahsan	891,000	632,256	258,744	356,400	97,656	- do -
01 Vehicle	Mussadiq Rahim	870,000	618,037	251,963	348,000	96,037	- do -
01 Vehicle	Muddasir Aleem	742,000	505,919	236,081	296,800	60,719	- do -
01 Vehicle	Muhammad Jalal	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Asif Mehmood	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Muhammad Arshad	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Muhammad Younas	711,515	533,636	177,879	364,400	186,521	- do -
01 Vehicle	Muhammad Sajid	711,515	498,060	213,455	364,381	150,926	- do -
01 Vehicle	Ehsan-ul-Haq	86,000	28,930	57,070	43,000	(14,070)	- do -
	Other Parties						
02 Vehicles	Khurram Imtiaz	1,172,940	1,042,224	130,716	746,000	615,284	Negotiation
02 Vehicles	Zahir Khan	1,533,833	1,348,218	185,615	1,165,000	979,385	- do -
10 Tractors	Mehmood	4,348,485	3,261,364	1,087,121	7,000,000	5,912,879	- do -
02 Tractors	JK Sugar Mills (Private) Limited	1,280,223	960,167	320,056	1,305,000	984,944	- do -
01 Vehicle	Ashraf	379,424	221,331	158,093	400,000	241,907	- do -
01 Vehicle	Abid Karim	421,582	252,949	168,633	750,000	581,367	- do -
03 Vehicles	Khurram Motors	3,200,000	2,247,695	952,305	2,685,000	1,732,695	- do -
03 Vehicles	EFU General Insurance Limited	7,474,500	4,812,982	2,661,518	5,406,000	2,744,482	Insurance Claim
01 Vehicle	Khawaja Soha Butt	1,059,000	452,508	606,492	838,182	231,690	Negotiation
Land	Anayat Hussain Shah	18,671,996	-	18,671,996	26,272,500	7,600,504	- do -
Office Equipment	General Traders (Private) Limited	440,000	292,058	147,942	65,000	(82,942)	- do -
Machinery	Baba Farid Sugar Mills Limited	42,938,023	41,873,183	1,064,840	18,687,000	17,622,160	- do -
Assets - written off		33,871,245	19,733,332	14,137,913	-	-	Company Policy
Net book value of assets less than Rs. 50,000		9,203,125	6,811,277	2,391,846	5,820,319	3,428,473	- do -
	2017	155,204,951	103,651,426	51,553,523	82,823,382	45,407,772	
	2016	124,128,277	81,040,510	43,087,767	25,184,241	8,588,894	

		2017 Rupees	2016 Rupees
18.5	**Capital work in progress**		
	As at 1 October	1,968,331,366	1,448,349,413
	Additions during the year	2,324,872,570	2,715,038,835
	Transfers made during the year	(1,354,468,669)	(2,195,056,882)
	As at 30 September	2,938,735,267	1,968,331,366
	Break-up of closing balances is as follows:		
	Advances to suppliers	1,158,378,319	527,749,702
	Plant and machinery	1,307,887,240	1,169,736,129
	Advances against air craft	174,676,052	–
	Building	291,771,841	270,845,535
	Roads & boundary walls	6,021,815	–
		2,938,735,267	1,968,331,366

18.5.1 Additions to capital work in progress also include borrowing costs of Rs. 28.47 million (2016: Rs. 75.35 million) relating to specific borrowings at the rates ranging from 6.65% to 7.14% per annum (2016: 6.98% to 9.49% per annum).

	2017 Rupees	2016 Rupees
19 BIOLOGICAL ASSETS		
Consumable biological assets represent		
Sugarcane		
Immature - classified as non current assets	14,595,399	7,279,311
Mature - classified as current assets	2,282,737,798	2,229,977,882
Cotton		
Mature - classified as current assets	–	10,988,225
	2,282,737,798	2,240,966,107
	2,297,333,197	2,248,245,418

19.1 Movement in the carrying value of biological assets

	Note	Cost Rupees	Fair value adjustment Rupees	Carrying value Rupees
Balance at 01 October 2016		2,124,219,791	124,025,627	2,248,245,418
Expenses incurred during the year	19.2	2,939,375,048	–	2,939,375,048
		5,063,594,839	124,025,627	5,187,620,466
Fair value gain at the point of harvest		–	196,543,727	196,543,727
Cost of crop harvested and fair value adjustment		(2,843,660,710)	(320,569,354)	(3,164,230,064)
Gain on fair value at year end		–	77,399,068	77,399,068
Balance at 30 September 2017		2,219,934,129	77,399,068	2,297,333,197

		Note	2017 Rupees	2016 Rupees
19.2	**Expenses incurred during the year**			
	Land rentals		716,485,780	670,046,854
	Salaries, wages and other benefits	19.2.1	451,257,387	348,606,527
	Harvesting expenses		333,129,762	257,162,144
	Fertilizer expenses		273,299,340	293,086,084
	Depreciation	18.3	290,949,195	248,796,363
	Irrigation expenses		295,645,655	259,948,923
	Seed and sapling expenses		155,795,223	111,439,753
	Land preparation & cultivation expenses		161,312,589	149,799,464
	Repairs and maintenance		53,639,206	43,862,436
	Pesticide and herbicide expenses		77,438,964	70,563,136
	Sowing expenses		40,836,311	36,748,447
	Insurance		19,120,766	22,137,655
	Bio-laboratory expenses		24,167,100	21,854,300
	Vehicle running expenses		30,652,490	26,607,453
	Utility expenses		6,544,405	7,764,294
	Freight		3,914,238	7,126,444
	Printing & stationery		1,649,104	1,697,642
	Travelling and conveyance		534,143	614,575
	Others		3,003,390	14,853,957
		19.2.2	2,939,375,048	2,592,716,451

19.2.1 Salaries, wages and other benefits include Rs. 12.10 million (2016: Rs. 9.6 million) in respect of provident fund.

