Annual Report
for the year ended 30 September 2018

# Continued Excellence

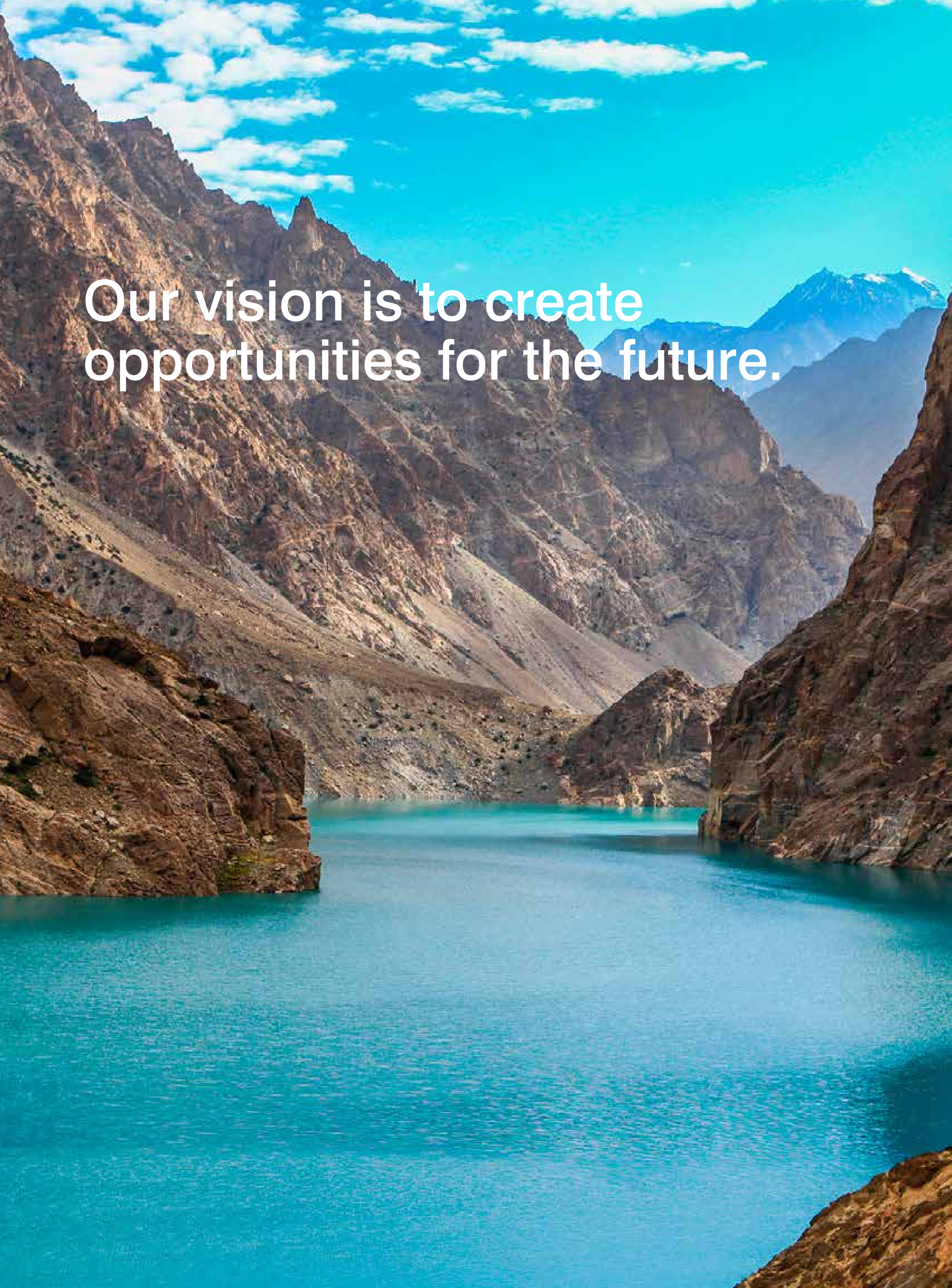
Corporate Social Responsibility

Bond with Growers

Innovative Farming

Community Empowerment

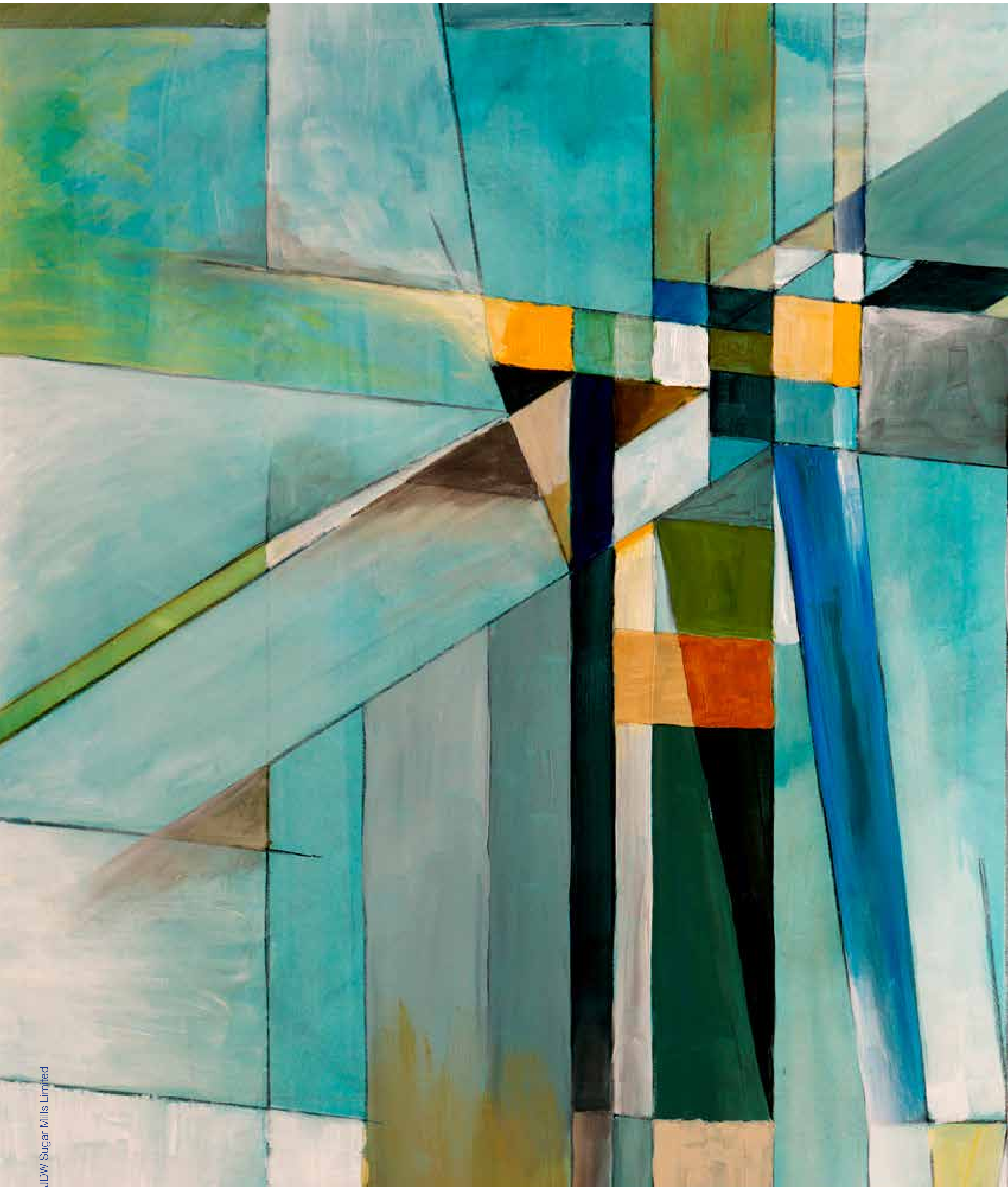
JDW Sugar Mills Limited



# Our vision is to create opportunities for the future.

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 people we have who take up the responsibility of creating opportunities for the future, not only for our Company but for the whole community we operate in.

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



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# Corporate **Information**

## Board of Directors

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.

## Bankers

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

### Islamic
National Bank of Pakistan
Dubai Islamic Bank Pakistan Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Meezan Bank Limited

## Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants

## Registered Office
17-Abid Majeed Road,
Lahore Cantonment,
Lahore.

## Legal Advisor
Cornelius, Lane & Mufti

## Web Presence
www.jdw-group.com

## 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.

# 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.

## Our Values

| Innovating and improving | Protecting our people and growers | Acting with integrity | Working together | Community empowerment |
| --- | --- | --- | --- | --- |

# Notice of **Annual General Meeting**

Notice is hereby given that 29th Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Qasr-e-Zauk, 1E-3, Main Boulevard (Next to UC Hospital), Gulberg III, Lahore on Monday, January 28, 2019 at 9:30 a.m., to transact the following business:

## Ordinary Business:

1. To confirm the minutes of last Extra Ordinary General Meeting held on November 01, 2018.

2. To receive, consider and adopt the annual audited unconsolidated and consolidated financial statements of the Company for the financial year ended on September 30, 2018 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors of the Company for the next financial year 2018-19 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.

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

**By Order of the Board**

07 January 2019
Lahore

(Muhammad Rafique)
**Company Secretary**

## Notes:

### 1) Member's Register Closure:

The share transfer books of the Company will remain closed from 21st January, 2019 to 28th January, 2019 (both days inclusive). Transfers received in order at the Company's Office or Shares Registrar's Office; Messers Corplink (Private) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore by close of business on 20th January, 2019, will be treated in time and may be considered to exercise voting rights in Annual General Meeting.

### 2) For Attending the Meetings:

i. In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per CDC Regulations, shall bring with him/her original valid CNIC or original passport at the time of attending the meeting.

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

iii. Members can also avail video conference facility (subject to availability of video conference facility in that city), if members collectively holding 10% or more shares are residing at that geographical location. In this regard, please fill the following and submit to Company at least 10 days before holding of the annual general meeting.

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

### 3) For Appointing Proxies:

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

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

iii. Attested copies of CNICs or passports of the member, Proxy and witnesses shall be attached with the proxy form.

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

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

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

vii. Form of Proxy is available on Company's website i.e. www.jdw-group.com (in English and Urdu Language).

### 4) Submission of copy of Bank Mandate Form (Mandatory):

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 accounts services or their brokers where shares are placed electronically.

### 5) Change of Address

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

### 6) Circulation of Annual Audited Account:

i. 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, 2018 have been placed on the Company's website: www.jdw-group.com for the information and review of shareholders.

ii. In compliance of SECP Notification S.R.O. No. 787(I)/2014 dated September 8, 2014 regarding provision of Annual Audited Financial Statements to shareholders via email, shareholders are requested if they wish to avail this facility please send their email ID to Company.

ii- پراکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام، پتے اور CNIC نمبرز فارم پر مذکور ہونگے۔

iii- رکن، پراکسی اور گواہان کے CNIC یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ہمراہ منسلک کرنا ہوگی۔

iv- مؤثر ہونے کے لئے، باقاعدہ مکمل اور دستخط شدہ پراکسی فارمز کمپنی کے رجسٹرڈ دفتر میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانے چاہئیں۔

v- پراکسی کو اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرنا ہوگا۔

vi- بصورت کارپوریٹ اینٹٹی بورڈ کی قرارداد/مختار نامہ معہ نمونہ دستخط، کمپنی کو پراکسی فارم کے ہمراہ جمع کرانا ہونگے (اگر پہلے مہیا نہ کئے گئے ہوں)۔

vii- پراکسی فارم کمپنی کی ویب سائٹ یعنی www.jdw-group.com پر (انگریزی اور اردو زبان میں) دستیاب ہے۔

## 4- بینک مینڈیٹ فارم کی کاپی جمع کرانا (لازمی):

تمام حصص داران سے التماس ہے کہ اپنی بینک مینڈیٹ فارم/تفصیلات (کمپنی کی ویب سائٹ www.jdw-group.com پر دستیاب) کمپنی یا شیئر رجسٹرار کو فراہم کریں۔ مزید برآں، سی ڈی سی شیئر ہولڈرز سے یہ بھی التماس ہے کہ اپنی مکمل بینک مینڈیٹ تفصیلات اپنی انویسٹر اکاؤنٹ سروسز یا اپنے بروکرز جہاں شیئرز الیکٹرونیکلی پڑے ہیں کے ہاں جمع کرائیں۔

## 5- پتہ کی تبدیلی:

مادی شیئر ہولڈرز سے درخواست ہے کہ اپنے پتہ میں کسی تبدیلی بارے کمپنی یا اس کے شیئر رجسٹرار، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کو مطلع کریں۔ اس کے علاوہ، اگر پہلے مہیا نہیں کیا گیا، سی ڈی سی/پارٹیسپنٹس اکاؤنٹس میں شیئرز کے مالک ارکان سے بھی درخواست ہے کہ سی ڈی سی یا اپنے پارٹیسپنٹس اسٹاک بروکرز کے ہاں اپنے پتے اپ ڈیٹ کریں۔

## 6- سالانہ تصحیح شدہ معلومات کی ترسیل:

i- کمپنیز ایکٹ 2017ء کی دفعہ (7)223 کی تعمیل میں کمپنی کے نظرثانی شدہ مالی حسابات معہ متعلقہ رپورٹس اور انکشاف برائے سال مختتمہ 30 ستمبر 2018ء حصص داران کی معلومات اور جائزہ کیلئے کمپنی کی ویب سائٹ www.jdw-group.com پر رکھ دیئے گئے ہیں۔

ii- برائے تکمیل SECP نوٹیفیکیشن نمبر 787(I)/2014 جس میں شیئر ہولڈرز کو سالانہ نظرثانی شدہ مالی حسابات کی ترسیل بذریعہ ای میل کی اجازت دی گئی ہے شیئر ہولڈرز سے التماس ہے کہ اگر وہ یہ سہولت استعمال کرنا چاہتے ہیں تو اپنا ای میل ایڈریس کمپنی کو بھجوائیں۔

# اطلاع برائے سالانہ اجلاسِ عام

**بذریعہ نوٹس ھذا مطلع کیا جاتا ھے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ (’کمپنی‘) کا 29واں سالانہ اجلاس عام بمقام قصرِ ذوق، 3-E1، گلبرگ III (نزد یونائیٹڈ کرسچن ہسپتال)، مین بلیوارڈ، لاھور پر بروز سوموار 28 جنوری 2019ء کو صبح 9:30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہو گا۔**

## عمومی امور:

1 یکم نومبر 2018ء کو منعقدہ گزشتہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔

2 30 ستمبر 2018ء کو مختتمہ سال کیلئے کمپنی کی سالانہ آڈٹ شدہ علیحدہ اور یکجا مالی معلومات معہ ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظور کرنا۔

3 اگلے مالی سال 19-2018ء کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین کرنا۔ سبکدوش ہونے والے آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بناء پر کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کیلئے اپنے آپ کو پیش کیا ہے۔

4 صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی کرنا۔

۷ جنوری ۲۰۱۹

لاہور

بحکم بورڈ

(محمد رفیق)

کمپنی سیکرٹری

## نوٹس:

### 1 اراکان کے رجسٹری بندش:

کمپنی کی شیئر منتقلی کتابیں 21 جنوری 2019ء تا 28 جنوری 2019ء (بشمول ہر دو ایام) بند رہیں گی۔ منتقلیاں کمپنی کے دفتر یا شیئر رجسٹرار کے دفتر، میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن، لاہور 20 جنوری 2019ء کو کاروبار کے اختتام تک موصول ہونے والی بروقت تصور اور سالانہ اجلاس عام میں ووٹ کا حق استعمال کرنے کے لئے قابل قبول ہوں گی۔

### 2 اجلاس میں شرکت کیلئے:

i- بصورت افراد، اکاؤنٹ ہولڈر اور/ یا سب اکاؤنٹ ہولڈر اور اُنکی رجسٹریشن تفصیلات، سی ڈی سی ریگولیشنز کے مطابق اپ لوڈ ہیں، کو اجلاس میں شرکت کے وقت اپنے اصل CNIC یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

ii- بصورت کارپوریٹ اینٹٹی بورڈ کی قرارداد/ مختار نامہ معہ نامزد کے نمونہ دستخط، اجلاس کے وقت پر مہیا کرنا ہونگے (اگر پہلے مہیا نہیں کئے گئے)۔

iii- ارکان ویڈیو کانفرنس سہولت (بحوالہ اس شہر میں ویڈیو کانفرنس سہولت کی دستیابی) سے بھی مستفید ہوسکتے ہیں۔ اگر حصص داران مجموعی طور پر 10% یا اس زیادہ شیئرز اس مخصوص جگہ / شہر میں رکھتے ہیں۔ بابت ہذا برائے مہربانی درج ذیل فارم کو پُر اور کمپنی کو سالانہ اجلاس عام کے انعقاد سے کم از کم 10 یوم قبل جمع کرائیں۔

میں / ہم ـــــــــــــــــــــــــــ ساکن ـــــــــــ بحیثیت رکن جے ڈی ڈبلیو شوگر ملز لمیٹڈ، مالک ـــــــــــــــــــــــــ عام حصص بمطابق رجسٹرڈ فولیو نمبر ـــــــــــــــــــــــ بذریعہ ہذا ـــــــــــــــــــــــ میں ویڈیو کانفرنس سہولت کا خواہشمند ہوں۔

### 3 پراکسیز تقرری کیلئے:

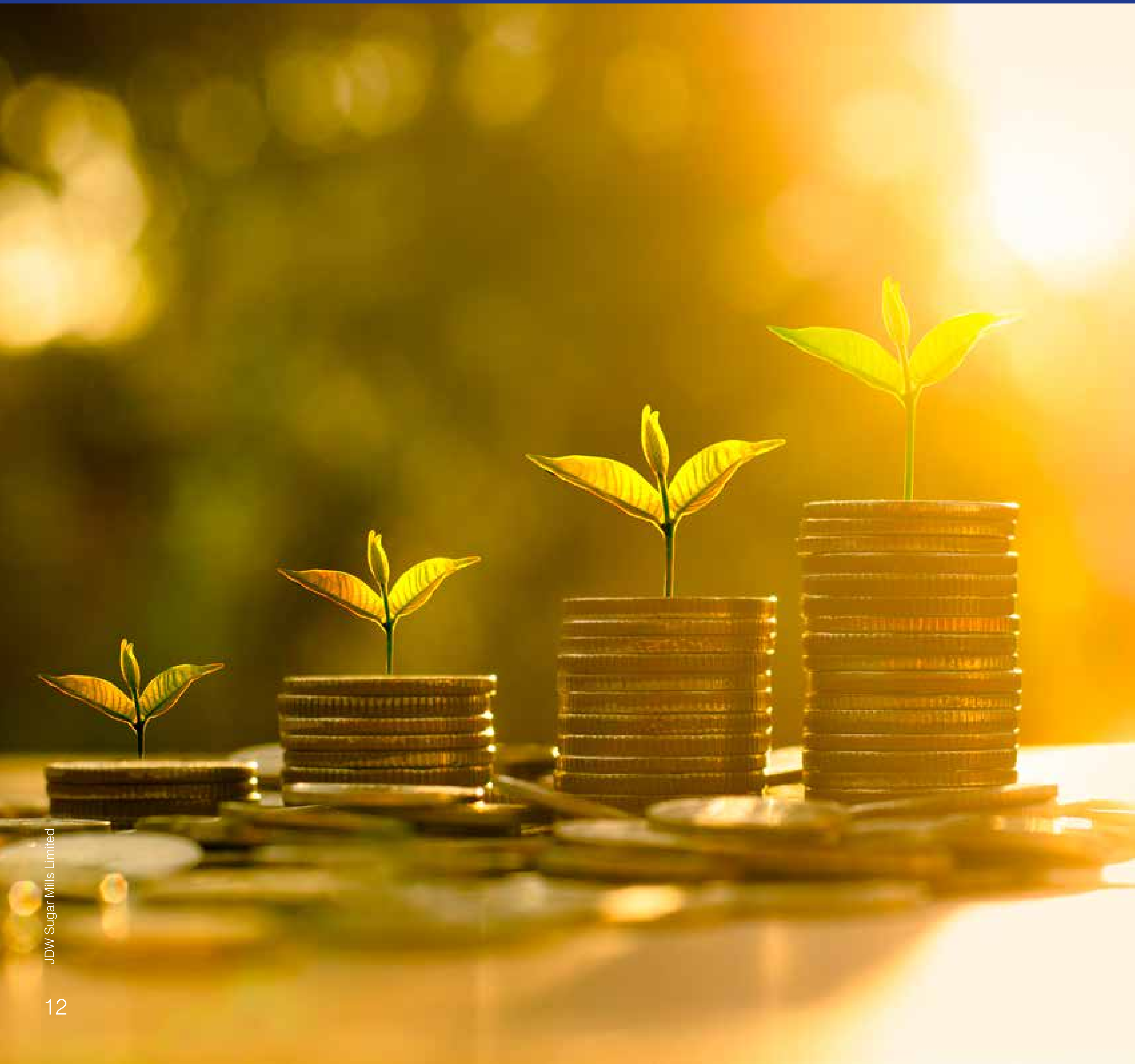
i- بصورت افراد، اکاؤنٹ ہولڈر اور/ یا سب اکاؤنٹ ہولڈر اور اُنکی رجسٹریشن تفصیلات، سی ڈی سی ریگولیشنز کے مطابق اپ لوڈ ہیں، کو مندرجہ بالا ریکوائرمنٹس کے مطابق پراکسی فارم جمع کرانا ہونگے۔

# We Delivered **as Committed**

2017-18

Payment to sugarcane growers on group basis

# Rs. 41.90 billion



# Financial **Performance**



## Operating **Results**

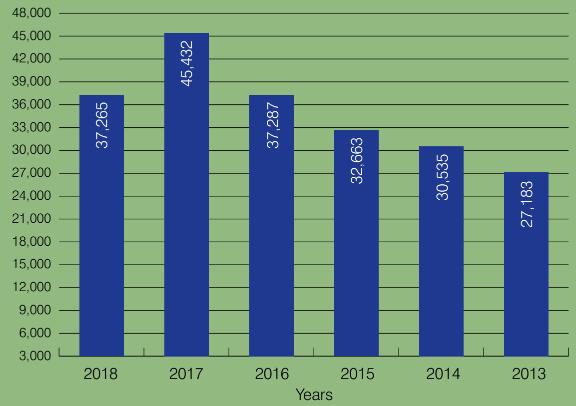
(Rupees in thousand)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|
| Gross sales | 40,251,476 | 49,962,325 | 40,122,718 | 34,982,617 | 32,327,134 | 28,516,197 |
| Net sales | 37,264,506 | 45,431,957 | 37,287,426 | 32,663,443 | 30,534,864 | 27,183,282 |
| Cost of sales | 34,148,122 | 40,807,425 | 30,832,944 | 27,797,896 | 27,306,099 | 23,981,411 |
| Administrative and selling expenses | 1,457,780 | 1,184,061 | 1,045,415 | 928,077 | 651,127 | 769,318 |
| Finance cost | 2,269,761 | 1,665,294 | 1,660,106 | 2,241,797 | 1,880,761 | 1,118,578 |
| Other expenses | 5,238 | 166,528 | 1,696,594 | 680,314 | 63,028 | 137,650 |
| Other income | (475,637) | (571,049) | (266,648) | (195,925) | (344,544) | (134,507) |
| Profit from operations | 2,129,003 | 3,844,992 | 3,979,122 | 3,453,081 | 2,859,154 | 2,429,410 |
| (Loss) / profit before taxation | (140,758) | 2,179,698 | 2,319,016 | 1,211,285 | 978,394 | 1,310,832 |
| (Loss) / profit after taxation | (203,441) | 1,588,396 | 2,033,932 | 1,517,250 | 979,706 | 924,523 |
| (Loss) / earnings per share - basic and diluted Rs. | (3.40) | 26.57 | 34.03 | 25.38 | 16.39 | 15.47 |
| Interim Dividend - cash % | – | 100 | 50 | 30 | 20 | – |
| Final Dividend - cash % | – | 30 | 150 | 70 | 50 | 60 |
| Total Dividend - cash % | – | 130 | 200 | 100 | 70 | 60 |

* Figures of 2017 have been restated.