19.2.2 This represents net-off cost of seeds used for own consumption.

19.3 The Group harvested 19,140,327 maunds of sugarcane, 80,103 maunds of wheat, 3,037 maunds of cotton and 41,952 maunds of rhodes grass during the year at average yields of 910, 44.66, 14.28 and 108.09 maunds per acre respectively. Further sugarcane mature crop was produced on 1,173 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 recognised in respect of Level 3 fair values:

Gain included in cost of good manufactured and other income:

	Note	2017 Rupees	2016 Rupees
Change in fair value (realised)			
cost of goods consumed		320,569,354	312,061,164
Change in fair value (unrealised)			
other income	34 & 35	77,399,068	124,025,627

19.4.3 Valuation techniques and significant unobservable inputs

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

	Unit	2017 Value	2016 Value
Valued plantations (Actual)			
-Punjab zone	Acres	12,473	10,890
-Sindh zone	Acres	11,327	11,318
Estimated yield per acre			
-Punjab zone	Maunds	950	920
-Sindh zone	Maunds	922	874
Harvest age	Months	12-14	12-14
Estimated future sugarcane market price per maund			
-Punjab zone	Rupees	180	180
-Sindh zone	Rupees	182	182
Risk - adjusted discount rate	% per month	0.85%	0.99%

Cost of Rs. 14.6 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) 2017 Rupees	Increase / (Decrease) 2016 Rupees
Decrease of 10% in expected average yield per acre	(279,160,673)	(270,206,481)
Decrease of 10% in expected average selling price per maund	(382,083,844)	(344,866,307)
Increase of 10% in discount rate	(9,780,846)	10,380,960

19.6 Segment-wise composition

	Cost Rupees	Fair value Rupees	Total Rupees
Punjab	1,302,615,827	(66,589,332)	1,236,026,495
Sindh	917,318,302	143,988,400	1,061,306,702
Total	2,219,934,129	77,399,068	2,297,333,197

19.7 Risk management strategy related to agricultural activities

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

Regulatory and environmental risks

The Group is subject to various laws and regulations in Pakistan. The Group 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 Group is principally dependent upon the Government's measures for flood control. The Group 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 Group adversely. The Group 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	2017 Rupees	2016 Rupees
20	**INVESTMENT PROPERTY**			
	Balance as at 01 October		196,467,698	173,026,930
	Transferred from operating fixed assets		38,288,435	23,440,768
	Disposal of investment property		(16,156,536)	–
	Balance as at 30 September	20.1	218,599,597	196,467,698

20.1 It represents agricultural land given on lease.

20.2 The fair value of investment property is Rs. 374 million (2016: Rs. 352 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 Group'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.

		Note	2017 Rupees	2016 Rupees
21	**INTANGIBLES**			
	Goodwill	21.1	1,063,350,995	1,063,350,995
	Oracle computer software	21.2	12,665,266	14,747,816
			1,076,016,261	1,078,098,811

21.1 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 10.69% 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	2017 Rupees	2016 Rupees
21.2	**Oracle computer software**			
	Cost		22,747,279	21,397,279
	Acquired during the year		–	1,350,000
			22,747,279	22,747,279
	Accumulated amortization			
	As at 01 October		7,999,463	4,545,821
	Added during the period		–	1,080,000
	Amortization for the year	32	2,082,550	2,373,642
			10,082,013	7,999,463
	As at 30 September		12,665,266	14,747,816
	Rate of amortization		10.00%	10.00%

22 LONG TERM INVESTMENTS

This represents investment of the Holding Company of 47.37% in the equity of JDW Power (Private) Limited "JDW Power", an unquoted associated company. The cost of investment is Rs 90 million represented by 9 million shares of Rs 10 each. The carrying value of the investment is Rs nil (2016: Rs nil) due to accumulated impairment allowance of Rs 90 million charged in year ended 30 September 2012.

23 LONG TERM ADVANCES

This represents interest free soft loan given to Sukkur Electric Power Company ("SEPCO") and Multan Electric Power Company ("MEPCO") to meet 100 % expenses of grid interconnection at Unit III and Unit II 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 and 12 June 2014 for Unit II and Unit III respectively.

24 LONG TERM DEPOSITS

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

	Note	2017 Rupees	2016 Rupees
25 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores			
- Sugar		773,107,446	639,419,816
- Co-Generation Power		99,173,556	68,770,276
- Corporate sugarcane farms		258,111,983	246,929,574
		1,130,392,985	955,119,666
Spares parts			
- Sugar		613,682,772	420,972,662
- Co-Generation Power		67,151,836	43,415,592
		680,834,608	464,388,254
Loose tools			
- Sugar		35,601,660	29,964,261
- Co-Generation Power		11,902,009	9,494,415
		47,503,669	39,458,676
		1,858,731,262	1,458,966,596
Less: Provision for obsolescence	31.1	(146,318,585)	(123,932,784)
		1,712,412,677	1,335,033,812

		2017 Rupees	2016 Rupees
26	**STOCK-IN-TRADE**		
	Sugar	10,787,855,518	5,105,637,935
	Bagasse	530,172,587	181,772,600
	Molasses	13,762,764	–
		11,331,790,869	5,287,410,535

		Note	2017 Rupees	2016 Rupees
27	**TRADE DEBTS - UNSECURED**			
	Trade debts - considered good	27.1	3,588,040,356	1,046,012,899
	Trade debts - considered doubtful		39,203,083	14,486,141
			3,627,243,439	1,060,499,040
	Less: Provision for doubtful debts		(39,203,083)	(14,486,141)
			3,588,040,356	1,046,012,899

27.1 This includes Rs. 1,614.25 million (2016: Rs. 922.38 million) receivable from CPPA-G on account of sale of electricity under EPA.

		Note	2017 Rupees	2016 Rupees
28	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to growers			
	Unsecured - considered good		377,151,161	298,159,453
	Unsecured - considered doubtful		4,937,966	4,937,966
			382,089,127	303,097,419
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
			377,151,161	298,159,453
	Advances to suppliers and contractors			
	Unsecured - considered good		412,115,175	363,000,922
	Unsecured - considered doubtful		24,619,246	21,617,812
			436,734,421	384,618,734
	Less: Provision for doubtful advances		(24,619,246)	(21,617,812)
			412,115,175	363,000,922
	Advances to related parties -			
	Unsecured, considered good		–	15,000
	Advances to staff - unsecured, considered good			
	- against salaries	28.1	11,727,993	14,496,289
	- against expenses		7,504,071	5,417,185
	Sugar export subsidy		43,800,000	228,985,000
	Federal excise duty and sales tax		792,010,998	522,911,057
	Prepaid expenses		37,302,856	32,998,507
	Current maturity of long term advances	23	19,088,890	26,264,198
	Deposits		5,175,000	34,879,869
	Other receivables	28.2	28,737,892	16,821,638
			1,734,614,036	1,543,949,118

28.1 This includes an amount of Rs. 6.32 million (2016: Rs. 8.87 million) receivable from executives of the Holding Company.

28.2 This includes an amount of Rs. 10.16 million (2016: Rs. 4.43 million) receivable from employee provident fund of the Holding Company

	Note	2017 Rupees	2016 Rupees
29 CASH AND BANK BALANCES			
At banks:			
- Current accounts			
Deposits with islamic banks		16,576,446	1,744,853
Deposits with conventional banks		146,274,759	25,527,644
		162,851,205	27,272,497
- Saving accounts			
Deposits with conventional banks	29.1	3,740,446	872,471
		166,591,651	28,144,968
Cash in hand		4,113,245	3,595,686
		170,704,896	31,740,654

29.1 The balances in saving accounts carry markup at 3.75% per annum (2016: 3.50% to 10% per annum).

	Note	2017 Rupees	2016 Rupees
30 SALES - NET			
Sugar	30.1	47,156,386,780	42,372,699,923
Agriculture produce	30.2	149,419,264	67,123,917
Electricity	30.3	4,661,052,498	4,331,946,876
Molasses - by product	30.4	3,222,800,417	2,247,914,168
Agri inputs		1,864,762,693	–
Bagasse - by product		137,317,872	–
		57,191,739,524	49,019,684,884
Less:			
- Sales tax on sugar		(4,753,534,137)	(2,850,092,948)
- Sales tax on electricity, bagasse, agri inputs and molasses		(651,866,076)	(789,346,567)
- Commission and others		(17,013,034)	(19,210,140)
		(5,422,413,247)	(3,658,649,655)
		51,769,326,277	45,361,035,229
30.1 Sugar			
- local		43,008,505,478	40,898,537,523
- export	30.1.1	4,147,881,302	1,474,162,400
		47,156,386,780	42,372,699,923

30.1.1 This includes sugar export subsidy of Rs. nil (2016: Rs. 321.23 million).

			2017 Rupees	2016 Rupees
30.2	**Agriculture produce**			
	- Sugarcane seed and others		149,419,264	67,123,917
30.3	**Electricity**			
	- Captive Power		141,957,423	95,018,165
	- Co-Generation Power			
	variable energy price		2,769,747,989	2,421,954,321
	fixed energy price		1,749,347,086	1,814,974,390
			4,519,095,075	4,236,928,711
			4,661,052,498	4,331,946,876

		Note	2017 Rupees	2016 Rupees
30.4	Molasses - by product			
	- Sales under DTRE			
	(Duty & Tax Remission for Exporters)		2,621,409,376	1,724,391,242
	- Others		601,391,041	523,522,926
			3,222,800,417	2,247,914,168

31 COST OF SALES

	Note	2017 Rupees	2016 Rupees
Opening stock in trade		5,287,410,535	5,482,608,718
Add: Cost of goods manufactured	31.1	52,440,528,917	37,021,141,523
		57,727,939,452	42,503,750,241
Less: Closing stock			
- Sugar		(10,787,855,518)	(5,105,637,938)
- Bagasse		(530,172,587)	(181,772,600)
- Molasses		(13,762,764)	–
		(11,331,790,869)	(5,287,410,538)
		46,396,148,583	37,216,339,703

		Note	2017 Rupees	2016 Rupees
31.1	**Cost of goods manufactured**			
	Cost of sugarcane consumed			
	(including procurement and other costs)	31.1.1	45,237,306,865	31,754,630,272
	Salaries, wages and other benefits	31.1.2	2,145,531,378	1,778,104,157
	Cost of agri inputs		1,424,342,557	–
	Depreciation	18.3	1,137,429,514	1,290,702,968
	Stores and spare parts consumed		859,909,650	684,782,402
	Packing materials consumed		386,692,688	305,655,647
	Chemicals consumed		265,469,467	199,531,984
	Operation and maintenance costs	31.1.3	211,527,800	182,524,785
	Cost of bagasse consumed		100,181,711	161,686,351
	Vehicle running expenses		123,239,856	109,261,403
	Oil, lubricants and fuel consumed		86,595,739	72,691,587
	Insurance		90,134,075	78,934,658
	Mud and bagasse shifting expenses		71,844,648	23,376,559
	Electricity and power		62,291,300	65,606,637
	Repairs and maintenance		45,069,053	37,203,238
	Handling and storage		35,732,370	23,645,997
	Operating lease rentals		23,831,824	51,208,935
	Freight and octroi		28,388,643	20,900,669
	Initial land preparation		20,979,798	31,275,280
	Printing and stationery		12,612,888	10,188,787
	Telephone and fax		8,569,325	7,608,916
	Travelling and conveyance		4,003,401	4,448,530
	Provision for obsolescence	25	22,385,801	79,850,180
	Assets written off		14,137,913	24,563,367
	Land vacation charges		–	738,197
	Other expenses		22,320,653	22,020,017
			52,440,528,917	37,021,141,523
31.1.1	**Cost of sugarcane consumed**			
	- sugarcane produced	31.1.1.1	3,314,818,023	2,541,139,804
	- fair value adjustment		124,025,627	(221,883,469)
			3,438,843,650	2,319,256,335
	- sugarcane purchased		41,798,463,215	29,435,373,937
			45,237,306,865	31,754,630,272