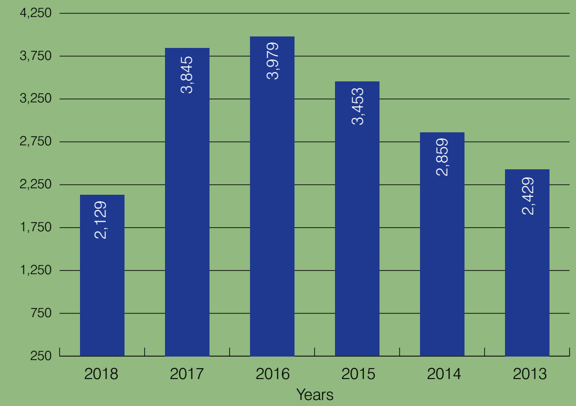
### Net Sales

(Rupees in Million)

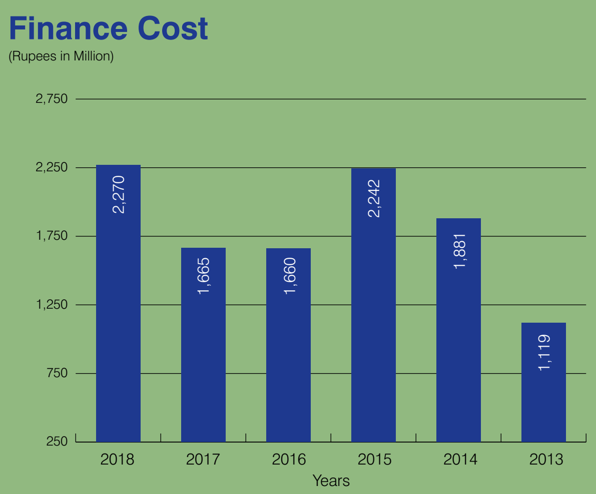


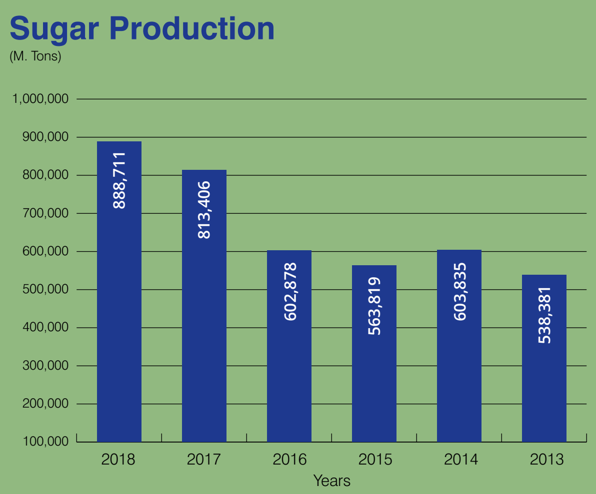

### Profit from Operations

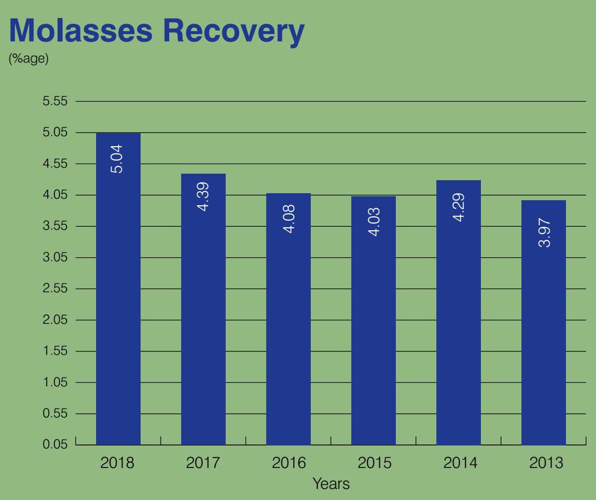
(Rupees in millions)

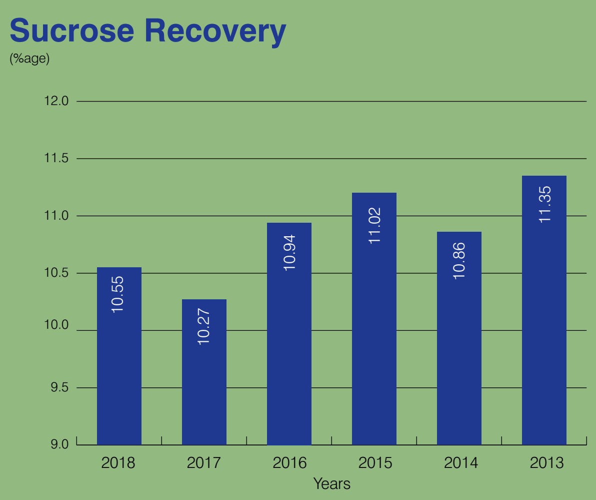


# Financial **Performance**



# Production **Data**

| | | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|---|---|
| **Unit - I** | | | | | | | |
| Sugar production | M.Tons | 409,507 | 357,733 | 280,418 | 277,155 | 312,746 | 289,147 |
| Sugar recovery | % age | 10.91 | 10.14 | 10.99 | 11.19 | 10.91 | 11.40 |
| Molasses production | M.Tons | 177,607 | 154,437 | 101,604 | 97,400 | 123,377 | 99,001 |
| Molasses recovery | % age | 4.73 | 4.38 | 3.98 | 3.93 | 4.30 | 3.90 |
| **Unit - II** | | | | | | | |
| Sugar production | M.Tons | 255,879 | 247,926 | 169,872 | 135,102 | 128,421 | 114,516 |
| Sugar recovery | % age | 10.54 | 10.45 | 10.99 | 10.59 | 10.83 | 11.36 |
| Molasses production | M.Tons | 133,267 | 110,324 | 68,207 | 54,841 | 52,304 | 41,384 |
| Molasses recovery | % age | 5.49 | 4.65 | 4.41 | 4.30 | 4.41 | 4.11 |
| **Unit - III** | | | | | | | |
| Sugar production | M.Tons | 223,325 | 207,747 | 152,588 | 151,562 | 162,668 | 134,718 |
| Sugar recovery | % age | 9.97 | 10.30 | 10.78 | 11.10 | 10.81 | 11.22 |
| Molasses production | M.Tons | 113,728 | 83,072 | 55,150 | 54,093 | 62,572 | 48,155 |
| Molasses recovery | % age | 5.08 | 4.12 | 3.90 | 3.96 | 4.16 | 4.01 |
| **JDW Sugar Mills Limited** | | | | | | | |
| Sugar production | M.Tons | 888,711 | 813,406 | 602,878 | 563,819 | 603,835 | 538,381 |
| Sugar recovery | % age | 10.55 | 10.27 | 10.94 | 11.02 | 10.86 | 11.35 |
| Molasses production | M.Tons | 424,602 | 347,833 | 224,961 | 206,334 | 238,253 | 188,539 |
| Molasses recovery | % age | 5.04 | 4.39 | 4.08 | 4.03 | 4.29 | 3.97 |

# Chairman's **Review**

## On Board's overall Performance u/s 192 of the Companies Act, 2017

JDW Sugar Mills Limited complies with all the requirements set out in the Companies Act, 2017 (''the Act'') and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (''the CCG'') with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under CCG, an annual evaluation of the Board of the Directors (''the Board") of JDW Sugar Mills Limited (''the Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas, where improvements are required, are duly considered and action plans are framed and implemented.

For the Purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended September 30, 2018 and I report that:

- The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.
- The overall assessment, as satisfactory, is based on an evaluation of the following integral components, which have a direct bearing on the Board's role in achievement of Company's objectives:

  The Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time. The Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the Organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas.

  The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, budget plans, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to Board and committee meetings. The Board met frequently enough to adequately discharge its responsibilities. The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.

  The Board members effectively bring diversity to the Board and constitute a mix of Independent and Non-Executive Directors. The Non-Executive and Independent Directors were equally involved in important Board decisions. The Board has effectively set the tone at the top, by putting in place a transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of CCG and by promoting ethical and fair behaviour across the Company.

07 January 2019
Lahore

**Chairman**

# چیئرمین کا جائزہ

JDW شوگر ملز لمیٹڈ اپنی تشکیل، طریقہ کار، بورڈ آف ڈائریکٹرز کی میٹنگز اور اس کی متعلقہ کمیٹیوں کی میٹنگز کے حوالے سے کمپنی ایکٹ 2017 اور لسٹڈ کمپنی ریگولیشنز 2017 پر مکمل طور سے کاربند ہے۔ جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے کہ JDW شوگر ملز لمیٹڈ کے بورڈ آف گورنرز کی کارگزاری کا جائزہ لیا جائے۔ اس جائزے کا مقصد یہ ہے کہ بورڈ کی کارکردگی کو کمپنی کی توقعات اور مقاصد کی روشنی میں جانچا اور متعین کیا جا سکے۔

بورڈ کی کارکردگی کو جانچنے کیلئے ایک جامع معیار طے کیا گیا ہے۔ بورڈ نے 30 ستمبر 2018 کو اختتام پذیر ہونے والے سال کیلئے اپنی سالانہ کارکردگی کی جانچ مکمل کی ہے اور میں بلاشبہ یہ کہہ سکتا ہوں کہ:

- طے شدہ معیار کی روشنی میں بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔
- بورڈ کی کارکردگی کو مندرجہ ذیل انتہائی اہم امور کی روشنی میں تسلی بخش قرار دیا گیا۔ کمپنی کے مقاصد کے حصول کیلئے ان امور کا بورڈ ممبران سے براہ راست تعلق ہے۔

بورڈ کے تمام اراکین موجودہ ویژن، مشن اور اقدار سے پوری طرح آگاہ ہیں اور ان کی مکمل حمایت کرتے ہیں۔ بورڈ کے اراکین وقتاً فوقتاً مشن اور ویژن کا جائزہ لیتے رہتے ہیں۔

بورڈ کو اپنے حصول داروں (حصص مالکان، گاہکوں، ملازمین، سپلائرز اور معاشرے) سے مکمل آگاہی ہے۔ بورڈ کو اس بات کا مکمل ادراک ہے کہ اگلے تین سے پانچ سال میں کمپنی کس مقام پر ہوگی۔ مزید برآں بورڈ، منتظمین کیلئے کارکردگی کے حوالے سے تمام اہم امور کے سالانہ اہداف مقرر کرتا ہے۔

بورڈ کے ارکین نے اپنے فرائض تندہی سے ادا کیے۔ انہوں نے گفت وشنید اور محتاط جائزوں کے بعد کاروباری حکمت عملی، کاروباری مقاصد، بجٹ، مالیاتی اور دیگر رپورٹوں کی منظوری دی۔ بورڈ اور کمیٹی کی میٹنگز سے پہلے مکمل ایجنڈا اور تحریری مواد بروقت موجود ہوتا تھا۔ بورڈ نے اپنے فرائض کو احسن طریقے سے پورا کیا ہے۔

بورڈ کمپنی کے مقاصد، اہداف، حکمتِ عملی اور مالیاتی کارکردگی کے حوالے سے مکمل باخبر رہا۔ بورڈ کو یہ معلومات منتظمین، اندرونی و بیرونی آڈیٹرز اور خودمختار مشاورت کاروں کی بدولت حاصل ہوتی رہیں۔ بورڈ نے ان تمام امور سے متعلق بروقت اور مناسب رہنمائی کی۔

خودمختار اور نان ایگزیکٹو بورڈ ممبران کی بدولت بورڈ میں ایک موثر قسم کا تنوع پایا جاتا ہے۔ خودمختار اور نان ایگزیکٹو بورڈ ممبران اہم نوعیت کی فیصلہ سازی میں برابر کا حصہ رکھتے ہیں۔

بورڈ نے نہایت موثر طریقے سے ایک شفاف اور مضبوط انتظامی نظام قائم کیا۔ کمپنی میں موثر کنٹرول سسٹم، کمپنی بھر میں منصفانہ اور اخلاقی رویے اچھے انتظام و انصرام اور کنٹرول کی بہترین جہتوں کو ظاہر کرتے ہیں۔

۷ جنوری ۲۰۱۹

لاہور

چیئرمین

# Directors' **Report**

## The Directors take pleasure in presenting the Company's 29 Annual Report together with the Audited Accounts for the year ended 30 September 2018.

### 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 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.

### Operating Results

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

| Description | Units | 2017-18 | | | | 2016-17 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | JDW-I | JDW-II | JDW-III | Combined | JDW-I | JDW-II | JDW-III | Combined |
| Sugarcane Crushed | M.Tons | 3,753,175 | 2,428,571 | 2,240,689 | 8,422,435 | 3,528,599 | 2,373,561 | 2,016,687 | 7,918,847 |
| Sugar Production | M.Tons | 409,507 | 255,879 | 223,325 | 888,711 | 357,733 | 247,926 | 207,747 | 813,406 |
| Sucrose Recovery | %age | 10.91 | 10.54 | 9.97 | 10.55 | 10.14 | 10.45 | 10.30 | 10.27 |
| Molasses Production | M.Tons | 177,607 | 133,267 | 113,728 | 424,602 | 154,437 | 110,324 | 83,072 | 347,833 |
| Molasses Recovery | %age | 4.73 | 5.49 | 5.08 | 5.04 | 4.38 | 4.65 | 4.12 | 4.39 |

The comments on above operating results are as under:

- Sugarcane crushed this time was 6% higher than last crushing season whereas increase in sugar production was 9% caused by slightly better sucrose recovery. Though there was increase in area under cultivation but due to low yield per acre experienced by the growers the expected increase in cane crushing of about 15% could not be achieved. Inadequate rains were the main reason which resulted in low yield per acre this time.
- Average sucrose recovery achieved this time was 28 bps higher whereas molasses recovery registered increase from 4.39% to 5.04% which is 15 % higher than the last crushing season. Increase in molasses recovery is mainly because of crushing of more cane in summer period beyond 15th March compared to last season. Crushing in unit I this time went up to 30th April.

Deharki Sugar Mills (Private) Limited being 100 % owned subsidiary of the Company has achieved the following operating results in its 7th year of its operation:

# Directors' **Report**

## Operating Results – Subsidiary Company

| | | 30 Sep 18 | 30 Sep 17 |
|---|---|---|---|
| Sugarcane Crushed | M.Tons | 1,890,612 | 1,950,674 |
| Sugar Production | M.Tons | 205,788 | 205,041 |
| Sucrose Recovery | %age | 10.51 | 10.51 |
| Molasses Production | M.Tons | 82,177 | 81,187 |
| Molasses Recovery | %age | 4.35 | 4.16 |

## Financial Overview

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

(Rs. in million)

| | 30 Sep 18 | 30 Sep 17 Restated |
|---|---|---|
| Gross Sales | 40,252 | 49,962 |
| Net Sales | 37,265 | 45,432 |
| Operating Profit | 2,129 | 3,845 |
| (Loss) / Profit before Tax | (141) | 2,180 |
| (Loss) / Profit after Tax | (203) | 1,588 |
| (Loss) / Earnings per Share | (3.40) | 26.57 |

- The gross turnover of the company has dropped by 19.44% over last year which is due to decrease in average selling prices of sugar & molasses and 18.62% reduction in the sales quantity of sugar.

- The Company has earned loss after tax amounting to Rs. 203 million as compared to profit after tax of Rs. 1,588 million in the last year, resultantly earnings per share has reduced from Rs. 26.57 to loss per share amounting to Rs. 3.40. This substantial decline in profitability was caused by unfavourable sugar prices which remained unfavourable throughout the year due to surplus availability of sugar in the country. Even the prices of molasses were not favourable due to more production. Despite export of 2.0 million tons of sugar during the year under review there was still a surplus of 1.3 million tons of sugar stocks available just before start of crushing season 2018-19. This is the highest ever carried forward sugar stock in the history of sugar industry in Pakistan. Secondly, we were among the very few mills in Pakistan who purchased sugarcane at support/notified prices announced by the provincial government/Sindh High Court which increased our production cost as compared to rest of the Mills. Thirdly, sugar price rate fixed by the FBR for sales tax purposes was higher by approx. Rs. 15 per kg than the actual market price which for a group like us which is fully compliant to all the good business ethics & practices had adversely affected our profitability in the current year. Considering the last two reasons there was no level playing field for us. Under these adverse conditions we projected heavy losses in the current year but fortunately due to continuous better performance of our co-generation plants we have been able to substantially reduce our losses and brought these losses down to almost a break-even level.

- Financial cost of the Company increased by Rs. 604 million in the current year due to carryover of more unsold stocks, non-receipt of export subsidies from Federal & Provincial Governments and increase in receivables from CPPA-G on account of export of electricity which caused more utilization of working capital lines in the current year to meet working capital requirements. Substantial increase in KIBOR was another reason for increase in the financial charges.

- Increase in selling expenses is attributable to freight charges on sugar exports and substantial increase in other income is majorly due to foreign exchange gain and profit on sale of operating fixed assets.

- In view of the above referred financial results all key financial covenants' have shown slight deterioration as compared to comparative year end. The Company is fulfilling it's all financial obligations on time and enjoys cordial relationship with all the financial institutions it's dealing with.

- Honorable Sindh High Court had provided relief to the Mills in Sindh by reducing the sugarcane purchase rate from Rs. 182 per 40 kg to Rs. 172 per 40 kg from 23 December, 2017 for the crushing season 2017-18 through its order C.P.No.D-8666 of 2017. On 30 January 2018, Honorable Sindh High Court had further reduced the rate from Rs. 172 per 40 kg to Rs. 160 per 40 kg for the crushing season 2017-18 through its final order C.P. No.D-8666 of 2017, 7951 of 2017, 219 of 2018 and 440 of 2018 and stands modified the earlier order of December 2017. The group has strictly followed court orders for purchase and payment of sugarcane for its units located in the province of Sindh. Sugarcane support price of Rs. 180 per 40 kg remained unchanged in the province of Punjab.

- In view of the expected higher sugar production and carryover sugar stocks in the country the Federal Govt. allowed in December 2017 export of 2,000,000 tons of sugar for crushing season 2017-18 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. The Company has made highest export of sugar in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No.5

the country in accordance with SBP approved quota and on group basis company has made sugar export of 208,665 tons but substantial amount approx. Rs. 1.7 billion of subsidy from SBP is still receivable. On overall sugar industry basis approx. Rs. 13 billion is stuck up on account of export subsidy which has pushed the industry into severe cash flow problems making it difficult for the industry to clear growers' payments.

- To bailout the sugar industry, Sindh Government also approved in its provincial cabinet meeting an additional export subsidy of Rs. 9.30/kg on export of sugar. This relief was restricted to export of 20,000 tons of sugar for each mill located in the province which has been received by us for sugar units located in the province of Sindh.

- There has been no improvement in the case of amount due from TDAP on account of Inland Freight Subsidy of Rs. 306 million for JDWSML and DSML which 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. On overall industry basis an amount of Rs. 2.6 billion is stuck up since last more than six years.

- The statements of financial position size has increased from Rs. 42 billion to Rs. 58 billion. Accumulated reserves are now nearly 13 times of the paid up capital of the Company. If you look at the track record of dividend payouts of the Company you will find that except for two years i.e. 2006-07 & 2017-18 Company was making regular payment of dividend since 2000-01.

- The year under review was a very difficult year due to surplus sugar production, most unfavourable sugar prices ever experienced in the past and inadequate permission for export of sugar by the Govt. The Government of Punjab was unable to enforce its own declared support price of sugarcane and majority of the mills purchased sugarcane at prices most suited to them which resulted in heavy losses to the growers. There was no proper check on evasion of sales tax which created lot of problems for the reason that huge quantity of sugar remained out of the system and resulted in depressing the sugar prices and carrying over huge unsold sugar stocks of 1.3 million tons as stated above. Imposition of 15% Regulatory Duty by the previous Governments on export of molasses is causing loss 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.

## 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, more molasses tanks were added in the system. The Company now has storage capacity of approx. 200,000 tons of molasses in the steel made tanks. 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.

- As usual growers' payment has remained our top priority and for crushing season 2017-18 growers payments of approx. Rs. 41.90 billion on group basis were fully settled latest by May 31, 2018 despite difficulty of stuck up of huge amounts mentioned above. The Company has also financially supported its growers by providing them agri loans in the form of seeds, fertilizers, pesticides and agri implements etc.

## Future Outlook

- The crushing season 2018-19 started in the 2nd week of December, 2018 and on group basis up to 06th January 2019, the Company produced 218,925 tons of sugar with average sucrose recovery of 10.37%. Crop size this time is approx. 25% lesser and yield per acre being reported by growers is also less. However, sucrose recoveries are better than last crushing season. In view of these factors the Company is expecting at least 30% reduction in its sugar production this year.

- For current crushing season 2018-19, notified support prices of sugarcane are Rs. 180 per 40 kg in Punjab and Rs. 182 per 40 kg in the Province of Sindh.

- In view of the huge carry over sugar stocks of approx. 1.3 million tons in the country and expected sugar production during 2018-19 which would be sufficient to meet country's requirement the Federal Govt. has allowed in October 2018 export of 1,000,000 tons of sugar without any export subsidy with restriction to start crushing season on 15 November, 2018, which was not viable for any sugar mills to avail export quota in the presence of surplus sugar available. Subsequently in December 2018 Federal Government increased the sugar export quota from 1,000,000 tons to 1,100,000 tons without any condition of start of crushing season and advised the sugar industry to seek subsidies on export from the relevant province. The Govt. of Punjab has recently approved export subsidy of Rs. 5.35 per kg on certain quantity, notification of which is still awaited. We are expecting that Sindh province will also allow export subsidy to sugar mills located there.