31.1.1 This amount includes depreciation of Rs. 297.16 million (2016: Rs. 240.96 million).

31.1.2 Salaries, wages and other benefits include Rs. 49.52 million (2016: Rs. 40.20 million) in respect of provident fund and Rs. 12.53 million (2016: Rs. 10.56 million) in respect of staff gratuity.

		2017 Rupees	2016 Rupees
31.1.3	**Operation and maintenance costs**		
	Reimbursable cost	169,329,531	140,695,734
	Operating fee	42,198,269	41,829,051
		211,527,800	182,524,785

		Note	2017 Rupees	2016 Rupees
32	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	32.1	750,253,773	632,596,761
	Charity and donations	32.2	161,148,270	79,256,976
	Legal and professional services		73,092,853	40,683,731
	Depreciation	18.3	54,603,750	65,067,087
	Office rent and renovation		45,004,372	35,818,482
	Travelling and conveyance		42,529,880	43,316,562
	Vehicle running and maintenance		22,830,103	21,973,006
	Repairs and maintenance		20,819,763	21,804,440
	Telephone, fax and postage		11,169,590	9,294,030
	Insurance		11,172,537	10,494,112
	Printing and stationery		7,311,348	6,713,052
	Fee and taxes		16,657,967	11,753,551
	Subscription and renewals		6,334,696	6,507,699
	Electricity and power		10,637,289	8,172,599
	Consultancy and advisory		4,613,299	21,057,752
	Operating lease rentals		3,863,095	6,563,310
	Entertainment		4,096,377	4,598,520
	Auditors' remuneration	32.3	6,475,350	5,038,990
	Advertisement		2,145,600	1,896,545
	Amortization	21.2	2,082,550	2,373,642
	Newspapers, books and periodicals		203,422	190,335
	Assets written off		183,382	1,929,055
	Provision for doubtful trade debts / advances	27 & 28	27,091,115	1,590,924
	Other expenses		16,133,936	15,553,433
			1,300,454,317	1,054,244,594

32.1 Salaries, wages and other benefits include Rs. 18.68 million (2016: Rs. 19.99 million) in respect of provident fund and Rs. 7.12 million (2016: Rs. 6.96 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.

		2017 Rupees	2016 Rupees
32.3	**Auditors' remuneration**		
	KPMG Taseer Hadi & Co. -		
	Auditors' of Holding Company		
	Statutory audit	2,750,000	2,500,000
	Half yearly review	575,000	400,000
	Other certificates	408,500	380,000
	Riaz Ahmed Saqib Gohar & Co. -		
	Auditors' of DSML, SPL & GPL		
	Statutory audit	697,500	500,000
	Tax certificates	928,350	581,500
	Other certificates	388,000	177,490
	A.F. Ferguson & Co. - Auditors' of FPML		
	Statutory audit	700,000	500,000
	Out of pocket expenses	28,000	–
		6,475,350	5,038,990

		Note	2017 Rupees	2016 Rupees
33	**SELLING EXPENSES**			
	Freight outwards		33,275,046	130,551,412
	Salaries, wages and other benefits	33.1	35,363,483	28,133,840
	Other selling expenses		21,882,146	14,402,375
			90,520,675	173,087,627

33.1 Salaries, wages and other benefits include Rs. 1.56 million (2016: Rs. 0.65 million) in respect of provident fund.

		Note	2017 Rupees	2016 Rupees
34	**OTHER INCOME**			
	Income from financial assets			
	Markup from deposits with conventional banks			
	- Interest income on bank deposits		1,131,772	1,436,313
	Markup on delayed payment from CPPA-G		32,133,474	18,328,919
			33,265,246	19,765,232
	Income from non-financial assets			
	Scrap sales		91,738,177	49,823,854
	Sale of mud		107,374,023	78,354,157
	Fair value gain on biological assets	19.4.2	77,399,068	124,025,627
	Gain on sale of operating fixed assets		45,407,772	8,588,894
	Profit on sale of investment property		21,280,886	–
	Foreign exchange gain		10,465,107	2,043,767
	Rental income	34.1	7,625,300	7,933,085
	Reversal of prior year provision of WWF		37,681,810	15,601,439
	Others		2,766,374	8,143,786
			401,738,517	294,514,609
			435,003,763	314,279,841

34.1 This represents the rental income earned from investment property.

		Note	2017 Rupees	2016 Rupees
35	**OTHER EXPENSES**			
	Loss on de-recognition of investment in associate		–	1,438,124,766
	Workers' Profit Participation Fund	15.2	124,067,507	185,090,244
	Workers' Welfare Fund		23,029,523	45,745,525
	Others		5,136,698	11,361,722
			152,233,728	1,680,322,257

	Note	2017 Rupees	2016 Rupees
36 FINANCE COST			
Markup based loans from conventional banks			
- short term borrowings - secured		728,319,164	646,426,792
- long term finances - secured		795,524,941	874,082,308
- redeemable capital - secured		8,867,880	20,580,907
- finance leases - secured		42,304,481	87,775,339
		1,575,016,466	1,628,865,346
Islamic mode of financing			
- short term borrowings - secured		210,977,571	255,634,658
- long term finances - secured		85,621,985	70,494,112
		296,599,556	326,128,770
Workers' Profit Participation Fund	15.2	71,221,712	18,653,477
Markup on short term loan from related party - unsecured		–	2,222,856
Bank charges and commission		42,271,339	61,364,187
		113,493,051	82,240,520
Less: Borrowing costs capitalized		(28,471,915)	(66,181,196)
		1,956,637,158	1,971,053,440

	2017 Rupees	2016 Rupees
37 TAXATION		
Income tax		
- current	449,500,258	138,419,011
- prior	8,699,907	42,770,246
	458,200,165	181,189,257
Agriculture tax	1,692,083	1,242,645
Deferred tax	(56,642,698)	442,415,868
Super tax - Tax year 2017	52,632,880	–
	455,882,430	624,847,770
37.1 Tax charge reconciliation		
Numerical reconciliation between tax expense and accounting profit		
Profit before taxation	2,308,335,579	3,566,097,659
Applicable tax rate as per Income Tax Ordinance, 2001	30%	31%
Tax on accounting profit	692,500,674	1,105,490,274
Tax credit	(183,935,631)	(234,862,175)
Tax rate adjustment	_	(7,855,172)
Effect of tax loss adjustment	_	(104,271,212)
Exempt income	(11,811,388)	(99,581,300)
Effect of final tax regime	14,069,978	(26,970,060)
Super tax	52,632,880	–
Effect of permanent differences and others, including prior year tax - net	(107,574,083)	(7,102,585)
	455,882,430	624,847,770

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

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

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

37.3 The Finance Act, 2017 introduced a tax under section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modarba, that derives profits for tax year but does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus shares.

The Board of Directors of the Holding Company in their meeting held on 13 May 2017 and 30 December 2017 have recommended an interim and final cash dividend of Rs. 13.00 per share in total for the year ended 30 September 2017 (2016: Rs. 20.00) which complies with the above stated requirements. Accordingly, no provision for tax in this respect has been made in these consolidated financial statements.

37.4 For tax contingencies, refer note 17.1.

38 CASH GENERATED FROM OPERATIONS

	2017 Rupees	2016 Rupees
Profit before taxation	2,308,335,579	3,566,097,659
Adjustments for non-cash and other items:		
Finance cost	1,956,637,158	1,971,053,439
Depreciation	1,482,982,459	1,597,328,461
Amortization	2,082,550	2,373,642
Workers' Profit Participation Fund	124,067,507	185,090,244
Workers' Welfare Fund	23,029,523	45,745,525
Staff retirement benefits	101,250,458	115,660,864
Share of loss of associated companies	–	14,169,790
Loss on derecognition of investment in associate	–	1,438,124,766
Stores and spare parts written off	–	1,108,224
Advances written off	–	169,786
Provision for obsolescence	22,385,801	79,850,180
Provision for doubtful trade debts/advances	27,091,115	1,772,190
Gain on disposal of investment property	(21,280,886)	–
(Gain)/loss on disposal of operating fixed assets	(45,407,772)	1,669,616
Reversal of prior year provision of WWF	(37,681,810)	(15,601,439)
Provision for doubtful sales tax receivables	–	11,361,722
Assets written off	9,729,705	26,938,417
Fair value gain on biological assets	(77,399,068)	(124,025,627)
	3,572,078,330	5,352,789,800
Operating profit before working capital changes	5,880,413,909	8,918,887,459
(Increase)/decrease in current assets		
Stock-in-trade	(6,044,380,334)	195,198,183
Biological assets	28,311,289	(573,293,168)
Trade debts	(2,566,744,402)	139,664,535
Stores, spare parts and loose tools	(399,764,666)	1,843,926
Advances, deposits, prepayments and other receivables	(215,549,715)	23,635,876
	(9,198,127,825)	(212,950,648)
Increase in current liabilities		
Trade and other payables	1,436,151,994	1,544,163,784
Cash (used in)/generated from operations	(1,881,561,922)	10,250,100,595

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		Executives	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	840,000	38,210,000	85,000,000	25,000,000	56,500,000	46,630,000	433,580,181	403,598,616
House allowance	336,000	15,284,000	34,000,000	10,000,000	22,600,000	18,652,000	145,429,878	108,462,024
Utilities	84,000	3,821,000	8,500,000	2,500,000	5,650,000	4,663,000	36,357,469	27,115,507
Bonus	–	30,000,000	46,666,669	–	31,500,000	22,000,000	267,196,476	239,529,900
Group's contribution towards provident fund	–	–	–	–	–	–	35,353,625	24,048,674
Staff retirement benefit- gratuity	–	–	–	–	–	–	2,824,587	15,078,903
	1,260,000	87,315,000	174,166,669	37,500,000	116,250,000	91,945,000	920,742,216	817,833,624
Number of persons	1	1	1	1	2	3	189	160

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

No meeting fee was paid to Directors during the year (2016: Rs. nil).

Director is permitted to use the Group maintained aircraft for private trips, subject to availability, for which the proportionate share of expenses is reimbursed to the Group. During the year, the Director was charged Rs. 62.61 million (2016: Rs. 52.27 million) for the use of aircraft.

40 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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.