- In view of permission for export of 1,100,000 tons of sugar, the ex-factory sugar price has increased and better prices are expected this year. Because of expected lower production of molasses the prices for this by-product have also improved. Trend of sucrose recoveries being achieved by us is also favorable. In view of these factors we are expecting 2018-19 a profitable year. We are maintaining continued good performance and want to focus more on value addition of by-products, making processes more efficient and saving more bagasse from the system.

## 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 endeavours to;

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

- Fulfill farmers' financial requirements by providing them financial assistance from own sources & 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, turbines, fertilizers and pesticides.

- 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.

## Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Listed Companies (Code of Corporate Governance) Regulations, 2017 (''the CCG'') as required by Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework;

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

# Directors' **Report**

- 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 Act, 2017 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.
- During the year, 17 (seventeen) Board meetings were held. The minutes of the meetings were appropriately recorded and circulated. The attendance of the Directors in the above said meetings are mentioned as follows:

| Sr. No. | Name of Directors | Designation | Meetings Attended |
|---|---|---|---|
| 1 | Mr. Jahangir Khan Tareen | Executive Director | 17 |
| 2 | Mukhdoom Syed Ahmed Mahmud | Chairman / Non-Executive Director | 12 |
| 3 | Mrs. Samira Mahmud | Non-Executive Director | 11 |
| 4 | Mr. Ijaz Ahmed | Non-Executive Director | 17 |
| 5 | Mr. Raheal Masud | CEO / Executive Director | 17 |
| 6 | Mr. Asim Nisar Bajwa | Independent Director | 15 |
| 7 | Mr. Qasim Hussain Safdar | Independent Director | 17 |
| 8 | Mr. Zafar Iqbal | Non-Executive Director | 1 |

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

During the year, Mr. Asim Nisar Bajwa resigned from the position of Non-Executive Director on 19-Sep-18, in order to fill casual vacancy, Board of Directors appointed Mr. Zafar Iqbal as Non-Executive Director on 28-Sep-18, subsequent to year end, Mr. Asim Nisar Bajwa has been elected as Independent Director by Board of Directors and Mr. Zafar Iqbal stood retired from the Position of Non-Executive Director on 01-Nov-18.

## 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 and Remuneration Committee

The Board has constituted a Human Resource and Remuneration Committee in compliance with the CCG.

## Directors' Remuneration

The remuneration of a Director is approved by the Board of Directors. However, in accordance with the CCG, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully. However, no such remuneration is set at a level that could be perceived to compromise their independence. No meeting fee was paid to any Director. For information on remuneration of Directors and CEO, please refer relevant notes to the financial statements.

## Directors' Training Program

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

## Composition of Board

The total number of directors are 7 as per the following:

a) Male: 06
b) Female: 01

The composition of the Board is as under:

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

## Subsequent Events / Material Changes

Except as disclosed, there were no material changes or commitments which have occurred between the end of financial year of the Company to which the financial statements relate and the date of the report.

## Adequacy of Internal Financial Controls

The Directors are aware of their responsibility with respect to internal financial controls. Through discussions with management and Auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

## Pattern of Shareholding

There were 1,189 shareholders of the Company as of 30 September 2018. 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.

## Environmental Policy

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

## Principal Risks

Following are the principal risks faced by the Company;

- Depressed Sugar Sales Prices
- Higher Sugarcane Procurement Prices
- Borrowing Costs
- Foreign Currency Fluctuations
- Delay in Payments of Government Subsidies

## 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 2018 is aggregating to Rs. 492 million (2017: Rs. 502 million).

The Company also operates an approved funded Gratuity Fund Scheme covering all its eligible permanent employees in accordance with Gratuity Fund Rules. The value of its investments as on 30 June 2018 is aggregating to Rs. 87 million (2017: Rs. 97 million).

## National Exchequer

The Company contributed a sum of Rs. 3,659 million (2017: Rs. 5,137 Million) approximately to the national exchequer in the form of taxes & duties during the year under review.

## Corporate Social Responsibility Activities

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail at pages from 38 to 40 during the period under review.

## Auditors

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

## Acknowledgement

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

**Chief Executive** **Director**

07 January 2019
Lahore

## آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کمیٹی چیئرمین سمیت تین ممبران پر مشتمل ہے۔ کمیٹی کوڈ کے تقاضوں کے مطابق باقاعدگی سے ملاقات کرتی ہے۔ آڈٹ کمیٹی انٹرنل آڈٹ مینوئل اور انٹرنل آڈٹ سسٹم کا جائزہ لینے میں بورڈ کی معاونت کرتی ہے۔

## انسانی وسائل اور معاوضہ کمیٹی

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

## ڈائریکٹرز کے معاوضہ جات

بورڈ ممبران کے معاوضہ جات کو بورڈ کے ذریعے منظور کیا جاتا ہے تاہم کارپوریٹ گورنس 2017 کے ضابطہ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا تعین نہیں کر سکتا اور نہ ہی اس عمل میں حصہ لیتا ہے۔ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ اس لئے دیا جاتا ہے کہ وہ کمپنی کو کامیابی سے چلانے والے ڈائریکٹرز کو کمپنی میں تادیر رکھ سکیں۔ تاہم کسی معاوضے کی حد ایسی نہیں ہے جو بظاہر کسی ڈائریکٹر کی خود مختاری کو متاثر کر سکے۔ کسی بھی ڈائریکٹر کو میٹنگ کی مد میں کسی قسم کے واجبات ادا نہیں کئے جاتے۔ چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضہ جات کی معلومات کیلئے مالیاتی گوشواروں کے متعلقہ حصہ جات سے استفادہ کیا جا سکتا ہے۔

## ڈائریکٹرز کے تربیتی پروگرام

کمپنی نے اپنے ڈائریکٹرز کیلئے تربیتی پروگرام منعقد کیے۔

## بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹران کی کل تعداد 7 ہے جن کی تفصیل مندرجہ ذیل ہے:

| | | |
|---|---|---|
| ا) | مرد | 6 |
| ب) | خاتون | 1 |

بورڈ کی تشکیل مندرجہ ذیل ہے:

| کیٹگری | نام |
|---|---|
| خود مختار ڈائریکٹرز | جناب عاصم نثار باجوہ<br>جناب قاسم حسین صفدر |
| ایگزیکٹو ڈائریکٹرز | جناب جہانگیر خان ترین<br>جناب راحیل مسعود |
| نان ایگزیکٹو ڈائریکٹرز | جناب مخدوم سید احمد محمود<br>محترمہ سمیرا محمود<br>جناب اعجاز احمد |

## دیگر واقعات/نمایاں تبدیلی

مالی سال کے اختتام اور رپورٹ کی تاریخ تک کسی قسم کی نمایاں تبدیلی رونما نہیں ہوئی۔

## داخلی مالیاتی کنٹرول

کمپنی کے داخلی مالیاتی کنٹرول کے حوالے سے ڈائریکٹران اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ وہ مینجمنٹ اور آڈیٹرز (اندرونی اور بیرونی) کے ساتھ باہمی بات چیت سے اس بات کو یقینی بناتے ہیں کہ کمپنی کی جانب سے مناسب کنٹرول لاگو کئے گئے ہیں۔

## پیٹرن آف شیئر ہولڈنگ

30 ستمبر 2018 میں 1,189 حصہ داران موجود تھے۔ جن کی علیحدہ سے تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز، CEO، CFO اور کمپنی سیکرٹری اور ان کی بیویاں، نابالغ بچوں کے حصص کی تفصیل رپورٹ کے ساتھ منسلک ہے۔

## ماحولیاتی پالیسی

ماحولیات کے حوالے سے کمپنی کی ایک جامع پالیسی ہے جو اس بات کو یقینی بناتی ہے کہ صنعت سے متعلقہ ماحولیاتی اصول وضوابط پر مکمل کاربند رہا جائے۔

## بنیادی خدشات

کمپنی کو درج ذیل بنیادی خدشات کا سامنا ہے:

- گرتی ہوئی چینی کی قیمت فروخت
- بڑھتی ہوئی گنے کی قیمت خرید
- قرضوں کے حصول کی لاگت
- غیر ملکی کرنسی کا اتار چڑھاؤ
- حکومتی مراعات کی ادائیگی میں تاخیر

## پراویڈنٹ فنڈ اور گریجوئٹی فنڈ کی سرمایہ کاری کی اہمیت

کمپنی اپنے اہل اور مستقل ملازمین کے لیے ایک تسلیم شدہ پراویڈنٹ فنڈ سکیم 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 2018 میں 492 ملین روپے ہے۔ جبکہ سال 2017 میں یہ رقم 502 ملین تھی۔

اس کے علاوہ کمپنی ایک گریجوئٹی فنڈ سکیم چلا رہی ہے جس میں اس کے اہل اور مستقل ملازمین شامل ہیں۔ اسکی سرمایہ کاری کا حجم رواں سال 87 ملین روپے تھا، جبکہ 2017 میں حجم 97 ملین روپے تھا۔

## نیشنل ایکس چیکر

کمپنی نے رواں سال میں ٹیکسز اور ڈیوٹی کی مد میں 3,659 ملین روپے جمع کروائے جبکہ سال 2017 میں 5,137 ملین روپے جمع کروائے گئے۔

## ادارتی سماجی ذمہ داری

کمپنی نے اپنی رواں سال کی سماجی ذمہ داریوں کا تذکرہ صفحہ نمبر ۳۰ سے لیکر صفحہ نمبر ۳۳ میں کیا ہے۔

## آڈیٹرز

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

## اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے تمام ورکرز 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 شکر گذار ہیں اس کے علاوہ تمام مالیاتی ادارے، بنک، لیزنگ کمپنیوں کی مالی معاونت فراہم کرنے پر شکریہ ادا کرتے ہیں۔

۷ جنوری ۲۰۱۹
لاہور

چیف ایگزیکٹو

ڈائریکٹر

- 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 زرعی قرض کی مد میں نقد رقم، بیج، فربائن، کھاد اور کرم کش ادویات مہیا کرنے کے علاوہ قومی و دیہی حمایتی پروگرام شامل ہوتے ہیں۔
  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 منظرنامہ

چاروں یونٹ میں سال 19-2018 کے گنے کے پیائی کا آغاز دسمبر 2018 کے دوسرے ہفتے سے ہو چکا ہے جبکہ گروپ کی سطح پر 6 جنوری 2019 تک یہ سلسلہ مکمل ہو گیا۔ کمپنی نے 10.34% فیصد ریکوری سے 209,805 ٹن پیداوار حاصل کی۔ اس دفعہ گنے کی فصل پچھلے سال کی نسبت تقریباً 25% کم ہے اور کاشتکاروں نے بتایا ہے کہ اس سال فی ایکڑ پیداوار بھی کم ہے، تاہم ریکوری کی شرح گزشتہ سال کے مقابلے میں بہتر ہے۔ ان حقائق کے تناظر میں کمپنی توقع کرتی ہے کہ اس سال چینی کی پیداوار میں 30% کی واقع ہو گی۔

- گنے کی تعین شدہ قیمت خرید برائے سال 19-2018 پنجاب میں 180 روپے فی 40 کلوگرام اور سندھ میں 182 روپے فی 40 کلوگرام ہے۔
- ملک میں 1.3 ملین ٹن چینی کے گزشتہ سیزن کے ذخائر اور سال 19-2018 کی پیداوار کے مدِنظر وفاقی حکومت نے اکتوبر 2018 میں 1,000,000 ٹن چینی بغیر کسی سبسڈی کے صرف اس شرط پر برآمد کرنے کی اجازت دی کہ جو ملیں 15 نومبر 2018 تک کرشنگ کا آغاز کردیں گی وہ اس اجازت سے استفادہ کرسکیں گی مگر کسی بھی مل کیلئے اس برآمدی کوٹے پر عملدرآمد ممکن نہ تھا۔ نتیجے کے طور پر دسمبر 2018 میں وفاقی حکومت نے کرشنگ کی شرط ختم کرتے ہوئے برآمدی کوٹہ 1,000,000 ٹن سے بڑھا کر 1,100,000 ٹن کردیا اور تجویز کیا کہ شوگر ملیں اپنے متعلقہ صوبوں سے سبسڈی حاصل کریں۔ حکومتِ پنجاب نے حال ہی میں 5.35 روپے فی کلوگرام کی برآمدی سبسڈی منظور کی ہے جس کے نوٹیفکیشن کا تاحال انتظار ہے۔ ہم امید کرتے ہیں کہ حکومتِ سندھ بھی سندھ میں چلنے والی شوگر ملوں کیلئے برآمدی سبسڈی کا اعلان کرے گی۔
- حکومت کی طرف سے 1,100,000 ٹن کی برآمد کی اجازت کے بعد، فیکٹری میں چینی کی قیمت بہتر ہوگئی ہے اور توقع کی جاتی ہے کہ اس سال چینی کی قیمت بہتر ہوگی۔ متوقع طور پر راب کی کم پیداوار کی وجہ سے راب قیمتوں میں بھی بہتری آئی ہے۔ ہماری ملوں میں سکروز کی ریکوری کا رجحان بھی کافی سازگار ہے۔ ان عوامل کی روشنی میں ہم یہ توقع کرتے ہیں سال 19-2018 ایک منافع بخش سال ہوگا۔ ہم تسلسل کے ساتھ اچھی کارکردگی کا مظاہرہ کررہے ہیں اور ہماری توجہ اس امر کی طرف بھی مرکوز ہے کہ ہم سسٹم کو مزید فعال بنا کر اور زیادہ بگاس (پھوک) بچا کر چینی کی ذیلی مصنوعات کی قدر میں اضافہ کریں۔

## ادارتی اور مالیاتی جائزے کا نظام

کمپنی کا کارپوریٹ اور مالیاتی جائزے کا نظام مطلوبہ معیار کے مطابق ہے جیسا کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے 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۔
- بین الاقوامی مالیاتی جائزوں کے معیار جیسا کہ پاکستان میں قابلِ 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۔ کمپنی ایکٹ 2017 کی تمام شرائط و ضوابط کو مدِنظر رکھا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابلِ بھروسہ ہے اور موثر طور پر نافذ العمل اور زیرِ نگرانی ہے۔
- کمپنی کے آگے بڑھتے رہنے کی اہلیت میں کوئی خاطر خواہ شک و شبہ نہیں ہے۔
- کارپوریٹ گورنس کے طے کردہ ریگولیشنز سے کوئی انحراف نہیں کیا گیا۔
- 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
- 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 تاخیری ادائیگی یا ادائیگی سے گریز کا کوئی امکان نہیں ہے۔
- سال رواں کے دوران 17 بورڈ میٹنگز ہوئیں۔ جن کی تفصیلات اور حاضری کو مناسب طریقے میں مشتہر کیا جن کی حاضری کی تفصیل درج ذیل ہے۔

| نمبر شمار | نام | تعداد میٹنگز |
|---|---|---|
| 1 | جناب جہانگیر خان ترین | 17 |
| 2 | جناب مخدوم سید احمد محمود | 12 |
| 3 | محترمہ سیمیرا محمود | 11 |
| 4 | جناب اعجاز احمد | 17 |
| 5 | جناب راحیل مسعود | 17 |
| 6 | جناب عاصم نثار باجوہ | 15 |
| 7 | جناب قاسم حسین صفدر | 17 |
| 8 | جناب ظفر اقبال | 1 |

وہ ڈائریکٹرز جو مصروفیت کی بنا پر میٹنگ میں شامل نہیں ہو سکے ان کو غیر حاضری کی چھٹی دی گئی۔

اس سال کے دوران، 19 ستمبر 2018 کو جناب عاصم نثار باجوہ نے نان ایگزیکٹو کے عہدے سے استعفیٰ دے دیا۔ اس خالی عہدے کو پُر کرنے کیلئے بورڈ آف ڈائریکٹرز نے 28 ستمبر 2018 کو جناب ظفر اقبال کو بطور نان ایگزیکٹو ڈائریکٹر تعینات کردیا، بعد ازاں سال کے آخر میں بورڈ آف ڈائریکٹرز نے جناب عاصم نثار باجوہ کو بطور خود مختار ڈائریکٹر منتخب کرلیا اور 01 نومبر 2018 کو جناب ظفر اقبال نے نان ایگزیکٹو ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔

- رواں سال کمپنی کے مالیاتی اخراجات 60.4 کروڑ روپے رہے جس کی بنیادی وجوہات چینی کے غیر فروخت شدہ ذخائر، وفاقی وصوبائی حکومتوں کی طرف سے برآمدی سبسڈی کی عدم ادائیگی اور بجلی کی مد میں CPPA-G کے ذمہ واجب ادائیگیوں میں اضافہ ہے جس کے باعث سرمائے کی ضروریات بڑھیں۔ مزید برآں، KIBOR میں گراں قدر اضافے سے مالی اخراجات میں اضافہ ہوا۔
- فروختگی کے اخراجات میں اضافہ برآمدی چینی کی ترسیل کے سبب ہے۔ جبکہ دیگر آمدن میں قابل توجہ اضافہ غیر ملکی شرح تبادلہ اور آپریٹنگ فکسڈ اثاثہ جات کی فروخت کی وجہ سے ہوا۔
- مندرجہ بالا بیان کردہ مالی نتائج کے نقطہ نظر میں تمام کلیدی مالی معاہدوں نے نسبتاً سال کے اختتام کے لحاظ سے تھوڑی خرابی ظاہر کی تاہم، کمپنی اس وقت تمام مالی ذمہ داریوں کو بروقت پورا کر رہی ہے اور اس کے ساتھ ساتھ تمام متعلقہ مالیاتی اداروں کے ہمراہ بہترین باہمی تعلقات پر کاربند ہے۔
- سال 2017-18 میں ملوں کو ریلیف فراہم کرنے کیلئے ۲۳ دسمبر ۲۰۱۷ کو قابل احترام سندھ ہائی کورٹ نے اپنے حکم نامے C.P. No. D-8666 کے ذریعے فی من گنے کی قیمت 182 روپے فی من سے 172 روپے فی من مقرر کی۔ قابل احترام سندھ ہائی کورٹ نے ۳۰ دسمبر ۲۰۱۷ کو اپنے حتمی حکم نامے C.P. No. D-8666 برائے 2017، 7951 برائے 2017، 219 برائے 2018 اور 440 برائے 2018 میں گزشتہ فیصلے میں ترمیم کرتے ہوئے گنے کی قیمت 172 روپے فی من میں مزید کمی کر کے 160 روپے فی من مقرر کر دیا۔ گروپ نے سندھ میں قائم اپنے یونٹوں پر گنے کی فروخت اور ادائیگیوں کیلئے عدالتی احکامات کی مکمل پیروی کی۔ پنجاب میں فی من گنے کی قیمت خرید بغیر کسی تبدیلی کے 180 روپے ہی برقرار رہی۔

اس سال ملکی سطح پر چینی کی پیداوار میں خاطر خواہ اضافے اور چینی کے ملکی ذخائر میں اضافے کے پیش نظر وفاقی حکومت نے 10.70 فی کلو ترسیلی کرائے میں تعاون کے ساتھ دسمبر 2018 میں سال 2017-18 کے کرشنگ سیزن کی 2,000,000 ٹن چینی برآمد کرنے کی اجازت دی۔ ترسیلی کرائے کا تعاون چینی کی فروخت بین الاقوامی قیمتوں کی حدود سے مشروط تھا یعنی اگر قیمتِ فروخت 376 ڈالر فی میٹرک ٹن سے 499 ڈالر فی میٹرک ٹن کے درمیان رہے تو ترسیلی کرائے کا تعاون حکومت فراہم کرے گی مگر جیسے ہی بین الاقوامی منڈیوں میں یہ قیمت 499 ڈالر فی میٹرک ٹن پر پہنچے گی تو سٹیٹ بینک ترسیلی کرائے کی سہولت بند کر دے گا، یہ سہولت وفاقی اور صوبائی حکومتوں کے آدھے آدھے اشتراک سے فراہم ہونا قرار پائی۔ کمپنی نے سٹیٹ بینک کے اجازت شدہ کوٹے کے مطابق بلند ترین شرح سے 208,665 ٹن چینی برآمد کی مگر اس کے باعث سٹیٹ بینک کی طرف دی جانے والی 1.7 ارب کی سبسڈی ابھی تک واجب الادا ہے۔ ملکی شوگر انڈسٹری کی سطح پر برآمدی سبسڈی کی مد میں تقریباً 99 ارب روپے واجب الوصول ہیں جس کی وجہ سے شوگر انڈسٹری شدید قسم کی قلتِ زر کا شکار ہے اور اسی وجہ سے کسانوں کو ادائیگیاں کرنے میں دشواریاں پیش آ رہی ہیں۔

- چینی کی صنعت کو سہولت دینے کیلئے حکومتِ سندھ نے صوبائی کابینہ کے اجلاس میں چینی کی برآمد پر 9.30 فی کلو کی اضافی سبسڈی منظور کی جو کہ ہر مل کیلئے 20,000 ٹن تک محدود تھی۔ ہم نے سندھ میں واقع اپنے یونٹس کیلئے اس سہولت سے استفادہ حاصل کیا۔
- ان لینڈ سبسڈی کی مد میں TDAP کی طرف سے JDWSML اور DSML کو قابل ادائیگی 306 ملین روپے کے معاملے میں ابھی تک کوئی پیش رفت نہیں ہو سکی، اس ضمن میں کمپنی تمام قسم کی دستاویزی شرائط کی تکمیل کر چکی ہے جبکہ کچھ کیسز میں TDAP کی طرف سے بینکوں کو واضح احکامات برائے ادائیگی ملنے کے باوجود تا حال کوئی پیسہ نہیں مل سکا۔ شوگر انڈسٹری کی سطح پر 2.6 ارب روپے کی خطیر رقم کی ادائیگی گزشتہ 6 سال سے التوا کا شکار ہے۔
- 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۔
- بیلنس شیٹ کا حجم 42 ارب روپے سے بڑھ کر 58 ارب روپے تک پہنچ گیا ہے اور جمع شدہ ریزرو اداشدہ سرمائے کا 13 گنا ہیں۔ اگر آپ کمپنی کے منافع کی تقسیم کا تقابلی جائزہ لیں تو ماسوائے 2006-07 اور 2017-18 کے کمپنی 2000-01 لگاتار منافع کی تقسیم کر رہی ہے۔
- چینی کی زائد پیداوار، ماضی کے مقابلے میں انتہائی ناموافق قیمت کے تعین اور برآمد کی محدود اجازت کے باعث حالیہ جائزے کا سال نہایت کٹھن تھا۔ حکومتِ پنجاب گنے کی خریداری کیلئے اپنی تعین شدہ قیمت کا مکمل اطلاق کروانے میں ناکام رہی اور بیشتر ملوں نے اپنی مرضی کی قیمت پر گنے کی خریداری کی، جس کی بدولت کسانوں کو شدید نقصانات سے دوچار ہونا پڑا۔ سیلز ٹیکس کی چوری کو روکنے کیلئے خاطر خواہ سسٹم نہ ہونے کی بدولت چینی کی ایک بڑی مقدار سسٹم میں نہ آ سکی جس نے چینی کی قیمت فروخت کو شدید متاثر کیا اور نتیجے کے طور پر غیر فروخت شدہ 1.3 ملین ٹن سٹاک باقی بچ گیا۔ گزشتہ حکومتوں کی جانب سے راب کی برآمد پر لاگو کی جانے والی 15% ریگولیٹری ڈیوٹی ان تمام ملوں کیلئے نقصان کا باعث ہے جن کا اپنا ڈسٹلری سیٹ اپ نہیں ہے۔ اس لئے ان ملوں کو یکساں مواقع میسر نہیں آتے۔ راب کی برآمد پر ریگولیٹری ڈیوٹی کے خاتمے سے راب کی بہتر قیمت کے حصول میں مدد مل سکتی ہے۔