40.2.1 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:

	2017 Rupees	2016 Rupees
Long term advances	3,272,223	18,430,247
Long term deposits	55,042,065	111,510,138
Trade debts	3,588,040,356	1,046,012,899
Advances, deposits and other receivables	64,729,775	92,476,994
Bank balances	166,591,651	28,144,968
	3,877,676,070	1,296,575,246

40.2.2 Concentration of credit risk

The Group identifies concentration of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2017 Rupees	2016 Rupees
Customers	3,588,040,356	1,046,012,899
Banking companies	166,591,651	28,144,968
Others	123,044,063	222,417,370
	3,877,676,070	1,296,575,246

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

	2017 Rupees	2016 Rupees
The aging of trade receivables at the reporting date is:		
Not past due	3,588,040,356	1,046,012,899
Past due 365 days	39,203,083	14,486,141
	3,627,243,439	1,060,499,040

	2017		2016	
	Gross carrying amount Rupees	Accumulated impairment Rupees	Gross carrying amount Rupees	Accumulated impairment Rupees
Neither past due nor impaired	3,588,040,356	–	1,046,012,899	–
Past due more than 365 days	39,203,083	39,203,083	14,486,141	14,486,141
	3,627,243,439	39,203,083	1,060,499,040	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:

	2017 Rupees	2016 Rupees
At banks:		
Current accounts	162,851,205	27,272,497
Saving accounts	3,740,446	872,471
	166,591,651	28,144,968

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

	Rating		Rating	2017	2016
	Long term	Short term	Agency	Rupees	Rupees
Banks					
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	64,502	45,872
Allied Bank Limited	AA+	A1+	PACRA	9,167,236	10,451,893
Askari Bank Limited	AA+	A1+	PACRA	185,206	251,839
Askari Bank Limited (Islamic)	AA+	A1+	PACRA	34,475	27,223
Bank Al Habib Limited	AA+	A1+	PACRA	17,691	22,782
Bank Alfalah Limited	AA+	A1+	PACRA	2,793,911	2,216,391
Bank Alfalah Limited (Islamic)	AA+	A1+	PACRA	9,748,089	11,062
Bank Islami Pakistan Limited	A+	A1	PACRA	245,618	74,692
Dubai Islamic Bank (Pakistan) Limited	AA-	A-1	JCR-VIS	27,802	17,055
Faysal Bank Limited	AA	A1+	PACRA	20,196,877	99,715
Habib Bank Limited	AAA	A-1+	JCR-VIS	7,015,523	7,079,342
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	1,461,676	–
JS Bank Limited	AA-	A1+	PACRA	434,370	66,993
MCB Bank Limited	AAA	A1+	PACRA	33,811,773	3,607,752
MCB Islamic Bank Limited	A	A1	PACRA	3,534,295	36,270
Meezan Bank Limited	AA	A-1+	JCR-VIS	2,623,414	741,306
National Bank of Pakistan	AAA	A1+	PACRA	57,574,575	279,896
National Bank of Pakistan (Islamic)	AAA	A1+	PACRA	295,399	11,703
Silk Bank Limited	A-	A-2	JCR-VIS	20,571	41,753
Sindh Bank Limited	AA	A-1+	JCR-VIS	17,071	27,677
Soneri Bank Limited	AA-	A1+	PACRA	4,925,125	33,533
Summit Bank Limited	A-	A-1	JCR-VIS	2,562,677	230,774
The Bank of Khyber	A	A1	PACRA	24,030	14,495
The Bank of Punjab	AA	A1+	PACRA	9,397,725	1,721,607
The First Micro Finance Bank Limited	A+	A-1	JCR-VIS	10,907	21,604
Tameer Bank Limited	A+	A1	PACRA	38,905	17,305
United Bank Limited	AAA	A-1+	JCR-VIS	266,602	963,806
Standard Chartered Bank (Pakistan) Limited	AAA	A1+	PACRA	95,606	–
MCB Bank Limited (Formally NIB Bank Limited)	AAA	A1+	PACRA	–	10,612
Al-Baraka Bank (Pakistan) Limited (Formally Burj Bank Limited)	A	A1	PACRA	–	20,016
				166,591,651	28,144,968

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.

	2017				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Redeemable capital - secured	83,333,333	84,818,000	84,818,000	–	–
Long term finances - secured	13,532,285,027	15,585,355,493	4,273,226,380	11,312,129,113	–
Short term borrowings - secured	13,783,388,645	14,014,094,811	14,014,094,811	–	–
Liabilities against assets subject to finance lease - secured	306,472,177	323,440,763	165,224,811	158,215,952	–
Accrued profit / interest / mark-up	277,241,631	277,241,631	277,241,631	–	–
Trade and other payables	1,903,586,826	1,903,586,826	1,903,586,826	–	–
	29,886,307,639	32,188,537,524	20,718,192,459	11,470,345,065	–

	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 - secured	194,444,444	206,974,444	122,341,111	84,633,333	–
Long term finances - secured	13,457,498,661	15,698,578,661	4,306,569,680	11,392,008,981	–
Short term borrowings - secured	3,594,347,767	3,594,347,767	3,594,347,767	–	–
Liabilities against assets subject to finance lease - secured	846,801,343	928,299,082	393,927,312	534,371,770	–
Accrued profit / interest / mark-up	132,500,195	132,500,195	132,500,195	–	–
Trade and other payables	1,475,072,656	1,475,072,656	1,475,072,656	–	–
	19,700,665,066	22,035,772,805	10,024,758,721	12,011,014,084	–

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 financial statements. The Group's interest/markup bearing financial instruments as at the reporting date are as follows:

		2017		2016	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	Note	Rupees	Rupees	Rupees	Rupees
Redeemable capital - secured	8	–	83,333,333	–	194,444,444
Long term loans - secured	9	–	13,532,285,027	–	13,457,498,661
Liabilities against assets subject to finance lease - secured	10	–	306,472,177	–	846,801,343
Short term borrowings - secured	13	–	13,783,388,645	–	3,594,347,767
Variable rate instruments		–	27,705,479,182	–	18,093,092,215

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit and loss 100 bps	
	Increase Rupees	Decrease Rupees
As at 30 September 2017	(277,054,792)	277,054,792
As at 30 September 2016	(180,930,922)	180,930,922

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

40.4.3 Interest rate risk management

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

40.4.4 Other price risk

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

40.4.5 Fair values

Fair value 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		
	Note	Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On balance sheet financial instruments				Rupees			
30 September 2017							
Financial assets measured at fair value		–	–	–	–	–	–
Financial assets not measured at fair value							
Long term advances		3,272,223	–	3,272,223	–	–	–
Long term deposits		55,042,065	–	55,042,065	–	–	–
Trade debts - unsecured considered good		3,588,040,356	–	3,588,040,356	–	–	–
Advances, deposits and other receivables		64,729,775	–	64,729,775	–	–	–
Cash and bank balances		170,704,896	–	170,704,896	–	–	–
	40.4.5 (a)	3,881,789,315	–	3,881,789,315	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–
Financial liabilities not measured at fair value							
Redeemable capital - secured		–	83,333,333	83,333,333	–	–	–
Long term finances - secured		–	13,532,285,027	13,532,285,027	–	–	–
Short term borrowings - secured		–	13,783,388,645	13,783,388,645	–	–	–
Liabilities against assets							
subject to finance lease - secured		–	306,472,177	306,472,177	–	–	–
Accrued profit / interest / mark-up		–	277,241,631	277,241,631	–	–	–
Trade and other payables		–	1,903,586,826	1,903,586,826	–	–	–
	40.4.5 (a)	–	29,886,307,639	29,886,307,639	–	–	–

	Note	Carrying amount			Fair value		
		Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
On balance sheet financial instruments		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 - unsecured considered good		1,046,012,899	–	1,046,012,899	–	–	–
Advances, deposits and other receivables		92,476,994	–	92,476,994	–	–	–
Cash and bank balances		31,740,654	–	31,740,654	–	–	–
	40.4.5 (a)	1,300,170,932	–	1,300,170,932	–	–	–
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 - secured		–	846,801,343	846,801,343	–	–	–
Accrued profit / interest / mark-up		–	132,500,195	132,500,195	–	–	–
Trade and other payables		–	1,475,072,656	1,475,072,656	–	–	–
	40.4.5 (a)	–	19,700,665,066	19,700,665,066	–	–	–

40.4.5 (a) 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 CAPITAL MANAGEMENT

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

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

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

42 NON-CONTROLLING INTEREST (NCI)

	2017 Rupees	2016 Rupees
Non-current assets	1,118,283,814	1,127,938,314
Current assets	103,251,395	104,102,526
Non-current liabilities	(6,754,179)	(5,671,061)
Current liabilities	(38,881,941)	(42,553,405)
Net assets	1,175,899,089	1,183,816,374
NCI percentage	41.09%	41.09%
Net assets attributable to NCI	483,176,144	486,430,148

	2017 Rupees	2016 Rupees
Revenue	–	–
Loss	(8,360,225)	(52,598,302)
Other comprehensive income	442,940	(2,393,323)
Total comprehensive income	(7,917,285)	(54,991,625)
Loss allocated to NCI	(3,436,052)	(21,948,349)
OCI allocated to NCI	182,048	(1,007,110)
Cash flows from operating activities	(11,193,237)	(71,539,495)
Cash flows from investment activities	10,482,500	16,140,000
Cash flows from financing activities (dividends to NCI: nil)	–	56,800,000
Net increase in cash and cash equivalents	(710,737)	1,400,505

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	2017 Rupees	2016 Rupees
43.1	**Associated company**	Reimbursement of expenses	15,435,344	–
		Payment against purchase of aircraft	–	3,500,000
		Markup charged on loan from related party	–	922,792
		Issue of shares to related parties	–	99,093,530
43.2	**Other related parties**	Markup charged on loan from related parties	–	4,482,119
		Loan obtained from related parties	–	56,800,000
		Issue of shares to related party	–	50,868,640
		Receipts from related parties	–	253,310
43.3	**Post employment benefit plans**	Provident fund contribution	164,813,441	135,601,389
		Payment to recognised gratuity fund	103,648,576	–
43.4	**Key management personnel**	Consultancy services	13,091,751	8,518,328

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

44 CAPACITY AND PRODUCTION

	2017 Tonnes	2016 Tonnes
Sugar		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugar production	357,733	280,417
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugar production	247,926	169,872
Unit III		
Crushing capacity	2,100,000	2,100,000
Sugar production	207,747	152,588
Subsidiary Company - DSML		
Crushing capacity	1,950,000	1,950,000
Sugar production	205,041	160,388

The crushing capacity is based on 150 days (2016: 150 days).

	2017 MWh	2016 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated/produced	210,593	191,373
Energy delivered to CPPA-G	176,561	162,548
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated/produced	199,005	182,785
Energy delivered to CPPA-G	169,778	157,575

	2017		2016	
Corporate Sugar Cane Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	32,287	Punjab & Sindh	24,595
Land under cultivation	Punjab & Sindh	22,208	Punjab & Sindh	19,848

	Capacity - Tonnes		Actual Production - Tonnes	
Paper pulp	**2017**	**2016**	**2017**	**2016**
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	Generation and sale of electricity to CPPA-G.
Corporate farms	Managing corporate farms for cultivation of sugar cane and the small quantity of cotton, mong and wheat.
Others	Project under construction for manufacture and sale of wood pulp.