## دیگر اُمور کا خلاصہ

- راب کے ذخیرے کو کھلے تالاب میں ذخیرہ کرنے کی بجائے کمپنی راب کے ذخائر کو سٹیل کے بنے ہوئے ٹینک میں رکھنے کیلئے اپنی استعداد کار بڑھا رہی ہے۔ موجودہ سال کے دوران مزید ٹینک سسٹم میں شامل کئے گئے جس کی بدولت اب کمپنی 200,000 ٹن راب کو سٹیل کے ٹینکوں میں ذخیرہ کرنے کی صلاحیت رکھتی ہے۔ ان راب ٹینکوں 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۔ ہمارے گروپ کا ہدف ہے کہ ہم راب کو کھلے ٹینک تلے ذخیرہ کرنا ختم کر دینگے۔
- ہمیشہ کی طرح سال 2017-18 کے دوران بھی کسانوں کو گنے کی قیمت کی بروقت ادائیگی ہماری اولین ترجیح رہی۔ اوپر بیان کی گئی مالی مشکلات کے باوجود 31 مئی 2018 تک تقریباً 41.90 ارب روپے کی ادائیگی بروقت کی گئی۔ کمپنی نے اس کے علاوہ امداد کی صورت میں کسانوں کو مالیاتی قرضے، بیج، ادویات اور زرعی آلات بھی فراہم کیے۔

## 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 مضبوط کرنے کے لیے مندرجہ ذیل ترجیحات اختیار کی گئیں۔

# ڈائریکٹرز رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 29 ویں رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2018 پیش کرتے ہیں۔

## جائزہ

JDW شوگر ملز 31 مئی 1990 میں بطور پرائیویٹ 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 رجسٹر شدہ دفتر 17 عابد مجید روڈ، لاہور کینٹ میں واقع ہے۔ 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۔

| تفصیل | یونٹ | 2017-2018 | | | | 2016-2017 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | JDW-I | JDW-II | JDW-III | مجموعہ | JDW-I | JDW-II | JDW-III | مجموعہ |
| گنے کی کرشنگ (پسائی) | میٹرک ٹن | 3,753,175 | 2,428,571 | 2,240,689 | 8,422,435 | 3,528,599 | 2,373,561 | 2,016,687 | 7,918,847 |
| چینی کی پیداوار | میٹرک ٹن | 409,507 | 255,879 | 223,325 | 888,711 | 357,733 | 247,926 | 207,747 | 813,406 |
| چینی کا پیداواری تناسب | فیصد% | 10.91 | 10.54 | 9.97 | 10.55 | 10.14 | 10.45 | 10.30 | 10.27 |
| راب کی پیداوار | میٹرک ٹن | 177,607 | 133,267 | 113,728 | 424,602 | 154,437 | 110,324 | 83,072 | 347,833 |
| راب کا پیداواری تناسب | فیصد% | 4.73 | 5.49 | 5.08 | 5.04 | 4.38 | 4.65 | 4.12 | 4.39 |

اوپر موجود نتائج کا جائزہ حسب ذیل ہے:

گزشتہ سال کے مقابلے میں گنے کی پسائی کا تناسب 6 فیصد زیادہ تھا جبکہ چینی کی پیداوار میں اضافے کی شرح 9 فیصد رہی۔ پیداوار میں اچھے اضافے کی بنیادی وجہ سکروس کی بہتر وصولی تھی۔ اگرچہ گنے کے زیر کاشت رقبے میں اضافہ ہوا مگر فی ایکڑ پیداوار میں کمی کی بدولت گنے کی پسائی میں 15 فیصد متوقع اضافہ نہ ہو سکا۔ ناکافی بارشیں فی ایکڑ پیداوار میں کمی کی بنیادی وجہ تھی۔

چینی کی پیداواری اوسط میں 28 بی پی ایس کی بہتری ہوئی جبکہ راب کا پیداواری تناسب 4.39% سے بڑھ کر 5.04% ہو گیا جو کہ گزشتہ موسم کے مقابلے میں 15% فیصد زیادہ ہے۔ راب کے پیداواری تناسب میں اضافے کی بنیادی وجہ یہ تھی کہ گزشتہ سال کے مقابلے میں رواں سال موسم گرما میں 15 مارچ کے بعد گنے کی پسائی زیادہ ہوئی۔ اس سال یونٹ ون میں گنے کی پسائی 30 اپریل تک جاری رہی۔

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

## ذیلی کمپنی کے آپریٹنگ نتائج

| | | 2017-18 | 2016-17 |
|---|---|---|---|
| گنے کی پسائی | میٹرک ٹن | 1,890,612 | 1,950,674 |
| چینی کی پیداوار | میٹرک ٹن | 205,788 | 205,041 |
| چینی کا پیداواری تناسب | فیصد% | 10.51 | 10.51 |
| راب کی پیداوار | میٹرک ٹن | 82,177 | 81,187 |
| راب کا پیداواری تناسب | فیصد% | 4.35 | 4.16 |

## مالیاتی جائزہ

کمپنی کے نتائج مندرجہ ذیل ہیں

| | 30 ستمبر 2018 | 30 ستمبر 2017 |
|---|---|---|
| مجموعی فروخت | 40,252 | 49,962 |
| خالص فروخت | 37,265 | 45,432 |
| کارکردگی منافع | 2,129 | 3,845 |
| قبل از ٹیکس خسارہ / منافع | (141) | 2,180 |
| بعد از ٹیکس خسارہ / منافع | (203) | 1,588 |
| فی حصہ خسارہ / آمدنی | (3.40) | 26.57 |

گزشتہ سال کی نسبت کمپنی کی مجموعی فروخت میں 19.44% کمی آئی جو کہ چینی اور راب کی قیمت فروخت میں کمی کی وجہ سے ہوئی۔ مزید برآں فروخت شدہ چینی کی مقدار میں 18.62% کمی آئی۔

کمپنی کا بعد از ٹیکس نقصان اس سال 20.3 کروڑ روپے ہے جبکہ پچھلے سال کمپنی کا بعد از ٹیکس منافع 1.588 ارب روپے تھا نتیجتاً فی حصہ آمدن 26.57 سے کم ہو کر فی حصہ 3.40 روپیہ نقصان کی سطح پر آ گئی۔ منافع کی شرح میں یہ ہوشربا تنزلی چینی کی ناموافق قیمتوں کی بدولت رہی جو کہ ملک بھر میں چینی کی زائد پیداوار کی بدولت سال بھر ناموافق ہی رہی، جبکہ زائد پیداوار کی وجہ سے راب کی قیمت بھی ناموافق رہی۔ سال رواں کے دوران 2 ملین ٹن چینی کی برآمد کے باوجود 2018-19 کیلئے گنے کی پسائی کے وقت تک 1.3 ملین ٹن چینی کے زائد ذخائر موجود تھے۔ پاکستان کی شوگر انڈسٹری کی تاریخ میں ایسا پہلی بار ہوا ہے کہ گزشتہ سال کی شوگر کے اتنے بڑے ذخائر اگلے سیزن کے آغاز تک موجود رہے۔ مزید یہ کہ ہم ان گنی چنی شوگر ملز میں شمار ہوتے ہیں جنہوں نے حکومت سندھ / سندھ ہائی کورٹ کی تعین شدہ اور اعلان شدہ قیمت پر گنا خریدا جس سے ہماری پیداواری لاگت میں دیگر شوگر ملز کی نسبت اضافہ ہو گیا۔ تیسری وجہ یہ ہے کہ سیلز ٹیکس کے مقاصد کیلئے ایف بی آر نے جو قیمت مقرر کی وہ مارکیٹ کی مروجہ قیمت سے تقریباً 15 روپے زائد تھی جس کا نتیجہ یہ نکلا کہ ہم جیسا گروپ جو کہ کاروباری اخلاقیات اور اچھی روایات پر مکمل طور پر کاربند رہتا ہے، رواں سال اس کا منافع بری طرح متاثر ہوا۔ آخری دو وجوہات کی بدولت ہمارے لئے حالات انتہائی ناموافق تھے۔ ایسے نامساعد حالات کے باعث ہمیں شدید نقصانات کا سامنا کرنا پڑا مگر خوش قسمتی سے ہمارے کوجنریشن پلانٹس کی مسلسل بہتر کارکردگی کی بدولت ہم اپنے نقصان کو کافی حد تک کم کر کے تقریباً اس حد تک لے آئے جہاں نفع اور نقصان کا اتصال (Break-even) ہوتا ہے۔

# Pattern of **Shareholding**

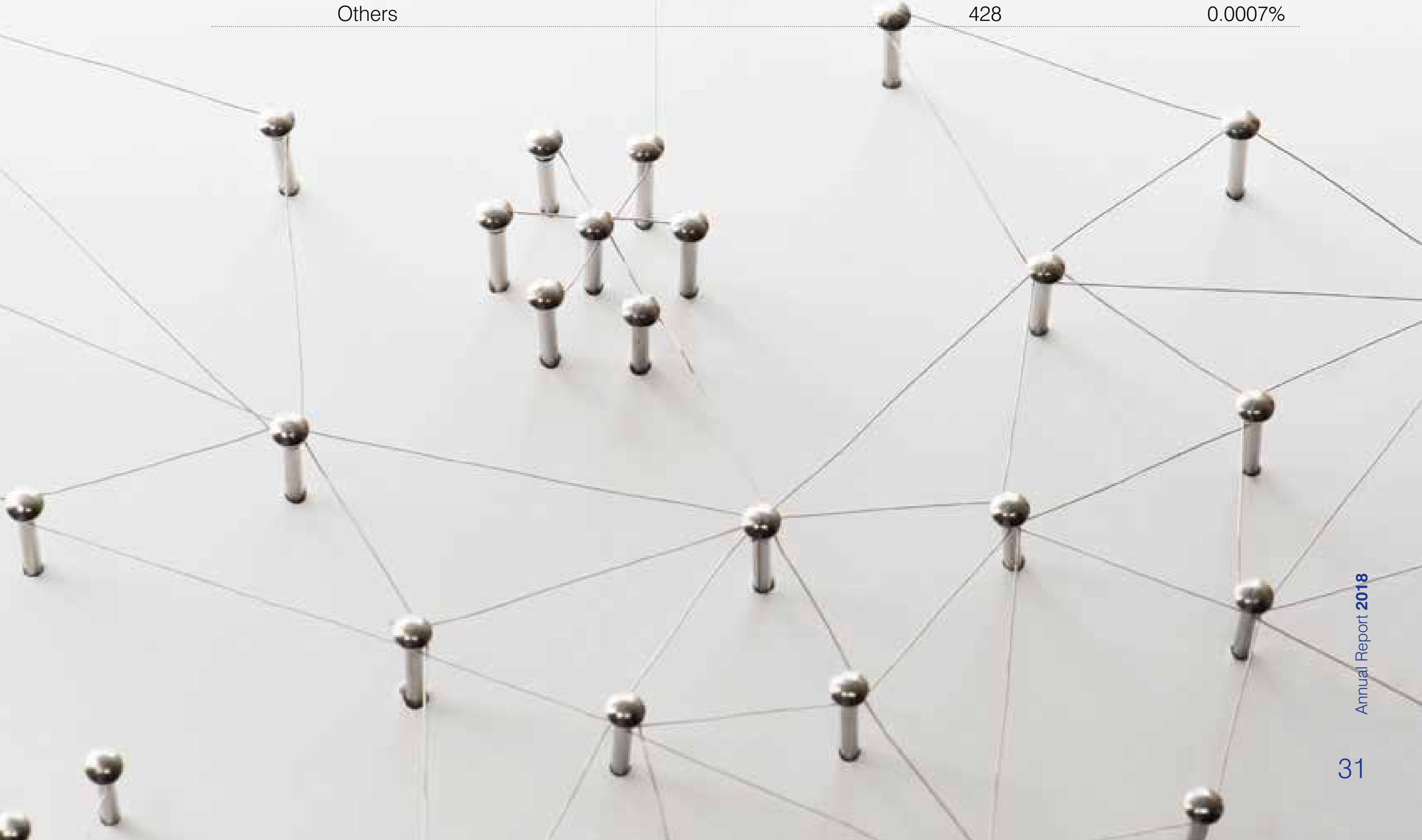
## the Companies Act, 2017 (Section 227(2)(f)

**1.1** Name of the Company — JDW SUGAR MILLS LIMITED

**2.1** Pattern of holding of the shares held by the shareholders as at — 30-09-2018

| 2.2 No. of Shareholders | Shareholding From | Shareholding To | Total Shares Held |
|---|---|---|---|
| 325 | 1 | 100 | 9,668 |
| 403 | 101 | 500 | 125,332 |
| 88 | 501 | 1,000 | 68,274 |
| 286 | 1,001 | 5,000 | 466,896 |
| 21 | 5,001 | 10,000 | 152,355 |
| 12 | 10,001 | 15,000 | 154,573 |
| 6 | 15,001 | 20,000 | 114,947 |
| 4 | 20,001 | 25,000 | 94,023 |
| 4 | 25,001 | 30,000 | 112,606 |
| 2 | 30,001 | 35,000 | 63,578 |
| 1 | 35,001 | 40,000 | 37,211 |
| 2 | 40,001 | 45,000 | 85,825 |
| 2 | 45,001 | 50,000 | 97,000 |
| 1 | 55,001 | 60,000 | 55,311 |
| 2 | 60,001 | 65,000 | 126,927 |
| 1 | 70,001 | 75,000 | 72,150 |
| 2 | 75,001 | 80,000 | 156,540 |
| 2 | 105,001 | 110,000 | 212,473 |
| 2 | 110,001 | 115,000 | 229,551 |
| 1 | 115,001 | 120,000 | 117,407 |
| 1 | 190,001 | 195,000 | 192,548 |
| 2 | 195,001 | 200,000 | 400,000 |
| 1 | 205,001 | 210,000 | 208,167 |
| 1 | 345,001 | 350,000 | 348,494 |
| 1 | 365,001 | 370,000 | 367,327 |
| 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 | 1,425,001 | 1,430,000 | 1,430,000 |
| 1 | 1,495,001 | 1,500,000 | 1,500,000 |
| 1 | 1,700,001 | 1,705,000 | 1,703,281 |
| 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 | 15,840,001 | 15,845,000 | 15,843,932 |
| **1,189** | | | **59,776,661** |

| 2.3 | Categories of shareholders | Shares Held | Percentage |
|---|---|---|---|
| 2.3.1 | Directors, Chief Executive Officer, and their spouse and minor children | 31,588,575 | 52.8443% |
| 2.3.2 | Associated Companies, undertakings and related parties. (Parent Company) | - | 0.0000% |
| 2.3.3 | NIT and ICP | 19,965 | 0.0334% |
| 2.3.4 | Banks Development Financial Institutions, Non Banking Financial Institutions. | 46,196 | 0.0773% |
| 2.3.5 | Insurance Companies | - | 0.0000% |
| 2.3.6 | Modarabas and Mutual Funds | 8,150 | 0.0136% |
| 2.3.7 | Shareholders holding 10% or more | 36,783,213 | 61.5344% |
| 2.3.8 | General Public | | |
| | a. Local | 22,766,909 | 38.0866% |
| | b. Foreign | - | 0.0000% |
| 2.3.9 | Others (to be specified) | | |
| | Joint Stock Companies | 2,337,208 | 3.9099% |
| | Investment Companies | 2,085 | 0.0035% |
| | Foreign Companies | 3,007,145 | 5.0306% |
| | Others | 428 | 0.0007% |



# Categories of **Shareholding**

required under Listed Companies (Code of Corporate Governance) Regulations, 2017 (CCG) as on September 30, 2018

| 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 | 2,050 | 0.0034% |
| **Directors, CEO and their Spouse and Minor Children (Name Wise):** | | | |
| 1 | MR. JAHANGIR KHAN TAREEN | 12,802,293 | 21.4169% |
| 2 | MUKHDOOM SYED AHMED MAHMUD | 15,843,932 | 26.5052% |
| 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 Institutions, Insurance Companies and Modarabas:** | | 52,296 | 0.0875% |
| **Shareholders holding five percent or more voting interest in the listed company (Name Wise)** | | | |
| 1 | MR. JAHANGIR KHAN TAREEN | 12,802,293 | 21.4169% |
| 2 | MUKHDOOM SYED AHMED MAHMUD | 15,843,932 | 26.5052% |
| 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 spouse and minor children:

| Sr. No. | NAME | Deletion through Gift | Addition through Gift |
|---|---|---|---|
| 1 | MR. JAHANGIR KHAN TAREEN | (240,000) | – |
| 2 | MUKHDOOM SYED AHMED MAHMUD | – | 240,000 |

# High Pressure
# Co-Generation Power Plants



2018, 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 National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G"). 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**

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 Program);
- 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 equipment's 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.

# Corporate **Farming**


## 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.

### Weed Management:

Creeping weeds like morning glory and twine vine is going to be a serious problem among farms. These weeds were introduced around flood areas around Indus river bank in 2010. A serious efforts of herbicide trials are underway to control and check the further spread of these weeds. JDW is making long- and short-term strategy to overcome this problem.

### 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 are now constructed at unit 1 and unit 4. These plants have started HWT operation during 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 was initiated as a joint venture between NRSP and the Jamal Din Wali Sugar Mills in 2000 with the objective of enabling 10,000 farmers with small land-holdings to double their per acre yield of sugarcane, and thereby raise their incomes and standard of living, over three years. The project was launched in District Rahim Yar Khan in areas adjacent to the JDW Mill. These consist of fifteen union councils having 108 revenue villages, 193,026 acres of land and 36,228 households in two Tehsils: Rahim Yar Khan and Sadiqabad. It is a comprehensive and intended intervention for agriculture production expansion and the living standards of poor people. 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 Jamal Din Wali Sugar Mills with the objective to double the production of sugarcane of 10,000 small farmers living in designated Union Council around the JDW Mill in RYK. 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.

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 training
- Development of marketing channels

Extension services carried out by JDW Mill

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

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

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

With continued support from JDW Sugar Mills, NRSP expanded its operation in 58 union councils. The number of active COs grew in 2017-18 up to 7,976 with a membership of 93,029 farmers. The main features of the SPEP include:

- Increase income of poor rural people by the increase in per acre yield of sugarcane, through:
    - Improvement in production technology
    - Resource use efficiency
    - Need-based support (credit, agri-machinery, inputs, seed etc.)
    - Assurance of timely payments by sugar mills.
- Ensure sufficient quantity of quality sugarcane in the 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 CO meetings, published literature and farm visits.

- Credit facility from JDW Sugar Mills and NRSP for the purchase of seed and other agricultural inputs on the 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. 2,178 million in the year 2017-18 to raise the productivity & income of the farming communities, which is really helping to increase the social and economic life of the rural communities.

SPEP program has a significant impact on the income of participating households in treatment villages especially for those rural households that participate in CO over longer periods

## Sugarcane Crop Improvement Program:

Sugarcane crop can improve with new sugarcane varieties and this can only achieve 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 give excellent results. This year, we have produced 19,000 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 1,000 to 1,200 mounds/acre. We are propagating and multiplying these clones for further plantings at mills farms in Punjab and Sindh. Disease resistance is very important in new varieties.

Now, we are producing healthy seed nurseries through hot water treatment technology. Large HWT facilities have been built at JDW mills and we are successfully producing disease free seed nurseries.

We have also start working on drone technology for agriculture use. We will do foliar spray against vine weeds on sugarcane crop when the crop gets long and manual spray becomes impossible. Our aim is to develop drone sprayer for sugarcane crop and get weed free crop at the time of harvest.

## Integrated Pest Management:

Humans have long been in direct competition with attack of pests from our ancestral beginnings. Pest competes with humans for food, fiber and shelter. Different kind of insect pest's attack sugarcane crop which can be divided into two classes (a) sucking pests (b) sugarcane borers. Pests of both classes can damage the crop severely which may lead to low yield and inferior quality cane. JDW group owns a specialized team for managing insect pests of grower's crop under Umbrella of "Cane Development & Farmer Support Program". Among sucking pests "Pyrilla Perpusilla" is a major threat which severely damage the crop, if multiplied unchecked and as far as borers are concerned "Stem Borer" is the most problematic in the area.

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

## Farmer Support Program:

Livestock provides cash flow to farmers to meet the day to day expenses of their family and hence play a pivotal role in running their economy. To harness full potential of animals either in form of milk or meat, knowledge pertaining to animal's 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.

# Corporate **Social Responsibility**

## 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.

| Activity / Description | JDW-NRSP QEFA Project Achievement | | |
|---|---|---|---|
| | Boys/Men | Girls/Women | Total |
| No. of Schools (QEFA) | 17 | 6 | **23** |
| Govt. Primary school | 7 | – | **7** |
| Govt. Masjid Maktab School | 6 | – | **6** |
| Enrolments | 856 | 1,560 | **2,416** |
| No. of teachers (Current Status) Total | 13 | 46 | **59** |
| Teachers trained | 209 | 231 | **440** |
| School councils formed | 47 | 35 | **82** |
| School council members | 335 | 215 | **550** |
| 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 which 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 2017-18 JDW Sugar Mills has spent Rs. 3.93 million for district Rahim Yar khan and 6.07 million has been utilized in district Ghotki & khairpur to upgrade the level of education. These funds included employment of teachers, new classrooms, boundary walls, and furniture for students and teachers, toilets, sheds, water supplies, electricity & electrification, IT labs, supports material, walking bridge and whitewash.

Currently NRSP is running 23 schools in district Rahim Yar Khan with the enrollment of more than 2,416 students to uplift the education level in Rahim Yar Khan. During this year 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**

for the year ended 30 September 2018

**KPMG Taseer Hadi & Co.**
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan

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# Independent Auditors' **Review Report**

## To the members of JDW Sugar Mills Limited

## Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of JDW Sugar Mills Limited for the year ended 30 September 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

| | Paragraph Reference | Description |
|---|---|---|
| i. | 11 | The Chief Financial Officer of the Company also holds the position of Company Secretary. |

07 January 2019
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

# Statement **of Compliance**

with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: **JDW Sugar Mills Limited**

Year Ended: **30 September 2018**

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the **"CCG"**) 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 complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 07 as per the following:

   a) Male: 06
   b) Female: 01

2. The composition of the Board is as under:

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

   The Independent Directors fulfil the criteria of independence under Regulation No. 6 of the CCG and section 166 of Companies Act, 2017 (the "Act").

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. 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.

5. 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Act and the CCG.

7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the CCG.

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 namely Mr. Raheal Masud & Mr. Qasim Hussain Safdar, 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. Mr. Asim Nisar Bajwa, acquired certification under Directors training programs conducted by Pakistan Institute of Corporate Governance (the "PICG") in September, 2018. Remaining Directors are exempted on the basis of experience criteria as envisaged in Regulation No. 20(2) of CCG.

10. The Board has approved appointment of Chief Financial Officer (''CFO''), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the CCG.

11. The CFO of the Company also holds the position of Company Secretary.

12. CFO and CEO duly endorsed the financial statements before approval of the Board.

13. 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 | Non-Executive Director |

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 | Non-Executive Director |
| Mrs. Samira Mahmud | Member | Non-Executive Director |
| Mr. Asim Nisar Bajwa | Member | Independent Director |

The Board has formed a Nomination Committee. It comprises of following 02 (Two) Directors:

| Name | Designation | Category |
|---|---|---|
| Mr. Jahangir Khan Tareen | Chairman / Member | Executive Director |
| Mr. Asim Nisar Bajwa | Member | Independent Director |

The Board has formed a Risk Management Committee. It comprises of following 02 (Two) Directors:

| Name | Designation | Category |
|---|---|---|
| Mr. Jahangir Khan Tareen | Chairman / Member | Executive Director |
| Mr. Asim Nisar Bajwa | Member | Independent Director |

14. The Terms of Reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

15. The frequency of meetings (quarterly / half yearly / yearly) of the committees were as per following:

    a) Audit Committee: 05 meetings held during the year ended on September 30, 2018; and

    b) HR and Remuneration Committee: 02 meetings held during the year ended on September 30, 2018.

16. The Board has set up an effective internal audit function controlled by internal audit department, which is comprised of qualified and experienced professional for the purpose and are conversant with the policies and procedures of the Company.

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

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the CCG or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other requirements of the Regulations have been complied with.

07 January 2019
Lahore

MUKHDOOM SYED AHMED MAHMUD
**Chairman**

**KPMG Taseer Hadi & Co.**
Chartered Accountants
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Lahore 54000 Pakistan

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# Independent **Auditors' Report**

To the members of JDW Sugar Mills Limited

## Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of JDW Sugar Mills Limited ("the Company"), which comprise the unconsolidated statement of financial position as at 30 September 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2018 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

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

Following are the Key audit matters:

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1 | **Revenue recognition**<br>Refer to notes 5.8 and 31 to the unconsolidated financial statements.<br><br>The Company principally generates revenue from sale of sugar, agriculture produce and electricity in the domestic market. Additionally revenue is also generated from sale of sugar in the international market.<br><br>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets. | Our audit procedures, amongst others, included the following:<br>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales;<br>• assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting standards;<br>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;<br>• comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;<br>• comparing a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited (''CPPA-G'') and assessed whether the sale was recorded in the appropriate accounting period;<br>• for a sample of invoices, recalculating the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA);<br>• inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and<br>• scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation. |
| 2 | **Capitalization of property, plant and equipment**<br>Refer notes 5.1 and 19 to the unconsolidated financial statements.<br><br>The Company has made significant capital expenditure on balancing, modernization and replacement of plant and equipment.<br><br>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year. | Our audit procedures, amongst others, included the following:<br>• obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over capital expenditure;<br>• comparing, on sample basis, the costs incurred on projects with supporting documentation and contracts;<br>• assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and |

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | | • inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation. |
| 3 | **Valuation of stock-in-trade**<br><br>Refer notes 5.4 and 27 to the unconsolidated financial statements.<br><br>The balance of gross stock-in-trade at 30 September 2018 was Rs. 19,730.03 million.<br><br>We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock-in-trade. | Our audit procedures, amongst others, included the following:<br><br>• assessing the appropriateness of Company's accounting policy for valuation of stock-in-trade and compliance of the policy with the requirements of the prevailing accounting standards;<br>• obtaining an understanding of internal controls over valuation of stock-in-trade and testing, on a sample basis, their design, implementation and operating effectiveness;<br>• obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices and costs necessary to make the sales and their basis; and<br>• comparing the NRV, on a sample basis, to the cost of stock-in-trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy. |
| 4 | **Recoverability of long term investments**<br><br>Refer note 22 to the unconsolidated financial statements.<br><br>Investments in subsidiaries includes carrying value of investment of Rs. 2,310.46 million in Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited unquoted subsidiaries.<br><br>As at 30 September 2018, management conducted an impairment test to assess the recoverability of the carrying value of investment in subsidiaries. This was performed using a discounted cash flow model.<br><br>We identified assessing the carrying value of investment in subsidiaries as a key audit matter because significant degree of management judgement involved in assessing their recoverable amount. | Our audit procedures, amongst others, included the following:<br><br>• discussing with the Company's management key assumptions used in the valuation model and testing the mathematical accuracy of the model;<br>• involving our internal valuation specialist to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis (i.e. growth rate, terminal values and the discount rate) used to derive the recoverable amount of investments made; and<br>• comparing the recoverable amount with the cost of investment to identify impairment, if any. |

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 5 | **Growing cane valuation**<br><br>Refer note 25 to the unconsolidated financial statements.<br><br>The Company's biological assets include standing cane, wheat and guar crops which are measured at fair value less costs to sell.<br><br>The carrying value of the growing cane as at 30 September 2018 was Rs. 2,024.70 million.<br><br>Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to a lack of relevant and reliable observable inputs. Consequently, we have determined the valuation of growing cane to be a key audit matter. | Our audit procedures, amongst others, included the following:<br><br>• assessing the design and implementation of the controls around the valuation of the biological assets;<br>• assessing the appropriateness of the principles used in the valuation of growing cane, and analyzing the significant assumptions used by management in their valuation models;<br>• evaluating the Company's inputs used in calculating the estimated cash flows by comparing them with historical performance and the Company's plans;<br>• involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates used, which included comparing the discount rate with sector averages for the relevant markets in which the Company operates; and<br>• evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities. |

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 September 2018, but does not include the consolidated and unconsolidated financial statements and our auditors' report thereon.

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

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

**Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

07 January 2019
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

# Unconsolidated **Statement of Financial Position**

| | Note | 2018 Rupees | 2017 Rupees Restated | 2016 Rupees Restated |
|---|---|---|---|---|
| **SHARE CAPITAL AND RESERVES** | | | | |
| Share capital | 7 | 597,766,610 | 597,766,610 | 597,766,610 |
| Share premium reserve | 8 | 678,316,928 | 678,316,928 | 678,316,928 |
| Accumulated profit | | 6,951,403,122 | 7,343,537,818 | 7,259,500,998 |
| | | 8,227,486,660 | 8,619,621,356 | 8,535,584,536 |
| **NON-CURRENT LIABILITIES** | | | | |
| Redeemable capital - secured | 9 | – | – | 83,333,333 |
| Long term finances - secured | 10 | 8,785,694,471 | 9,792,313,674 | 9,495,166,901 |
| Liabilities against assets subject to | | | | |
| finance lease - secured | 11 | 144,677,914 | 153,047,674 | 495,823,654 |
| Deferred taxation | 12 | 1,617,167,472 | 1,753,983,783 | 1,641,059,144 |
| Retirement benefits | 13 | 53,784,119 | 29,618,756 | 101,168,252 |
| | | 10,601,323,976 | 11,728,963,887 | 11,816,551,284 |
| **CURRENT LIABILITIES** | | | | |
| Short term borrowings | 14 | 23,553,685,516 | 10,053,163,155 | 3,415,654,047 |
| Current portion of non-current liabilities | 15 | 4,106,050,113 | 3,368,757,109 | 3,139,610,613 |
| Trade and other payables | 16 | 10,756,257,312 | 8,301,045,340 | 7,299,888,872 |
| Unclaimed dividend | | 34,072,815 | 64,248,402 | 27,794,069 |
| Accrued profit / interest / mark-up | 17 | 534,626,215 | 226,191,820 | 125,798,019 |
| | | 38,984,691,971 | 22,013,405,826 | 14,008,745,620 |
| **CONTINGENCIES AND COMMITMENTS** | 18 | | | |
| | | 57,813,502,607 | 42,361,991,069 | 34,360,881,440 |

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

| | Note | 2018 Rupees | 2017 Rupees Restated | 2016 Rupees Restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 19 | 22,010,170,144 | 21,476,751,288 | 19,919,032,625 |
| Investment property | 20 | 218,599,597 | 218,599,597 | 196,467,698 |
| Intangibles | 21 | 618,849,288 | 620,889,016 | 622,928,744 |
| Long term investments | 22 | 2,310,460,383 | 2,303,378,840 | 2,283,110,383 |
| Long term advances | 23 | – | 3,272,223 | 18,430,247 |
| Long term deposits | 24 | 37,488,439 | 54,978,065 | 111,446,138 |
| | | 25,195,567,851 | 24,677,869,029 | 23,151,415,835 |
| **CURRENT ASSETS** | | | | |
| Biological assets | 25 | 2,024,707,028 | 2,282,737,798 | 2,240,966,107 |
| Stores, spare parts and loose tools | 26 | 1,309,256,367 | 1,412,675,360 | 1,080,682,261 |
| Stock-in-trade | 27 | 19,730,034,110 | 7,939,757,487 | 5,035,625,241 |
| Trade debts - unsecured considered good | 28 | 5,471,467,968 | 2,941,217,253 | 870,429,870 |
| Advances, deposits, prepayments and other receivables | 29 | 3,028,850,483 | 2,182,572,665 | 1,126,498,627 |
| Advance tax - net | | 947,704,351 | 791,404,202 | 848,667,402 |
| Cash and bank balances | 30 | 105,914,449 | 133,757,275 | 6,596,097 |
| | | 32,617,934,756 | 17,684,122,040 | 11,209,465,605 |
| | | 57,813,502,607 | 42,361,991,069 | 34,360,881,440 |

Chief Executive

Director

# Unconsolidated **Statement of Profit or Loss**

For the year ended 30 September 2018

| | Note | 2018<br>Rupees | 2017<br>Rupees<br>Restated |
|---|---|---|---|
| **Gross sales** | | 40,251,476,355 | 49,962,324,692 |
| Sales tax and others | | (2,986,969,986) | (4,530,367,689) |
| **Net sales** | 31 | 37,264,506,369 | 45,431,957,003 |
| Cost of sales | 32 | (34,148,122,116) | (40,807,425,417) |
| **Gross profit** | | 3,116,384,253 | 4,624,531,586 |
| | | | |
| Administrative expenses | 33 | (1,033,466,077) | (1,099,255,365) |
| Selling expenses | 34 | (424,314,254) | (84,805,426) |
| Other income | 35 | 475,637,156 | 571,049,173 |
| Other expenses | 36 | (5,237,703) | (166,528,263) |
| | | (987,380,878) | (779,539,881) |
| **Profit from operations** | | 2,129,003,375 | 3,844,991,705 |
| | | | |
| Finance cost | 37 | (2,269,761,395) | (1,665,293,789) |
| **(Loss) / profit before taxation** | | (140,758,020) | 2,179,697,916 |
| Taxation | 38 | (62,682,495) | (591,301,563) |
| **(Loss) / profit after taxation** | | (203,440,515) | 1,588,396,353 |
| | | | |
| **(Loss) / earnings per share - basic and diluted** | 39 | (3.40) | 26.57 |

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

Chief Financial Officer                Chief Executive                Director

# Unconsolidated **Statement of Comprehensive Income**

For the year ended 30 September 2018

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|
| **(Loss) / profit after taxation** | (203,440,515) | 1,588,396,353 |
| | | |
| **Other comprehensive loss** | | |
| | | |
| **Items that will not be reclassified to profit or loss:** | | |
| | | |
| - Re-measurement of defined benefit liability | (13,189,011) | (14,204,297) |
| - Related tax | 3,824,813 | 4,261,289 |
| | (9,364,198) | (9,943,008) |
| **Total comprehensive (loss) / income for the year** | (212,804,713) | 1,578,453,345 |

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

Chief Executive

Director

# Unconsolidated **Statement of Cash Flow**

For the year ended 30 September 2018

| | Note | 2018<br>Rupees | 2017<br>Rupees<br>Restated |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash (used in) / generated from operations** | 40 | (8,531,799,685) | 39,279,886 |
| | | | |
| Taxes paid | | (351,974,142) | (421,113,724) |
| Staff retirement benefits paid | | (64,236,287) | (174,985,986) |
| Workers' Profit Participation Fund paid | 16.2 | (183,088,904) | (193,329,828) |
| | | (599,299,333) | (789,429,538) |
| **Net cash used in operating activities** | | (9,131,099,018) | (750,149,652) |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| | | | |
| Capital expenditure | | (2,400,682,903) | (2,939,733,916) |
| Advances for future issuance of shares | | (7,081,543) | (20,268,457) |
| Long term advances | | 17,194,443 | 22,333,332 |
| Long term deposits | | 17,489,626 | 56,468,073 |
| Proceeds from sale of operating fixed assets | | 534,801,636 | 86,227,818 |
| Proceeds from sale of investment property | | – | 37,437,422 |
| **Net cash used in investing activities** | | (1,838,278,741) | (2,757,535,728) |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| | | | |
| Long term finances - net | | (221,183,293) | 593,535,655 |
| Short term borrowings - net | | 11,318,319,333 | 6,342,221,271 |
| Finance cost paid | | (1,943,734,214) | (1,524,503,193) |
| Lease rentals paid | | (184,564,351) | (613,732,820) |
| Dividend paid | | (209,505,570) | (1,457,962,192) |
| **Net cash generated from financing activities** | | 8,759,331,905 | 3,339,558,721 |
| **Net decrease in cash and cash equivalents** | | (2,210,045,854) | (168,126,659) |
| **Cash and cash equivalents at beginning of the year** | | (2,374,033,959) | (2,205,907,300) |
| **Cash and cash equivalents at end of the year** | | (4,584,079,813) | (2,374,033,959) |
| | | | |
| **Cash and cash equivalents comprise of the following:** | | | |
| - Cash and bank balances | | 105,914,449 | 133,757,275 |
| - Running finances and morabaha finances | 14.2 & 14.6 | (4,689,994,262) | (2,507,791,234) |
| | | (4,584,079,813) | (2,374,033,959) |

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

Chief Financial Officer | Chief Executive | Director

# Unconsolidated **Statement of Changes In Equity**

For the year ended 30 September 2018

| | Share capital | Reserves | | | Total equity |
|---|---|---|---|---|---|
| | | Capital | Revenue | Total reserves | |
| | | Share premium | Accumulated profit | | |
| | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Balance as at 30 September 2016 - as previously stated** | 597,766,610 | 678,316,928 | 7,044,672,556 | 7,722,989,484 | 8,320,756,094 |
| **Effect of restatement - note 48** | – | – | 214,828,442 | 214,828,442 | 214,828,442 |
| **Balance as at 30 September 2016 – as restated** | 597,766,610 | 678,316,928 | 7,259,500,998 | 7,937,817,926 | 8,535,584,536 |
| **Total comprehensive income for the year** | | | | | |
| Profit for the year ended 30 September 2017 | – | – | 1,588,396,353 | 1,588,396,353 | 1,588,396,353 |
| Other comprehensive loss for the year ended 30 September 2017 – net of tax | – | – | (9,943,008) | (9,943,008) | (9,943,008) |
| | – | – | 1,578,453,345 | 1,578,453,345 | 1,578,453,345 |
| **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 - restated** | 597,766,610 | 678,316,928 | 7,343,537,818 | 8,021,854,746 | 8,619,621,356 |
| **Total comprehensive loss for the year** | | | | | |
| Loss for the year ended 30 September 2018 | – | – | (203,440,515) | (203,440,515) | (203,440,515) |
| Other comprehensive loss for the year ended 30 September 2018 – net of tax | – | – | (9,364,198) | (9,364,198) | (9,364,198) |
| | – | – | (212,804,713) | (212,804,713) | (212,804,713) |
| **Transactions with owners of the Company** | | | | | |
| Final cash dividend for the year ended 30 September 2017 @ Rs. 3.00 per share | – | – | (179,329,983) | (179,329,983) | (179,329,983) |
| **Balance as at 30 September 2018** | 597,766,610 | 678,316,928 | 6,951,403,122 | 7,629,720,050 | 8,227,486,660 |

The annexed notes from 1 to 51 form an integral part of these unconsolidated financial statements.

Chief Financial Officer

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 principal activity of the Company is production and sale of crystalline sugar, electricity and managing corporate farms.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Head office and registered office : 17 - Abid Majeed Road, Lahore Cantonment, Lahore
- Unit-I : Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan
- Unit-II : Machi Goth, Sadiqabad, District Rahim Yar Khan
- Unit-III : Village Laluwali, District Ghotki

**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 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

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

- Incurred capital expenditure of Rs. 2,556 million as part of balancing, modernization and replacement ("BMR").

- Obtained further long term finance from various financial institution amounting to Rs. 2,994 million.

- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

## 3 BASIS OF PREPARATION

### 3.1 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% |

| Name of company | Country of incorporation | Shareholding |
|---|---|---|
| **Associate** | | |
| - JDW Power (Private) Limited (''JDWPL'') | Pakistan | 47.37% |

### 3.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 3.3 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;
- Retirement benefits at present value; and
- Biological assets which are measured at fair value less costs to sell at the point of harvest.

### 3.4 Functional and presentation currency

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

## 4 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:

### 4.1 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.

### 4.2 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.

### 4.3 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.

### 4.4 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.

### 4.5 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 statement of financial position date.

### 4.6 Employee benefits

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

### 4.7 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 is made on annual basis.

### 4.8 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.

### 4.9 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.

### 4.10 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 statement of profit or loss.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these financial statements, except as disclosed in note 5.1.

### 5.1 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 5.13.

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 statement of profit or loss during the period in which they are incurred.

The amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16 and not at fair value as previously measured.

The Company's sugarcane roots qualify as bearer plants under the definition in IAS 41 Agriculture and are therefore accounted for under the rules for property, plant and equipment.

Sugarcane roots are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalized to sugarcane roots include preparing the land, maintaining a source of seed cane, planting the seed cane and costs related to establishing new area under cane. Depreciation of bearer plants commence when they are ready for their intended use. Costs incurred for infilling including block infilling are generally recognized in the statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognized so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 6 years.

Depreciation is charged to statement of profit or loss 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 19.1, except that straight-line method is used for assets related to Corporate Farms. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

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 statement of financial position 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 statement of profit or loss. 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.

### 5.2 Intangibles

**Goodwill**

Goodwill arising on the acquisition of the subsidiaries is measured 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.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

### 5.3 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.

### 5.4 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 statement of financial position 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 is the estimated selling price in the ordinary course of business, less estimated selling expenses.

The cost of harvested crops transferred from biological assets to stock-in-trade is its fair value less cost to sell at the date of harvest.

### 5.5 Biological assets

Consumable biological assets, comprising standing sugarcane, wheat and guar, are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using Company's weighted average cost of capital. Significant assumptions used are stated in note 25.1 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.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing cane, wheat and guar are accounted for as biological assets until the point of harvest. Sugarcane, wheat and guar are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of sugarcane, wheat and guar are recognized in the statement of profit or loss.

## 5.6 Employee benefits

### 5.6.1 Defined contribution plan

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

### 5.6.2 Defined benefit plans

The Company operates an approved funded defined benefit gratuity plan 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 statement of profit or loss.

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 other comprehensive income. 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 statement of profit or loss.

## 5.7 Taxation

Income tax expense comprises current and deferred tax.

**Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using 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 in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

### 5.8 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, which coincides with the date of delivery. Sale of goods comprise the sale of sugar, agriculture produce and agri inputs;
- Revenue from the sale of electricity is recognized on transmission of electricity;
- Rental income are recognized on accrual basis and is disclosed under other income in the statement of profit or loss;
- Dividend income is recognized when the Company's right to receive the dividend is established and included in operating profit in the statement of profit or loss as part of other income;
- Interest income is recognized as and when accrued on effective interest method. Interest income is disclosed under other income in the statement of profit or loss; and
- Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

NEPRA in its review decision in the matter of Quarterly Indexations of Tariff for all Bagasse Based Co-Generation Power Plants including the Company, identified that it has made an inadvertent calculation error in the debt servicing component approved in a number of quarterly indexation decisions of the Company and decided to rectify the same under Section 7 of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Regulation 3 of National Electric Power Regulatory Authority (Review Procedure) Regulations, 2009. Accordingly, the debt servicing components were revised and deemed replaced retrospectively.

### 5.9 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 statement of financial position date and adjusted to reflect the current best estimate.

### 5.10 Leases

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

#### Finance leases

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to statement of profit or loss.

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.

## 5.11 Financial instruments

Financial instruments recognized on the statement of financial position include investments, long-term loans and receivables, derivative instruments, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing debt.

The Company classifies its financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Company classifies its financial liabilities apart from derivatives as other financial liabilities. Derivative financial liabilities are classified as financial liabilities at fair value through profit or loss.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise derivative instruments. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognized in the statement of profit or loss in the period in which they arise.

Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivative instruments. Gains or losses arising from changes in the fair value of the derivatives at fair value through profit or loss are recognized in the statement of profit or loss in the period in which they arise.

Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit or loss.

### Other financial liabilities

Other financial liabilities consist of trade and other payables and interest-bearing borrowings. These represent financial liabilities which are not classified as financial liabilities at fair value through profit or loss. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

### Derecognition

Financial assets (or a portion thereof) are derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has substantially transferred all risks and rewards of ownership. On derecognition, the difference between the carrying amount of the financial asset and the proceeds receivable is included in the statement of profit or loss.

Financial liabilities (or a portion thereof) are derecognized when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, and any amount paid is included in the statement of profit or loss.