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

	Sugar		Co-Generation		Corporate farms		Other		Inter segment reconciliation		Total	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
45.2.1 Segment revenue and results												
Net external revenue	47,502,737,618	41,408,910,593	4,117,169,394	3,885,000,719	149,419,265	67,123,917	-	-	-	-	51,769,326,277	45,361,035,229
Inter-segment revenue	2,343,071,077	2,293,169,062	1,489,115,301	1,131,638,630	3,485,968,113	2,786,077,051	-	-	(7,318,154,491)	(6,210,884,742)	-	-
Reportable segment revenue	49,845,808,695	43,702,079,655	5,606,284,695	5,016,639,349	3,635,387,378	2,853,200,968	-	-	(7,318,154,491)	(6,210,884,742)	51,769,326,277	45,361,035,229
Depreciation	878,186,975	1,018,648,975	312,948,859	331,885,870	291,846,625	249,561,410	-	4,470,163	-	-	1,482,982,459	1,604,566,418
Finance cost	1,430,553,985	1,342,552,681	336,255,441	387,551,146	189,761,000	238,686,888	66,732	2,262,724	-	-	1,956,637,158	1,971,053,440
Share of loss of equity-accounted investment	-	(14,169,790)	-	-	-	-	-	-	-	-	-	(14,169,790)
Segment profit/(loss) before tax	106,173,803	1,755,235,464	2,177,682,067	1,510,511,811	50,564,353	352,948,684	(26,084,644)	(52,598,302)	-	-	2,308,335,579	3,566,097,659

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		Co-Generation		Corporate farms		Other		Inter segment reconciliation		Total	
	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees	2017 Rupees	2016 Rupees
Total assets for reportable segment	37,990,655,778	27,428,841,219	8,483,836,898	7,739,295,749	7,927,904,664	7,239,749,284	2,171,065,710	1,687,081,142	(7,318,154,491)	(6,210,884,742)	49,255,308,559	37,884,082,652
Total liabilities for reportable segment	40,002,671,395	27,118,462,766	5,733,769,719	6,475,148,432	722,850,006	733,132,477	45,636,120	48,224,466	(7,318,154,491)	(6,210,884,742)	39,186,772,749	28,164,083,399
Capital expenditure	2,302,881,168	2,734,373,861	9,241,885	129,625,182	328,925,236	328,925,236	-	-	(5,835,428)	(5,945,590)	2,635,212,861	3,186,978,689

	2017 Rupees	2016 Rupees
45.3 Reconciliation of reportable segment profit and loss		
Total profit before tax for reportable segments	2,308,335,579	3,566,097,659
Unallocated corporate expenses	(455,882,430)	(624,847,770)
Profit after taxation	1,852,453,149	2,941,249,889

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:

	2017 Rupees	2016 Rupees
45.4.1 Revenue		
Foreign gross revenue		
Asia and Africa	4,147,881,302	1,474,162,400
Local gross revenue		
Pakistan	53,043,858,222	47,545,522,484
	57,191,739,524	49,019,684,884

45.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2017 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 2017	30 June 2016
Size of fund - total assets	Rupees	588,111,988	496,315,812
Cost of investments made	Rupees	542,372,086	456,750,663
Percentage of investments made	Percentage	92.22%	92.03%
Fair value of investment	Rupees	564,387,903	471,419,379

The breakup of fair value of investments is as follows:

	30 June 2017		30 June 2016	
	Rupees	Percentage	Rupees	Percentage
Investments in mutual funds	277,779,968	49.22%	43,393,184	9.20%
Certificate of investment and				
term deposits receipts	137,109,088	24.29%	55,000,000	11.67%
Shares in listed companies	38,302,044	6.79%	19,247,535	4.08%
Cash at bank	111,196,803	19.70%	353,778,660	75.05%
	564,387,903	100.00%	471,419,379	100.00%

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

47 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2016	2015
Average number of employees during the year	9,913	8,957
Total number of employees as at 30 September	7,028	6,815

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 30 December 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 30 December 2017 has proposed a final cash dividend of Rs. 3.00 per share, for the year ended 30 September 2017, for approval of the members in the Annual General Meeting to be held on 28 January 2018.

Chief Executive Director

Notes

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

28th 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 ______________ failing him / her, ______________

of ______________ as my/our proxy to vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on the Sunday, January 28, 2018 at 9:30 a.m., at Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this ______________day of January, 2018

____

(Member's Signature)

Affix Revenue stamp of Rs. 5/-

Witnesses:

Signature:	1.	______________	2.	______________
Name:		______________		______________
CNIC:		______________		______________
Address:		______________		______________
		______________		______________

Note:

All Proxy Form, 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 ڈبلیوشوگر ملزلمیٹڈ کا28 واں (اٹھائیسواں) سالانہ اجلاسِ عام

فولیو/سی ڈی سی اکاؤنٹ نمبر: ____________

میں/ہم ____________ ساکن ____________
ضلع ____________ بحیثیت رُکن جے ڈی ڈبلیوشوگر ملز لمٹیڈ حامل ____________ عام حصص مبلغ 10 روپے ہر ایک شئیر ،
مسمّٰی /مسماۃ ____________ ساکن ____________
یا اُس کی عدم موجودگی میں ____________ کوبطور مختار (پراکسی) مقرر کرتا/ کرتے ہیں تا کہ وہ میری/ہماری طرف سے کمپنی کے 28ویں سالانہ اجلاسِ عام بتاریخ 28 جنوری, 2018 بروز اتوار بوقت صبح 9:30 بجے بمقام سمٹ ہال رائل پام گولف اینڈ کنٹری کلب 52 کنال بینک روڈ لاہور پرمنعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ جنوری ________ 2018 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 ہرلحاظ سے مکمل فارم کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد سے کم ازکم 48 گھنٹے قبل لازماً جمع ہو جانا چاہیے۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantt. Pakistan.

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