### Recognition and measurement

Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and other financial liabilities are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of profit or loss in the period in which they arise. Dividend income from these assets is recognized in the statement of profit or loss when the Company's right to receive payment is established.

**Impairment of financial assets**

**Assets carried at amortized cost**

The Company assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of profit or loss.

**Loans and receivables**

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

**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.

**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 statement of financial position at cost.

**Mark-up bearing borrowings**

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

**5.12 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 statement of profit or loss.



### 5.13 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 statement of profit or loss as incurred.

### 5.14 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 statement of profit or loss.

### 5.15 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. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

#### 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.

### 5.16 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 statement of financial position 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 statement of profit or loss 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.

### 5.17 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.

### 5.18 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.

## 6 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

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

**6.1.1** 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:

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| De-recognition of property, plant and equipment | (4,897,686,962) | (5,188,050,413) |
| Recognition of lease debtor | 6,516,865,697 | 6,792,460,189 |
| Increase in deferred tax liability | 469,561,833 | 481,322,933 |
| | | |
| Increase in un-appropriated profit at beginning of the year | 513,825,774 | 276,877,594 |
| (Decrease) / increase in profit for the year - net of tax | (21,397,049) | 236,948,180 |
| Increase in un-appropriated profit at end of the year | 492,428,725 | 513,825,774 |

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

**6.2.1** With effect from 1 January 2018, Companies Act, 2017 has become applicable. The new Act specified certain additional disclosures to be included in these unconsolidated financial statements. Accordingly, the Company has presented the required disclosures in these unconsolidated financial statements and represented certain comparatives. However there was no change in the reported amounts of statement of profit or loss and other comprehensive income or the amounts presented in the unconsolidated statement of financial position due to these re-presentations. Further, significant reclassifications / representations include unclaimed dividend and dividend payable which were previously classified under trade and other payables have now been presented separately in the unconsolidated statement of financial position.

**6.2.2** The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 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 these unconsolidated 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.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification, measurement of financial instruments and the disclosure requirements of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The application of the standard is likely to have a material impact on the Company's financial statements. The Company is currently in the process of analyzing the potential impact of changes required in classification, measurement of financial instruments and the disclosure requirements of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendment is not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in statement of other comprehensive income. The application of the amendments is not likely to have an impact on Company's financial statements.

Annual Improvements to IFRS 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

– IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

– IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

– IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

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

| | | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **7** | **SHARE CAPITAL** | | | |
| | **7.1** | **Authorized share capital** | | |
| | | 75,000,000 (2017: 75,000,000) voting ordinary shares of Rs. 10 each | 750,000,000 | 750,000,000 |
| | | 25,000,000 (2017: 25,000,000) preference shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| | | | 1,000,000,000 | 1,000,000,000 |
| | **7.2** | **Issued, subscribed and paid up share capital** | | |
| | | 32,145,725 (2017: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash | 321,457,250 | 321,457,250 |
| | | 27,630,936 (2017: 27,630,936) voting bonus shares of Rs. 10 each fully paid | 276,309,360 | 276,309,360 |
| | | | 597,766,610 | 597,766,610 |

Mr. Jahangir Khan Tareen (Executive Director) holds 12,802,293 (2017: 13,042,293) and Mukhdoom Syed Ahmed Mahmud (Non-Executive Director) holds 15,843,932 (2017: 15,603,932) ordinary shares of Rs. 10 each representing 21.42% (2017: 21.82%) and 26.51% (2017: 26.10%) of the paid up capital of the Company respectively.

## 8 SHARE PREMIUM RESERVE

This reserve can be utilized by the Company only for the purposes specified in section 81 (2) and 81 (3) of the Companies Act, 2017.

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **9** | **REDEEMABLE CAPITAL - SECURED** | | | |
| | Privately Placed Term Finance Certificates - II | 9.1 | – | 83,333,333 |
| | Current portion of non-current liabilities | 15 | – | (83,333,333) |
| | | | – | – |

**9.1 Privately Placed Term Finance Certificates - II**

During the period, the Company has fully repaid to TFC holders an amount of Rs. 83.33 million (2017: Rs. 111.11 million). These carried mark-up at three months KIBOR plus 100 bps per annum (2017: three months KIBOR plus 100 bps per annum).

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **10** | **LONG TERM FINANCES - SECURED** | | | |
| | Mark-up bearing finances from conventional bank | 10.1.1 | 9,580,302,716 | 10,428,383,065 |
| | Islamic mode of financing | 10.1.2 | 3,206,160,271 | 2,495,929,882 |
| | | 10.1 & 10.2 | 12,786,462,987 | 12,924,312,947 |
| | Current maturity presented under current liabilities: | | | |
| | - Mark-up bearing finances from conventional bank | | (3,254,290,948) | (2,806,999,273) |
| | - Islamic mode of financing | | (746,477,568) | (325,000,000) |
| | | 15 | (4,000,768,516) | (3,131,999,273) |
| | | | 8,785,694,471 | 9,792,313,674 |

## 10.1 Long term finances - secured

| | | Mark-up basis | Limit | Loan duration | Grace period | Year of loan maturity | Principal outstanding 2018 | Principal outstanding 2017 |
|---|---|---|---|---|---|---|---|---|
| | | | Rupees | Years | Years | | Rupees | Rupees |
| **10.1.1** | **Mark-up 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 | 2020 | 363,636,363 | 545,454,545 |
| | United Bank Limited | 3mk + 1.00 | 500,000,000 | 07 Years | 1.5 Years | 2020 | 181,818,179 | 272,727,273 |
| | Allied Bank Limited | 3mk + 1.00 | 940,000,000 | 07 Years | 1.5 Years | 2020 | 341,818,180 | 512,727,272 |
| | Askari Bank Limited | 3mk + 1.00 | 500,000,000 | 07 Years | 1.5 Years | 2020 | 181,818,179 | 272,727,271 |
| | Habib Metropolitan Bank | 3mk + 1.00 | 100,000,000 | 07 Years | 1.5 Years | 2020 | 36,363,637 | 54,545,455 |
| | The Bank of Punjab | 3mk + 1.00 | 800,000,000 | 07 Years | 1.5 Years | 2020 | 290,909,090 | 436,363,636 |
| | JS Bank Limited | 3mk + 1.00 | 150,000,000 | 07 Years | 1.5 Years | 2020 | 54,545,459 | 81,818,185 |
| | Meezan Bank Limited | 3mk + 1.00 | 350,000,000 | 07 Years | 1.5 Years | 2020 | 127,156,290 | 190,734,434 |
| | | | 4,340,000,000 | | | | 1,578,065,377 | 2,367,098,071 |
| | Pak Oman Investment Company Limited (I) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2020 | 175,000,000 | 275,000,000 |
| | Pak Oman Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2022 | 375,000,000 | 475,000,000 |
| | The Bank of Punjab (I) | 3mk + 1.00 | 300,000,000 | 06 Years | 01 Year | 2020 | 119,985,680 | 179,985,680 |
| | The Bank of Punjab (II) | 3mk + 1.00 | 700,000,000 | 06 Years | 01 Year | 2020 | 280,000,000 | 420,000,000 |
| | The Bank of Punjab (III) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2021 | 375,000,000 | 500,000,000 |
| | The Bank of Punjab (IV) | 3mk + 1.00 | 750,000,000 | 05 Years | 01 Year | 2023 | 749,885,094 | – |
| | MCB Bank Limited (NIB) | 3mk + 1.00 | 500,000,000 | 05 Years | – | 2020 | 155,074,890 | 258,458,150 |
| | Pak Libya Holding Company Limited | 3mk + 1.00 | 100,000,000 | 05 Years | – | 2020 | 45,000,000 | 65,000,000 |
| | National Bank of Pakistan Limited (I) | 3mk + 1.00 | 1,000,000,000 | 05 Years | 01 Year | 2020 | 562,500,000 | 812,500,000 |
| | National Bank of Pakistan Limited (II) | 3mk + 0.50 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 1,000,000,000 | 965,966,161 |
| | Soneri Bank Limited (I) | 3mk + 1.00 | 300,000,000 | 05 Years | – | 2021 | 180,000,000 | 240,000,000 |
| | Soneri Bank Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 500,000,000 | 500,000,000 |
| | Faysal Bank Limited (I) | 6mk + 1.00 | 500,000,000 | 05 Years | – | 2018 | – | 125,000,000 |
| | Faysal Bank Limited (II) | 3mk + 1.00 | 650,000,000 | 06 Years | – | 2020 | 189,583,339 | 297,916,671 |
| | Faysal Bank Limited (III) | 3mk + 1.00 | 500,000,000 | 05 Years | – | 2018 | – | 166,666,664 |
| | Faysal Bank Limited (IV) | 3mk + 1.00 | 1,000,000,000 | 03 Years | – | 2019 | 333,333,336 | 666,666,668 |
| | Pak Brunei Investment Company Limited (I) | 3mk + 1.00 | 200,000,000 | 6.5 Years | 1.5 Years | 2017 | – | 3,750,000 |
| | Pak Brunei Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2024 | 500,000,000 | – |
| | Standard Chartered Bank (Pakistan) Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | – | 2021 | 550,000,000 | 750,000,000 |
| | Askari Bank Limited (I) | 3mk + 1.00 | 300,000,000 | 05 Years | – | 2021 | 165,000,000 | 225,000,000 |
| | Askari Bank Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 500,000,000 | – |
| | Askari Bank Limited (III) | 3mk + 1.00 | 175,000,000 | 05 Years | 01 Year | 2023 | 175,000,000 | – |
| | MCB Bank Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | 02 Years | 2021 | 634,375,000 | 634,375,000 |
| | Habib Bank Limited | 6mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2021 | 437,500,000 | 500,000,000 |
| | | | 13,475,000,000 | | | | 8,002,237,339 | 8,061,284,994 |
| | | | 17,815,000,000 | | | | 9,580,302,716 | 10,428,383,065 |
| **10.1.2** | **Islamic mode of financing** | | | | | | | |
| | Dubai Islamic Bank (Pakistan) Limited (I) | 3mk + 1.00 | 500,000,000 | 5.5 Years | 0.5 Year | 2020 | 134,000,000 | 234,000,000 |
| | Dubai Islamic Bank (Pakistan) Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2021 | 343,750,000 | 468,750,000 |
| | Askari Bank Limited (Islamic) (I) | 6mk + 1.00 | 300,000,000 | 06 Years | 01 Year | 2020 | 120,000,000 | 180,000,000 |
| | Askari Bank Limited (Islamic) (II) | 3mk + 1.00 | 200,000,000 | 05 Years | – | 2021 | 110,000,000 | 150,000,000 |
| | Askari Bank Limited (Islamic) (III) | 3mk + 1.00 | 250,000,000 | 05 Years | 01 Year | 2023 | 250,000,000 | – |
| | Faysal Bank Limited (Islamic) | 3mk + 1.00 | 750,000,000 | 05 Years | 01 Year | 2023 | 750,000,000 | – |
| | Bank Alfalah Limited (Islamic) | 3mk + 0.90 | 500,000,000 | 05 Years | 01 Year | 2022 | 498,410,271 | 463,179,882 |
| | National Bank of Pakistan (Islamic) | 3mk + 0.50 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 1,000,000,000 | 1,000,000,000 |
| | | | 4,000,000,000 | | | | 3,206,160,271 | 2,495,929,882 |
| | | | 21,815,000,000 | | | | 12,786,462,987 | 12,924,312,947 |

* 3 mk i.e. 3 months KIBOR

**10.2** 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 of Rs. 17,049 million (2017: Rs. 18,105 million) and personal guarantees of sponsor directors of the Company.

## 11 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 | 2018 | | |
|---|---|---|---|---|
| | | **Future minimum lease payments** | **Finance cost for future periods** | **Present value of future minimum lease payments** |
| | | **Rupees** | **Rupees** | **Rupees** |
| Less than one year | 15 | 115,129,719 | 9,848,122 | 105,281,597 |
| Between one and five years | | 152,863,012 | 8,185,098 | 144,677,914 |
| | | 267,992,731 | 18,033,220 | 249,959,511 |

| | Note | 2017 | | |
|---|---|---|---|---|
| | | **Future minimum lease payments** | **Finance cost for future periods** | **Present value of future minimum lease payments** |
| | | **Rupees** | **Rupees** | **Rupees** |
| Less than one year | 15 | 165,224,811 | 11,800,308 | 153,424,503 |
| Between one and five years | | 158,215,952 | 5,168,278 | 153,047,674 |
| | | 323,440,763 | 16,968,586 | 306,472,177 |

Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from three months to one year KIBOR plus 100 bps per annum (2017: three months to one year KIBOR plus 100 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.

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|

## 12 DEFERRED TAXATION

| | | |
|---|---|---|
| Deferred tax liability on taxable temporary differences | | |
| arising in respect of: | | |
| - accelerated tax depreciation on operating fixed assets | 2,836,640,418 | 2,687,512,697 |
| - leased assets | 158,180,423 | 216,526,671 |
| | 2,994,820,841 | 2,904,039,368 |
| Deferred tax asset on deductible temporary differences | | |
| arising in respect of: | | |
| - liabilities against assets subject to finance lease | (72,488,258) | (91,941,653) |
| - provisions for doubtful debts and obsolescence | (24,354,082) | (25,193,878) |
| - impairment of investment in associate | (26,100,000) | (27,000,000) |
| - provision for Workers' Profit Participation Fund | – | (34,791,430) |
| - tax losses | (519,569,799) | – |
| - retirement benefits | (19,238,864) | – |
| - tax credits | (715,902,366) | (971,128,624) |
| | (1,377,653,369) | (1,150,055,585) |
| | 1,617,167,472 | 1,753,983,783 |

### 12.1 Movement in deferred tax balances is as follows:

| | | |
|---|---|---|
| As at 01 October | 1,753,983,783 | 1,641,059,144 |
| Recognized in statement of profit or loss: | | |
| - accelerated tax depreciation on operating fixed assets | 149,127,721 | 284,332,811 |
| - leased assets | (58,346,248) | (136,259,579) |
| - liabilities against assets subject to finance lease | 19,453,395 | 148,005,510 |
| - provisions for doubtful debts and obsolescence | 839,796 | 24,298,533 |
| - impairment of investment in subsidiary and associate | 900,000 | 576,319,800 |
| - provision for Workers' Profit Participation Fund | 34,791,430 | 2,546,906 |
| - retirement benefits | (15,414,051) | 33,294,929 |
| - recognition of current year tax losses | (519,569,799) | – |
| - derecognition / (recognition) of tax credits | 255,226,258 | (815,352,982) |
| | (132,991,498) | 117,185,928 |
| Recognized in other comprehensive income: | | |
| - retirement benefits | (3,824,813) | (4,261,289) |
| | 1,617,167,472 | 1,753,983,783 |

## 13 RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2018 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| Present value of defined benefit obligation | 13.1 | 142,649,329 | 119,018,899 |
| Fair value of plan assets | 13.2 | (88,865,210) | (89,400,143) |
| **Liability as at 30 September** | | 53,784,119 | 29,618,756 |

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **13.1** | **Movement in liability for funded defined benefit obligation** | | |
| | Present value of defined benefit obligation at beginning of the year | 119,018,899 | 101,168,252 |
| | Current service cost for the year | 19,754,774 | 14,642,906 |
| | Interest cost for the year | 8,880,532 | 7,746,250 |
| | Benefit paid during the year | (8,190,955) | (8,401,625) |
| | Actuarial loss on present value of defined benefit obligation | 3,186,079 | 3,863,116 |
| | **Present value of defined benefit obligation at end of the year** | 142,649,329 | 119,018,899 |
| **13.2** | **Movement in fair value of plan assets** | | |
| | Balance at beginning of the year | 89,400,143 | – |
| | Return on plan assets excluding interest income | 7,241,088 | 4,494,373 |
| | Contributions made during the year | 10,417,866 | 103,648,576 |
| | Actuarial loss on fair value of plan assets | (10,002,932) | (10,341,181) |
| | Benefits paid by the fund | (8,190,955) | (8,401,625) |
| | **Fair value of plan assets at end of the year** | 88,865,210 | 89,400,143 |
| | **Plan assets comprises of:** | | |
| | Nafa Islamic Assets Allocation Fund | 49,574,211 | 50,988,256 |
| | Nafa Assets Allocation Fund | 38,059,164 | 37,928,056 |
| | Askari Bank Limited | 1,231,835 | 483,831 |
| | | 88,865,210 | 89,400,143 |
| **13.3** | **Charge for the year:** | | |
| | **Statement of profit or loss** | | |
| | Current service cost | 19,754,774 | 14,642,906 |
| | Interest cost for the year | 8,880,532 | 7,746,250 |
| | Return on plan assets excluding interest income | (7,241,088) | (4,494,373) |
| | | 21,394,218 | 17,894,783 |
| | **Other comprehensive income** | | |
| | Actuarial loss on obligation | 3,186,079 | 3,863,116 |
| | Actuarial loss on defined benefit assets | 10,002,932 | 10,341,181 |
| | | 34,583,229 | 32,099,080 |
| **13.4** | **Movement in actuarial losses** | | |
| | Opening actuarial losses | – | – |
| | Actuarial loss during the year | (13,189,011) | (14,204,297) |
| | Charge to other comprehensive income | 13,189,011 | 14,204,297 |
| | Closing actuarial losses | – | – |

**13.5 Historical information**

| | 2018 Rupees | 2017 Rupees | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|---|
| Present value of defined obligations | 142,649,329 | 119,018,899 | 101,168,252 | 75,844,689 | 68,256,699 |
| Experience adjustment loss / (gain) | 13,189,011 | 14,204,297 | 17,810,879 | 5,293,750 | (3,281,607) |

**13.6 Expected expense for the next year**

The Company expects to charge Rs. 19.72 million to unconsolidated statement of profit or loss on account of defined benefit plan in 2019.

**13.7 Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|
| | | 2018 | | 2017 | |
| | Change | Increase | Decrease | Increase | Decrease |
| Discount rate | 100 BPS | (11,281,262) | 13,286,258 | (8,438,481) | 13,892,422 |
| Salary growth rate | 100 BPS | 12,823,213 | (11,095,841) | 13,466,481 | (8,269,646) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **13.8 Actuarial assumptions** | | |
| Valuation discount rate | 10% | 8% |
| Salary increase rate | 10% | 8% |
| Expected return on plan assets | 10% | 8% |
| Average expected remaining working life time of employees | 9.15 | 9.28 |
| Mortality rate | SLIC 2001 - 2015 | SLIC 2001 - 2015 |

## 14 SHORT TERM BORROWINGS

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **Mark-up based borrowings from conventional banks - secured** | | | |
| - Cash finances | 14.1 | 12,604,714,406 | 6,393,802,000 |
| - Running finances | 14.2 | 3,639,994,262 | 1,457,791,234 |
| - Inland bill discounting | 14.3 | 1,599,999,999 | 884,999,998 |
| - Finance against trust receipts | 14.4 | 165,777,672 | 266,569,923 |
| | | 18,010,486,339 | 9,003,163,155 |
| **Islamic mode of financing - secured** | | | |
| - Salam / Istisna finances | 14.5 | 3,417,466,960 | – |
| - Morabaha finances | 14.6 | 1,050,000,000 | 1,050,000,000 |
| - Tijarah finances | 14.7 | 439,999,568 | – |
| | | 4,907,466,528 | 1,050,000,000 |
| **Borrowings from related party - unsecured** | | | |
| - Deharki Sugar Mills (Private) Limited | 14.8 | 635,732,649 | – |
| | | 23,553,685,516 | 10,053,163,155 |

**14.1** The Company has obtained these facilities from various banks and financial institutions aggregating Rs. 18,638 million (2017: Rs. 15,800 million). The mark-up rates applicable during the year ranges from one to six months KIBOR plus 20 to 50 bps per annum (2017: one to six months KIBOR plus 20 to 50 bps per annum). These are secured against pledge of sugar and personal guarantees of sponsor directors of the Company.

**14.2** The Company has obtained running finance facilities aggregating Rs. 4,180 million (2017: Rs. 2,580 million). The mark-up rates applicable during the year ranges from one to six months KIBOR plus 0 to 100 bps per annum (2017: one to six months KIBOR plus 20 to 100 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.

**14.3** The Company has obtained inland bill discounting facility aggregating Rs. 1,900 million (2017: Rs. 1,100 million). The mark-up rate applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2017: one to three months KIBOR plus 50 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.

**14.4** The limit of this facility is Rs. 950 million (2017: Rs. 850 million). It carries mark-up ranging from one to six months KIBOR plus 50 to 250 bps per annum (2017: one to six months KIBOR plus 100 to 135 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.

**14.5** The Company has obtained salam / istisna finances facilities from various banks and financial institutions aggregating to Rs. 6,535 million (2017: Rs. 3,335 million). It carries mark-up ranging from three to six months KIBOR plus 20 to 55 bps per annum. These are secured against pledge of sugar and personal guarantees of sponsor directors of the Company.

**14.6** The Company has obtained morabaha finance facilities aggregating Rs. 1,050 million (2017: Rs. 1,050 million). The mark-up rates applicable during the year ranges from three to six months KIBOR plus 50 to 75 bps per annum (2017: three to six months KIBOR plus 50 to 75 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.

**14.7** The Company has obtained tijarah finance facility from Meezan Bank Limited aggregating to Rs. 500 million (2017: Rs. nil). The mark-up rate applicable during the year is three months KIBOR plus 55 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.

**14.8** This represents interest bearing loan received from Deharki Sugar Mills (Private) Limited to meet working capital requirements at an average interest rate of 7.18% per annum.

| | Note | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|---|
| **15 CURRENT PORTION OF NON-CURRENT LIABILITIES** | | | |
| Redeemable capital - secured | 9 | – | 83,333,333 |
| Long term finances - secured | 10 | 4,000,768,516 | 3,131,999,273 |
| Liabilities against assets subject to finance lease - secured | 11 | 105,281,597 | 153,424,503 |
| | | 4,106,050,113 | 3,368,757,109 |

| | Note | 2018<br>Rupees | 2017<br>Rupees<br>Restated |
|---|---|---|---|
| **16 TRADE AND OTHER PAYABLES** | | | |
| Advances from customers | | 8,138,041,881 | 6,418,358,640 |
| Trade and other creditors | | 2,122,131,622 | 1,451,787,341 |
| Due to related parties | 16.1 | 143,786,248 | 828,159 |
| Payable to Workers' Profit Participation Fund | 16.2 | – | 115,971,432 |
| Payable to Workers' Welfare Fund | 16.3 | 26,574,555 | 26,574,555 |
| Payables to Provident Fund | | 12,556,790 | – |
| Accrued expenses | | 203,753,232 | 167,781,704 |
| Retention money | | 26,202,750 | 16,203,439 |
| Tax deducted at source | | 13,212,662 | 33,309,670 |
| Other payables | | 69,997,572 | 70,230,400 |
| | | 10,756,257,312 | 8,301,045,340 |

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| 16.1 | **Due to related parties** | | | |
| | Deharki Sugar Mills (Private) Limited | 16.1.1 | 142,907,170 | – |
| | Agro Industrial Solutions | 16.1.2 | 879,078 | 828,159 |
| | | | 143,786,248 | 828,159 |

**16.1.1** This represents payable in respect of purchase of Bagasse from Deharki Sugar Mills (Private) Limited.

**16.1.2** This amount represents payable in respect of consultancy services provided by the key management personnel.

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| 16.2 | **Payable to Workers' Profit Participation Fund** | | | |
| | Balance as at 01 October | | 115,971,432 | 124,461,118 |
| | Add: Allocation for the year | 36 | – | 115,971,432 |
| | Interest on funds utilized | 37 | 61,879,769 | 68,868,710 |
| | Prior year adjustment | 36 | 5,237,703 | – |
| | | | 183,088,904 | 309,301,260 |
| | Less: Paid / adjusted during the year | | (183,088,904) | (193,329,828) |
| | **Balance as at 30 September** | | – | 115,971,432 |
| | | | | |
| 16.3 | **Payable to Workers' Welfare Fund** | | | |
| | Balance as at 01 October | | 26,574,555 | 45,745,525 |
| | Provision for the year | | – | 18,510,840 |
| | Reversal of prior year provision | | – | (37,681,810) |
| | **Balance as at 30 September** | | 26,574,555 | 26,574,555 |

## 17 ACCRUED PROFIT / INTEREST / MARK-UP

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **Mark-up on financing / borrowings from conventional banks** | | |
| Redeemable capital - secured | – | 1,499,725 |
| Long term finances - secured | 140,949,231 | 105,471,103 |
| Short term borrowings - secured | 281,037,129 | 98,831,043 |
| | 421,986,360 | 205,801,871 |
| **Profit on Islamic mode of financing** | | |
| Long term finances - secured | 16,414,365 | 8,723,410 |
| Short term borrowings - secured | 96,225,490 | 11,666,539 |
| | 112,639,855 | 20,389,949 |
| | 534,626,215 | 226,191,820 |

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

**18.1.1** 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, and expects a favorable outcome in this case.

**18.1.2** 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.

**18.1.3** 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 favor of the Company on most of the issues. The department filed appeal before Appellate Tribunal Inland Revenue ("ATIR"). Respectable ATIR passed an order in favor of the Company except for two issues with an aggregate amount of Rs. 72.57 million. The Company has filed an appeal before Honorable Lahore High Court, against the order of the ATIR. The management of the Company is confident that this case will be decided in its favor.

**18.1.4** The Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O 2001 for tax year 2008. The Company has filed Writ Petition before Honorable Lahore High Court ("Court") against selection of audit which was rejected by the Court. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ('DCIR") passed order u/s 122(4)/(5) by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22 December 2017. The Company filed an appeal before CIR(A). The hearing of the same is pending. However, taxpayer has been granted stay by the Court against the recovery of demand. The management of the Company is confident that this case will be decided in its favor.

**18.1.5** Additional Commissioner Inland Revenue (''ACIR") issued show cause notice u/s 122(5A) of I.T.O 2001 for tax year 2011 confronting several matters. The said notice was duly complied and plea of the taxpayer was largely accepted by the department. ACIR passed order u/s 122(5A) by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30 June 2017. The Company filed an appeal before CIR(A). The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

**18.1.6** The Company was selected for audit u/s 177 of I.T.O 2001 for tax year 2014. Deputy Commissioner 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") who vide order dated 07 March 2018 accepted the tax payer contention and has granted relief on major issues amounting Rs. 127.03 million and upheld the remaining issues amounting to Rs. 36.15 million. The Company has filed second appeal before Appellate Tribunal Inland Revenue ("ATIR") against the issues. The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

**18.1.7** 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") who vide dated 08 February 2018 has granted relief amounting Rs. 57.37 million and the remaining issues with an aggregate amount of Rs. 12.62 million were upheld. The Company has filed second appeal before Appellate Tribunal Inland Revenue ("ATIR"). The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

**18.1.8** Guarantees issued by the banks on behalf of the Company in favor of various parties as at the reporting date amounts to Rs. 577 million (2017: Rs. 83 million).

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **18.2** | **Commitments** | | |
| **18.2.1** | Letters of credit for import of machinery and its related components | 539,941,528 | 569,509,835 |

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Less than one year | 201,961,777 | 242,773,563 |
| Between one and five years | 694,061,398 | 835,839,006 |
| More than five years | 4,173,750 | 6,016,667 |
| | 900,196,925 | 1,084,629,236 |

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Less than one year | 1,098,556 | 1,465,012 |
| Between one and five years | – | 629,115 |
| | 1,098,556 | 2,094,127 |

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **19 PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 19.1 | 21,133,041,009 | 19,587,235,455 |
| Capital work in progress | 19.6 | 752,229,377 | 1,799,514,371 |
| Stores, spare parts and loose tools held for capital expenditure | | 124,899,758 | 90,001,462 |
| | | 22,010,170,144 | 21,476,751,288 |

## 19.1 Operating fixed assets

| | Cost | | | | Rate | Depreciation | | | | Net book value as at 30 September 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2017 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2018 | | As at 01 October 2017 | For the year | Transfers / (deletions) during the year | As at 30 September 2018 | |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Owned** | | | | | | | | | | |
| Freehold land | 1,646,076,499 | 1,950,000 | – | 1,648,026,499 | – | – | – | – | – | 1,648,026,499 |
| | | – | | | | | | – | | |
| Factory building on freehold land | 1,940,806,860 | 91,622,290 | – | 2,032,033,135 | 10 | 832,642,837 | 116,156,089 | – | 948,417,510 | 1,083,615,625 |
| | | (396,015) | | | | | | (381,416) | | |
| Non-factory building on freehold land | 760,110,636 | 57,430,343 | – | 817,116,223 | 5-20 | 258,530,625 | 27,009,805 | – | 285,487,335 | 531,628,888 |
| | | (424,756) | | | | | | (53,095) | | |
| Plant and machinery | 18,790,043,726 | 2,549,279,753 | 254,167,334 | 21,133,763,966 | 5-20 | 4,876,259,655 | 841,226,708 | 55,092,066 | 5,575,157,966 | 15,558,606,000 |
| | | (459,726,847) | | | | | | (197,420,463) | | |
| Sugarcane roots | 604,503,978 | 362,382,303 | – | 673,807,851 | 17 | 201,216,345 | 112,301,308 | – | 186,871,335 | 486,936,516 |
| | | (293,078,430) | | | | | | (126,646,318) | | |
| Motor vehicles | 1,844,629,909 | 136,604,806 | 17,974,500 | 1,911,654,118 | 20 | 1,062,777,341 | 311,677,752 | 7,022,100 | 1,316,148,658 | 595,505,460 |
| | | (87,555,097) | | | | | | (65,328,535) | | |
| Electrical installation | 155,500,527 | 7,846,532 | – | 162,943,671 | 10 | 58,962,453 | 10,155,559 | – | 68,870,860 | 94,072,811 |
| | | (403,388) | | | | | | (247,152) | | |
| Office equipment | 66,181,346 | 709,518 | – | 65,675,296 | 20 | 32,921,713 | 7,871,800 | – | 39,829,153 | 25,846,143 |
| | | (1,215,568) | | | | | | (964,360) | | |
| Tools and equipment | 71,003,543 | 5,108,657 | – | 72,985,521 | 10-20 | 24,621,744 | 5,069,730 | – | 27,948,105 | 45,037,416 |
| | | (3,126,679) | | | | | | (1,743,369) | | |
| Furniture and fixture | 22,950,277 | 1,521,917 | – | 23,697,918 | 10 | 8,725,453 | 2,017,452 | – | 10,041,327 | 13,656,591 |
| | | (774,276) | | | | | | (701,578) | | |
| Weighbridge | 33,732,894 | 7,090,463 | – | 40,823,357 | 10 | 18,683,384 | 1,922,608 | – | 20,605,992 | 20,217,365 |
| | | – | | | | | | – | | |
| Roads and boundary wall | 89,791,493 | 5,452,036 | – | 94,889,081 | 10 | 46,283,852 | 4,676,904 | – | 50,656,236 | 44,232,845 |
| | | (354,448) | | | | | | (304,520) | | |

| | Cost | | | | | Depreciation | | | | Net book value as at 30 September 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2017 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2018 | Rate | As at 01 October 2017 | For the year | Transfers / (deletions) during the year | As at 30 September 2018 | |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| Arms and ammunitions | 7,907,517 | 316,540 | – | 8,224,057 | 10 | 4,937,556 | 315,642 | – | 5,253,198 | 2,970,859 |
| | | – | | | | | | – | | |
| Fire fighting equipments | 82,815,232 | – | – | 82,815,232 | 20 | 41,223,855 | 8,318,276 | – | 49,542,131 | 33,273,101 |
| | | – | | | | | | – | | |
| Aircraft | 469,981,824 | 225,807,775 | – | 624,453,403 | 10-25 | 268,059,069 | 26,287,369 | – | 252,076,803 | 372,376,600 |
| | | (71,336,196) | | | | | | (42,269,635) | | |
| Tube well | 8,267,613 | – | – | 8,267,613 | 10 | 3,843,789 | 442,382 | – | 4,286,171 | 3,981,442 |
| | | – | | | | | | – | | |
| Computers | 36,890,899 | 27,922,051 | – | 63,055,769 | 33 | 26,025,217 | 10,960,654 | – | 35,448,655 | 27,607,114 |
| | | (1,757,181) | | | | | | (1,537,216) | | |
| | 26,631,194,773 | 3,481,044,984 | 272,141,834 | 29,464,232,710 | | 7,765,714,888 | 1,486,410,038 | 62,114,166 | 8,876,641,435 | 20,587,591,275 |
| | | (920,148,881) | | | | | | (437,597,657) | | |
| **Leased** | | | | | | | | | | |
| Plant and machinery | 713,607,138 | – | (254,167,334) | 459,439,804 | 5 | 102,057,346 | 30,577,490 | (55,092,066) | 77,542,770 | 381,897,034 |
| | | – | | | | | | – | | |
| Motor vehicles | 140,574,850 | 95,345,500 | (17,974,500) | 217,945,850 | 20 | 30,369,072 | 31,046,178 | (7,022,100) | 54,393,150 | 163,552,700 |
| | | – | | | | | | – | | |
| | 854,181,988 | 95,345,500 | (272,141,834) | 677,385,654 | | 132,426,418 | 61,623,668 | (62,114,166) | 131,935,920 | 545,449,734 |
| | | – | | | | | | – | | |
| | 27,485,376,761 | 3,576,390,484 | – | 30,141,618,364 | | 7,898,141,306 | 1,548,033,706 | – | 9,008,577,355 | 21,133,041,009 |
| | | (920,148,881) | | | | | | (437,597,657) | | |

**19.2** Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 2,574.66 million (2017: Rs. 1,313.59 million).

**19.2.1** Transfers from freehold land represents transfer of land to investment property during the year amounting to Rs. nil (2017: Rs. 38.29 million).

# Notes to the Unconsolidated **Financial Statements**

For the year ended 30 September 2018

| | Cost | | | | | Depreciation | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2016 | Additions / (deletions) 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) | | |
| Sugarcane roots | 540,905,484 | 255,049,214 | – | 604,503,978 | 17 | 170,887,751 | 100,750,663 | – | 201,216,345 | 403,287,633 |
| | | (191,450,720) | – | | | | | (70,422,069) | | |
| | | | – | | | | | – | | |
| | | | | | | | | – | | |
| 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 / (deletions) 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) | | |
| | 24,199,554,432 | 2,188,424,505 | 588,301,163 | 26,631,194,773 | | 6,471,646,494 | 1,297,732,342 | 169,198,358 | 7,765,714,888 | 18,865,479,885 |
| | | (345,085,326) | | | | | | (172,862,306) | | |
| **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 |
| | | – | | | | | | – | | |
| | 25,586,479,668 | 2,282,270,855 | (38,288,435) | 27,485,376,761 | | 6,682,617,562 | 1,388,386,050 | – | 7,898,141,306 | 19,587,235,455 |
| | | (345,085,326) | | | | | | (172,862,306) | | |

**19.3** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location | Usage of immovable property | Total area (Acres) |
|---|---|---|
| Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan | Manufacturing facility | 318.60 |
| Machi Goth, Sadiqabad, District Rahim Yar Khan | Manufacturing facility | 186.72 |
| Village Laluwali, District Ghotki | Manufacturing facility | 140.03 |
| 59-A, Gulberg, Lahore | Record room / space for corporate office | 0.65 |
| 29-B, Gulberg, Lahore | Rest house | 0.30 |
| Agricultural Land - Punjab (various locations) | Agriculture land | 882.57 |
| Agricultural Land - Sindh (various locations) | Agriculture land | 1,128.73 |

The buildings on freehold land and other immovable assets of the Company are constructed / located at above mentioned freehold land.

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **19.4 Depreciation charge for the year has been allocated as follows:** | | | |
| Cost of goods manufactured | 32.1 & 32.1.1.1 | 1,225,488,005 | 1,084,689,677 |
| Administrative expenses | 33 | 66,801,819 | 54,603,750 |
| Cost of growing crops | 35.1.1 | 255,743,882 | 249,092,623 |
| | | 1,548,033,706 | 1,388,386,050 |

**19.5 Disposal of operating fixed assets**

| Description | Particulars of purchaser | Cost Rupees | Accumulated depreciation Rupees | Book value Rupees | Sales value Rupees | Gain / (loss) Rupees | Mode of disposal | Relationship with the Company |
|---|---|---|---|---|---|---|---|---|
| **Plant and Machinery** | JK Sugar Mills (Pvt.) Ltd. | 456,347,884 | 195,864,062 | 260,483,822 | 430,673,679 | 170,189,857 | Negotiation | Related Party |
| **Office Equipment** | | | | | | | | |
| Air Conditioners | Abbas Khan | 214,990 | 151,441 | 63,549 | 15,000 | (48,549) | Negotiation | Other party |
| Photocopier | Digital Business System | 180,000 | 138,748 | 41,252 | 50,000 | 8,748 | - do - | Other party |
| Shoot Gun | Muhammad Sajid | 35,311 | 33,546 | 1,765 | 41,667 | 39,902 | - do - | Other party |
| | | 430,301 | 323,735 | 106,566 | 106,667 | 101 | | |
| **Motor Vehicles** | | | | | | | | |
| Range Rover | Toyota Royal Motors - RYK | 26,621,250 | 20,877,837 | 5,743,413 | 8,500,000 | 2,756,587 | Negotiation | Other party |
| Toyota Hilux Vigo | JK Sugar Mills (Pvt.) Ltd. | 2,925,000 | 2,307,128 | 617,872 | 2,100,000 | 1,482,128 | - do - | Related Party |
| Toyota Hilux Vigo | Muhammad Arif | 2,450,000 | 2,154,141 | 295,859 | 1,568,182 | 1,272,323 | - do - | Other party |
| Toyota Corolla Altis | EFU General Insurance Limited | 2,010,000 | 565,739 | 1,444,261 | 1,960,000 | 515,739 | Insurance Claim | Other party |
| Toyota Land Cruiser | Adnan Hafeez | 1,888,254 | 1,699,429 | 188,825 | 1,350,000 | 1,161,175 | Negotiation | Other party |
| Toyota Corolla Altis | Israr Muhammad Khan | 1,854,700 | 1,336,667 | 518,033 | 556,410 | 38,377 | Company Policy | Employee |
| Toyota Corolla Altis | Safdar Kanjoo | 1,854,700 | 1,345,148 | 509,552 | 556,410 | 46,858 | - do - | Employee |
| Toyota Corolla Altis | Raja Mazhar Hussain | 1,854,700 | 1,373,530 | 481,170 | 556,410 | 75,240 | - do - | Employee |
| Toyota Corolla Altis | Shahid Jamil | 1,802,400 | 1,300,943 | 501,457 | 540,720 | 39,263 | - do - | Employee |
| Toyota Corolla GLI | Moin Khalid | 1,720,000 | 1,157,025 | 562,975 | 1,377,272 | 814,297 | Negotiation | Other party |
| Toyota Corolla GLI | Afnan Arshad | 1,689,500 | 1,196,766 | 492,734 | 675,800 | 183,066 | Company Policy | Employee |
| Toyota Corolla GLI | Muhammad Rafique Gohar | 1,684,700 | 1,179,873 | 504,827 | 505,410 | 583 | - do - | Employee |
| Honda City | Khalid Rashid | 1,629,000 | 1,149,454 | 479,546 | 488,700 | 9,154 | - do - | Employee |
| Toyota Corolla GLI | Tauseef Baig | 1,619,700 | 1,129,838 | 489,862 | 485,910 | (3,952) | - do - | Employee |
| Toyota Corolla GLI | Muhammid Khalid | 1,619,700 | 1,146,486 | 473,214 | 485,910 | 12,696 | - do - | Employee |
| Toyota Corolla GLI | Safdar Ali Farooqi | 1,587,400 | 1,184,008 | 403,392 | 1,250,000 | 846,608 | - do - | Employee |
| Toyota Corolla XLI | Aish Muhammad | 1,549,700 | 1,066,841 | 482,859 | 619,880 | 137,021 | - do - | Employee |
| Toyota Corolla XLI | Syed Jaffar Hussain | 1,549,700 | 1,095,414 | 454,286 | 619,880 | 165,594 | - do - | Employee |
| Toyota Corolla XLI | Mr. Jaffar Iqbal | 1,549,700 | 1,103,635 | 446,065 | 619,880 | 173,815 | - do - | Employee |
| Toyota Corolla XLI | Shabir Jamal | 1,365,016 | 1,183,014 | 182,002 | 619,880 | 437,878 | - do - | Employee |
| Toyota Corolla XLI | Khalid aziz | 1,280,575 | 1,109,832 | 170,743 | 582,960 | 412,217 | - do - | Employee |
| Toyota Corolla XLI | Nazeer Ahmed | 1,280,575 | 1,109,832 | 170,743 | 582,960 | 412,217 | - do - | Employee |
| Suzuki Liana | Nadeem Haider | 1,239,000 | 943,958 | 295,042 | 495,600 | 200,558 | - do - | Employee |
| Suzuki Swift | Rafique-ul-Haq | 1,151,000 | 792,369 | 358,631 | 460,400 | 101,769 | - do - | Employee |
| Suzuki Swift | Najam-ud-Din | 1,151,000 | 792,369 | 358,631 | 460,400 | 101,769 | - do - | Employee |
| Suzuki Swift | Rana Zafar Iqbal | 1,151,000 | 878,931 | 272,069 | 460,400 | 188,331 | - do - | Employee |
| Suzuki Swift DX | Muhammad Iqbal Javed | 1,131,000 | 790,024 | 340,976 | 452,400 | 111,424 | - do - | Employee |
| Suzuki Cultus | Adnan Hafeez | 1,119,000 | 503,550 | 615,450 | 900,000 | 284,550 | - do - | Employee |
| Mitsubishi Pajero | Wasif Khan | 1,110,000 | 1,106,239 | 3,761 | 590,000 | 586,239 | Negotiation | Other party |

| Description | Particulars of purchaser | Cost | Accumulated depreciation | Book value | Sales value | Gain / (loss) | Mode of disposal | Relationship with the Company |
|---|---|---|---|---|---|---|---|---|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| Suzuki Swift | Saif Ullah | 1,096,000 | 770,251 | 325,749 | 438,400 | 112,651 | Company Policy | Ex-employee |
| Suzuki Swift | Zulfiqar Ali | 1,096,000 | 775,791 | 320,209 | 438,400 | 118,191 | - do - | Employee |
| Suzuki Swift | Muhammad Ajmal Khan | 1,096,000 | 775,791 | 320,209 | 438,400 | 118,191 | - do - | Employee |
| Suzuki Swift | Shahzad Ahmed | 1,096,000 | 775,791 | 320,209 | 438,400 | 118,191 | - do - | Employee |
| Suzuki Swift | Hafiz Farooq Ahmed | 1,096,000 | 812,536 | 283,464 | 438,400 | 154,936 | - do - | Employee |
| Suzuki Cultus | Muhammad Jaffar | 1,010,000 | 753,698 | 256,302 | 404,000 | 147,698 | - do - | Employee |
| Suzuki Cultus | Munawar Zarif | 997,823 | 864,780 | 133,043 | 386,000 | 252,957 | - do - | Employee |
| Suzuki Cultus | Shahid Javed | 990,000 | 681,534 | 308,466 | 396,400 | 87,934 | - do - | Employee |
| Suzuki Cultus | Zulfiqar Ali | 711,515 | 616,646 | 94,869 | 364,400 | 269,531 | - do - | Employee |
| Suzuki Pickup | Khawar Muhammad Butt | 699,000 | 345,859 | 353,141 | 470,000 | 116,859 | Negotiation | Other party |
| Suzuki Bolan | Qurban Ali | 682,000 | 536,420 | 145,580 | 500,000 | 354,420 | - do - | Other party |
| Suzuki Mehran | Niaz Muhammad | 612,000 | 434,231 | 177,769 | 244,800 | 67,031 | Company Policy | Employee |
| Tractor | Hassan Mehmood | 604,967 | 473,891 | 131,076 | 725,000 | 593,924 | Negotiation | Other party |
| Tractor | Muhammad Ilyas | 600,111 | 470,087 | 130,024 | 725,000 | 594,976 | - do - | Other party |
| Tractor | Hassan Mehmood | 464,123 | 363,563 | 100,560 | 725,000 | 624,440 | - do - | Other party |
| Suzuki Mehran | Sheikh Waqas Shahid | 409,800 | 78,064 | 331,736 | 594,545 | 262,809 | - do - | Other party |
| Tractor | Hassan Mehmood | 351,000 | 274,950 | 76,050 | 725,000 | 648,950 | - do - | Other party |
| Tractor | Hassan Mehmood | 351,000 | 274,950 | 76,050 | 725,000 | 648,950 | - do - | Other party |
| Tractor | Hassan Mehmood | 351,000 | 274,950 | 76,050 | 725,000 | 648,950 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Motorcycle | Muhammad Sabir | 86,000 | 41,721 | 44,279 | 34,000 | (10,279) | Company Policy | Employee |
| Motorcycle | Syed Shehzad Ali | 67,500 | 46,473 | 21,027 | 26,000 | 4,973 | - do - | Employee |
| Motorcycle | Amir Bux | 52,774 | 50,135 | 2,639 | 40,041 | 37,402 | - do - | Employee |
| Motorcycle | Tariq Mehmood | 36,214 | 34,403 | 1,811 | 11,770 | 9,959 | - do - | Employee |
| | | 87,555,097 | 65,328,535 | 22,226,562 | 44,060,730 | 21,834,168 | | |
| **Computers** | | | | | | | | |
| Laptop | EFU General Insurance Ltd. | 146,500 | 100,226 | 46,274 | 66,500 | 20,226 | Insurance Claim | Other party |
| Laptop | JK Sugar Mills (Pvt.) Ltd. | 85,500 | 28,690 | 56,810 | 65,000 | 8,190 | Negotiation | Related Party |
| | | 232,000 | 128,916 | 103,084 | 131,500 | 28,416 | | |
| **Air Craft** | Lake City Holdings (Pvt.) Ltd. | 71,336,196 | 42,269,635 | 29,066,561 | 59,829,060 | 30,762,499 | Negotiation | Other party |
| **Assets - written off** | | | | | | | | |
| Sugarcane roots | | 293,078,430 | 126,646,318 | 166,432,112 | – | – | Company Policy | – |
| Other assets | | 11,168,973 | 7,036,456 | 4,132,517 | – | – | - do - | – |
| | | 304,247,403 | 133,682,774 | 170,564,629 | – | – | | |
| | **2018** | 920,148,881 | 437,597,657 | 482,551,224 | 534,801,636 | 222,815,041 | | |
| | 2017 - restated | 345,085,326 | 172,862,306 | 172,223,020 | 86,227,818 | 44,579,772 | | |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **19.6** | **Capital work in progress** | | | |
| | As at 1 October | | 1,799,514,371 | 924,081,851 |
| | Additions during the year | 19.6.1 | 1,527,373,141 | 2,189,018,758 |
| | Transfers made during the year | | (2,574,658,135) | (1,313,586,238) |
| | **As at 30 September** | | 752,229,377 | 1,799,514,371 |
| | **Break-up of closing balances is as follows:** | | | |
| | – Advances to supplier | | 356,661,979 | 1,077,473,132 |
| | – Plant and machinery | | 334,963,931 | 439,115,723 |
| | – Building | | 49,104,735 | 93,249,886 |
| | – Sugarcane roots | | 11,087,511 | 14,483,645 |
| | – Roads & boundary walls | | 411,221 | 515,933 |
| | – Advances against purchase of air craft | | – | 174,676,052 |
| | | | 752,229,377 | 1,799,514,371 |

**19.6.1** Additions to capital work in progress also include borrowing costs of Rs. 61.32 million (2017: Rs. 28.47 million) relating to specific borrowings at the rates ranging from 6.65% to 9.43% per annum (2017: 6.65% to 7.14% per annum).

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **20** | **INVESTMENT PROPERTY** | | |
| | Balance as at 01 October | 218,599,597 | 196,467,698 |
| | Transferred from operating fixed assets | – | 38,288,435 |
| | Disposal of investment property | – | (16,156,536) |
| | **Balance as at 30 September** | 218,599,597 | 218,599,597 |

**20.1** Investment property represents agricultural land given on operating lease, the fair value of the investment property is Rs. 530 million (2017: Rs. 374 million). The fair value of investment property was determined by internal assessment and was arrived at by reference to market evidence of transaction prices for similar properties.

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Less than one year | 12,430,800 | 7,625,300 |

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **21** | **INTANGIBLES** | | | |
| | Goodwill | 21.1 | 608,310,693 | 608,310,693 |
| | Oracle computer software | 21.2 | 10,538,595 | 12,578,323 |
| | | | 618,849,288 | 620,889,016 |

**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 14.49% 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 | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **21.2** | **Oracle computer software** | | | |
| | **Cost** | | 20,397,279 | 20,397,279 |
| | **Accumulated amortization** | | | |
| | As at 01 October | | 7,818,956 | 5,779,228 |
| | Amortization for the year | 33 | 2,039,728 | 2,039,728 |
| | | | 9,858,684 | 7,818,956 |
| | **As at 30 September** | | 10,538,595 | 12,578,323 |
| | Rate of amortization | | 10% | 10% |

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **22 LONG TERM INVESTMENTS** | | | |
| Investment in subsidiary companies - unquoted | 22.1 | 2,310,460,383 | 2,303,378,840 |
| Investment in associated company - unquoted | 22.2 | – | – |
| | | 2,310,460,383 | 2,303,378,840 |

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **22.1 Investment in subsidiary companies - unquoted** | | |
| **Deharki Sugar Mills (Private) Limited ("DSML")** | | |
| 104,975,000 (2017: 104,975,000) fully paid shares of Rs. 10 each | | |
| Equity held 100% (2017: 100%) | 1,049,750,000 | 1,049,750,000 |
| | | |
| **Faruki Pulp Mills Limited ("FPML")** | | |
| 310,892,638 (2017: 310,892,638) fully paid shares of Rs. 10 each | | |
| Equity held 57.67% (2017: 57.67%) | | |
| Cost | 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 |
| | | |
| **Sadiqabad Power (Private) Limited ("SPL")** | | |
| 1,000,100 (2017: nil) fully paid shares of Rs. 10 each | | |
| Equity held 100% (2017: 100%) | 10,001,000 | – |
| Advances for future issuance of shares | 3,549,000 | 10,133,876 |
| | 13,550,000 | 10,133,876 |
| **Ghotki Power (Private) Limited ("GPL")** | | |
| 1,000,100 (2017: nil) fully paid shares of Rs. 10 each | | |
| Equity held 100% (2017: 100%) | 10,001,000 | – |
| Advances for future issuance of shares | 3,799,000 | 10,134,581 |
| | 13,800,000 | 10,134,581 |
| | 2,310,460,383 | 2,303,378,840 |
| | | |
| **22.2 Investment in associated company - unquoted** | | |
| **JDW Power (Private) Limited ("JDWPL")** | | |
| Cost as at 01 October | | |
| 9,000,000 (2017: 9,000,000) fully paid shares of Rs. 10 each | 90,000,000 | 90,000,000 |
| Less: Accumulated impairment allowance | (90,000,000) | (90,000,000) |
| Equity held 47.37% (2017: 47.37%) | – | – |

**22.3** Investment in subsidiaries and associate have been made in accordance with the requirements of the Companies Act, 2017.

## 23 LONG TERM ADVANCES

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

## 24 LONG TERM DEPOSITS

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

This also includes an advance amounting to Rs. 4.54 million (2017: Rs. 4.54 million) due from JDW Aviation (Pvt.) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 4.54 million.

## 25 BIOLOGICAL ASSETS

| | | 30 September 2018 | | | | |
|---|---|---|---|---|---|---|
| | Note | Growing cane | Wheat | Guar | Cotton | Total |
| | | Rupees | | | | |
| At the beginning of the year | | | | | | |
| at fair value | | 2,282,737,798 | – | – | – | 2,282,737,798 |
| Fair value recorded | | | | | | |
| in profit or loss | 35.1 | 1,983,490,606 | 38,110,114 | 3,106,308 | – | 2,024,707,028 |
| Transfer to cost of sales | 32.1.1 | (2,282,737,798) | – | – | – | (2,282,737,798) |
| **At the end of the year** | | | | | | |
| **at fair value** | | 1,983,490,606 | 38,110,114 | 3,106,308 | – | 2,024,707,028 |

| | | 30 September 2017 | | | | |
|---|---|---|---|---|---|---|
| | Note | Growing Cane | Wheat | Guar | Cotton | Total |
| | | Rupees | | | | |
| At the beginning of the year | | | | | | |
| at fair value | | 2,229,977,882 | – | – | 10,988,225 | 2,240,966,107 |
| Fair value recorded | | | | | | |
| in profit or loss | 35.1 | 2,282,737,798 | – | – | – | 2,282,737,798 |
| Transfer to cost of sales | 32.1.1 | (2,229,977,882) | – | – | (10,988,225) | (2,240,966,107) |
| **At the end of the year** | | | | | | |
| **at fair value** | | 2,282,737,798 | – | – | – | 2,282,737,798 |

### 25.1 Measurement of fair values

### 25.1.1 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.

### 25.1.2 Level 3 fair values

The following table shows a break down of the total gains recognized in respect of Level 3 fair values:

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| Net fair value (loss) / gain recognized in other income | 35 | (108,958,903) | 241,293,644 |

### 25.1.3 Valuation techniques and significant unobservable inputs

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

| | Unit | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| Valued plantations (Actual) | | | |
| - Punjab Zone | Acres | 12,055 | 12,473 |
| - Sindh Zone | Acres | 11,245 | 11,327 |
| | | | |
| Estimated yield per acre | | | |
| - Punjab Zone | Maunds | 883 | 950 |
| - Sindh Zone | Maunds | 878 | 922 |
| | | | |
| 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 | 1.15% | 0.85% |

Cost of Rs. 38 million is considered to approximate their respective fair values less point of harvest 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.

### 25.2 Sensitivity analysis

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

| | Increase / (Decrease) 2018 Rupees | Increase / (Decrease) 2017 Rupees Restated |
|---|---|---|
| Decrease of 10% in expected average yield per acre | (228,365,170) | (279,160,673) |
| Decrease of 10% in expected average selling price per maund | (330,048,781) | (382,083,844) |
| Increase of 10% in discount rate | (8,642,588) | (9,780,846) |

### 25.3 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.

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| **26 STORES, SPARE PARTS AND LOOSE TOOLS** | | |
| Stores | | |
| - Sugar | 595,384,286 | 608,957,237 |
| - Co-Generation Power | 74,458,884 | 99,173,556 |
| - Corporate farms | 289,409,796 | 258,111,983 |
| | 959,252,966 | 966,242,776 |
| Spare parts | | |
| - Sugar | 380,260,009 | 485,124,901 |
| - Co-Generation Power | 80,717,676 | 67,151,836 |
| | 460,977,685 | 552,276,737 |
| Loose tools | | |
| - Sugar | 31,192,621 | 28,572,423 |
| - Co-Generation Power | 12,293,655 | 11,902,009 |
| | 43,486,276 | 40,474,432 |
| | 1,463,716,927 | 1,558,993,945 |
| Less: Provision for obsolescence | (154,460,560) | (146,318,585) |
| | 1,309,256,367 | 1,412,675,360 |

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| **27 STOCK-IN-TRADE** | | |
| Sugar | 18,718,042,895 | 7,591,326,448 |
| Bagasse | 1,011,991,215 | 334,668,275 |
| Molasses | – | 13,762,764 |
| | 19,730,034,110 | 7,939,757,487 |

**27.1** Stock-in-trade upto a maximum amount of Rs. 16,022 million (2017: Rs. 6,394 million) are under hypothecation of commercial banks as security for short term borrowings.

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **28 TRADE DEBTS - UNSECURED** | | | |
| Considered good | | | |
| Local | 28.1 | 5,037,620,440 | 2,941,217,253 |
| Exports | 28.2 | 433,847,528 | – |
| | | 5,471,467,968 | 2,941,217,253 |
| Considered doubtful - local | | 39,203,083 | 39,203,083 |
| | | 5,510,671,051 | 2,980,420,336 |
| Less: Provision for doubtful debts | | (39,203,083) | (39,203,083) |
| | | 5,471,467,968 | 2,941,217,253 |

**28.1** This includes Rs. 3,241.66 million (2017: Rs. 1,321.04 million) receivable from Central Power Purchasing Agency (Guarantee) Limited on account of sale of electricity under EPA.

**28.2** This includes Rs. 434 million (2017: Rs. nil) receivable from foreign debtors in Asia. These are secured against confirmed letter of credit.

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **29 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** | | | |
| Advances to growers | | | |
| Unsecured - considered good | | 235,175,609 | 356,733,686 |
| Unsecured - considered doubtful | | 4,937,966 | 4,937,966 |
| | | 240,113,575 | 361,671,652 |
| Less: Provision for doubtful advances | | (4,937,966) | (4,937,966) |
| | | 235,175,609 | 356,733,686 |
| Advances to suppliers and contractors | | | |
| Unsecured - considered good | | 408,850,763 | 312,234,688 |
| Unsecured - considered doubtful | | 23,810,163 | 23,810,163 |
| | | 432,660,926 | 336,044,851 |
| Less: Provision for doubtful advances | | (23,810,163) | (23,810,163) |
| | | 408,850,763 | 312,234,688 |
| Advances to related party - unsecured, considered good | 29.1 | 5,008,092 | 700,722,792 |
| Advances to staff - unsecured, considered good | | | |
| - against salaries | 29.2 & 29.3 | 10,763,647 | 11,727,993 |
| - against expenses | | 3,904,396 | 6,755,319 |
| Sugar export subsidy | | 1,660,445,300 | 43,800,000 |
| Due from director - unsecured, considered good | 29.4 | 22,372,086 | – |
| Due from related party | 29.5 | 502,579,583 | – |
| Sales tax | | 95,375,398 | 671,634,155 |
| Prepaid expenses | | 29,070,499 | 34,609,038 |
| Current maturity of long term advances | 23 | 5,166,670 | 19,088,890 |
| Deposits | | 33,834,976 | – |
| Receivables from provident fund | | – | 10,162,266 |
| Other receivables | | 16,303,464 | 15,103,838 |
| | | 3,028,850,483 | 2,182,572,665 |

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

**29.2** Advances given to staff are in accordance with the Company's policy. These advances are secured against provident fund. These includes an amount of Rs. 6.01 million (2017: Rs. 6.32 million) receivable from executives of the Company.

**29.3** These include advances made to employees of the Company namely Safdar Kanjoo, Ghazanfar Ali Syed and Zulfiqar Ali exceeding Rs. 1 million each.

**29.4** This represents amount receivable on account of aircraft expenses amounting to Rs. 22.37 million (2017: Rs. nil) due from Jahangir Khan Tareen, the director of the Company. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 22.37 million.

**29.5** This amount includes receivables from JK Sugar Mills (Pvt.) Ltd., JK Dairies (Pvt.) Ltd and ATF Mango Farms (Pvt.) Ltd. of Rs. 465.64 million (2017: Rs. nil), Rs. 11.23 million (2017: Rs. nil) and Rs. 25.72 million (2017: Rs. nil) respectively.

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **30 CASH AND BANK BALANCES** | | | |
| At banks: | | | |
| - Current accounts | | | |
| - Balance with islamic banks | | 22,700,707 | 14,007,219 |
| - Balance with conventional banks | | 79,542,155 | 114,843,981 |
| | | 102,242,862 | 128,851,200 |
| - Saving accounts | | | |
| - Deposits with conventional banks | 30.1 | 635,556 | 2,264,620 |
| | | 102,878,418 | 131,115,820 |
| Cash in hand | | 3,036,031 | 2,641,455 |
| | | 105,914,449 | 133,757,275 |

**30.1** The balances in saving accounts carry mark-up ranging from 3.75% to 5.5% per annum (2017: 3.75% per annum).

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **31 SALES - NET** | | | |
| Sugar | 31.1 | 29,904,959,510 | 39,859,896,276 |
| Agriculture produce | 31.2 | 930,527,404 | 1,327,197,842 |
| Electricity | 31.3 | 4,775,322,653 | 4,523,028,533 |
| Molasses - by product | 31.4 | 2,678,907,963 | 2,621,326,893 |
| Agri Inputs | | 1,704,293,430 | 1,511,242,053 |
| Bagasse - by product | | 257,465,395 | 119,633,095 |
| | | 40,251,476,355 | 49,962,324,692 |
| Less: | | | |
| - Sales tax on sugar | | (2,444,207,140) | (3,847,104,686) |
| - Sales tax on electricity, bagasse, agri inputs and molasses | | (526,828,835) | (669,586,825) |
| - Commission and others | | (15,934,011) | (13,676,178) |
| | | (2,986,969,986) | (4,530,367,689) |
| | | 37,264,506,369 | 45,431,957,003 |
| | | | |
| **31.1 Sugar** | | | |
| Local | | 20,764,741,922 | 35,712,014,974 |
| Export | 31.1.1 | 9,140,217,588 | 4,147,881,302 |
| | | 29,904,959,510 | 39,859,896,276 |

**31.1.1** This includes sugar export subsidy of Rs. 2,175.23 million (2017: Rs. nil).

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|
| **31.2 Agriculture produce** | | |
| Sugarcane to Deharki Sugar Mills (Private) Limited | 756,603,453 | 1,177,778,578 |
| Sugarcane seed and others | 173,923,951 | 149,419,264 |
| | 930,527,404 | 1,327,197,842 |
| | | |
| **31.3 Electricity** | | |
| Captive Power | – | 141,957,423 |
| Co-Generation Power | | |
| - variable energy price | 2,872,566,392 | 2,769,747,989 |
| - fixed energy price | 1,902,756,261 | 1,611,323,121 |
| | 4,775,322,653 | 4,381,071,110 |
| | 4,775,322,653 | 4,523,028,533 |
| | | |
| **31.4 Molasses - by product** | | |
| Sales Under DTRE (Duty & Tax Remission for Exporters) | 2,439,869,038 | 2,163,275,476 |
| Others | 239,038,925 | 458,051,417 |
| | 2,678,907,963 | 2,621,326,893 |

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **32 COST OF SALES** | | | |
| Opening stock-in-trade | | 7,939,757,487 | 5,035,625,241 |
| Add: Cost of goods manufactured | 32.1 | 45,938,398,739 | 43,711,557,663 |
| | | 53,878,156,226 | 48,747,182,904 |
| Less: Closing stock | | | |
| - Sugar | | (18,718,042,895) | (7,591,326,448) |
| - Bagasse | | (1,011,991,215) | (334,668,275) |
| - Molasses | | – | (13,762,764) |
| | | (19,730,034,110) | (7,939,757,487) |
| | | 34,148,122,116 | 40,807,425,417 |
| **32.1 Cost of goods manufactured** | | | |
| Cost of crops consumed | | | |
| (including procurement and other costs) | 32.1.1 | 38,779,100,860 | 37,487,520,466 |
| Salaries, wages and other benefits | 32.1.2 | 1,726,685,932 | 1,750,205,504 |
| Cost of agri inputs | | 1,436,004,432 | 1,158,121,538 |
| Depreciation | 19.4 | 1,057,133,353 | 942,082,441 |
| Stores and spare parts consumed | | 986,736,989 | 715,471,214 |
| Cost of bagasse consumed | | 388,619,927 | 204,421,414 |
| Packing materials consumed | | 363,996,061 | 311,565,358 |
| Chemicals consumed | | 264,752,629 | 217,645,066 |
| Operation and maintenance costs | 32.1.3 | 220,935,421 | 211,527,800 |
| Sugarcane roots written off | | 166,432,112 | 121,028,651 |
| Vehicle running expenses | | 117,875,314 | 94,500,780 |
| Oil, lubricants and fuel consumed | | 77,001,948 | 78,856,338 |
| Insurance | | 72,915,816 | 75,480,273 |
| Electricity and power | | 68,224,977 | 52,429,368 |
| Repairs and maintenance | | 48,068,686 | 39,495,339 |
| Handling and storage | | 46,132,534 | 31,934,162 |
| Mud and bagasse shifting expenses | | 36,757,027 | 68,761,220 |
| Freight and octroi | | 20,217,492 | 23,354,157 |
| Printing and stationery | | 8,764,343 | 10,133,002 |
| Provision for obsolescence | | 8,141,975 | 22,385,801 |
| Telephone and fax | | 7,264,325 | 7,481,814 |
| Assets written off | | 4,118,320 | 9,546,323 |
| Initial land preparation | | 3,482,786 | 20,979,798 |
| Travelling and conveyance | | 2,223,238 | 3,336,273 |
| Operating lease rentals | | 1,632,519 | 27,409,032 |
| Other expenses | | 25,179,723 | 25,884,531 |
| | | 45,938,398,739 | 43,711,557,663 |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **32.1.1** | **Cost of crops consumed** | | | |
| | Sugarcane purchased | | 35,147,439,150 | 34,048,676,816 |
| | | | | |
| | **Cost of harvested crops:** | | | |
| | Fair value of growing crops transferred | | | |
| | to profit or loss | 35.1 | 2,282,737,798 | 2,240,966,107 |
| | Further cost charged | 32.1.1.1 | 1,348,923,912 | 1,197,877,543 |
| | | | 3,631,661,710 | 3,438,843,650 |
| | | | 38,779,100,860 | 37,487,520,466 |
| | | | | |
| **32.1.1.1** | **Further cost charged** | | | |
| | Transportation expenses | | 473,830,266 | 462,313,172 |
| | Salaries, wages and other benefits | 32.1.1.1.1 | 292,152,412 | 246,397,670 |
| | Repairs and maintenance | | 271,336,831 | 212,641,358 |
| | Depreciation expense | 19.4 | 168,354,652 | 142,607,236 |
| | Irrigation expenses | | 59,825,428 | 57,128,131 |
| | Harvesting expense | | 56,654,312 | 89,820,021 |
| | Fuel expenses | | 31,388,152 | 31,512,481 |
| | Fertilizer expenses | | 19,297,536 | 20,734,671 |
| | Vehicle running expenses | | 18,756,029 | 13,059,358 |
| | Bio-laboratory expenses | | 13,084,490 | 11,070,383 |
| | Road cess | | 11,229,324 | 8,844,141 |
| | Insurance | | 9,647,598 | 7,701,258 |
| | Seed expenses | | 6,349,729 | 8,898,236 |
| | Land rentals | | 5,191,531 | 3,133,350 |
| | Pesticide and herbicide expenses | | 3,225,129 | 2,879,069 |
| | Others | | 15,845,676 | 17,073,966 |
| | | | 1,456,169,095 | 1,335,814,501 |
| | Less: Own seed consumption | | (107,245,183) | (137,936,958) |
| | | | 1,348,923,912 | 1,197,877,543 |

**32.1.1.1.1** Salaries, wages and other benefits include Rs. 6.4 million (2017: Rs. 5.3 million) in respect of provident fund.

**32.1.2** Salaries, wages and other benefits include Rs. 42.99 million (2017: Rs. 39.57 million) in respect of provident fund and Rs. 11.87 million (2017: Rs. 12.53 million) in respect of staff gratuity.

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **32.1.3** | **Operation and maintenance costs** | | |
| | Reimbursable cost | 179,327,387 | 169,329,531 |
| | Operating fee | 41,608,034 | 42,198,269 |
| | | 220,935,421 | 211,527,800 |

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **33** | **ADMINISTRATIVE EXPENSES** | | | |
| | Salaries, wages and other benefits | 33.1 | 711,797,708 | 710,970,198 |
| | Depreciation | 19.4 | 66,801,819 | 54,603,750 |
| | Office rent and renovation | | 43,134,892 | 44,369,122 |
| | Legal and professional services | | 41,297,315 | 72,533,024 |
| | Travelling and conveyance | | 35,581,117 | 31,546,578 |
| | Vehicle running and maintenance | | 24,747,977 | 21,251,582 |
| | Repairs and maintenance | | 21,607,783 | 20,549,763 |
| | Telephone, fax and postage | | 12,360,167 | 10,881,417 |
| | Subscription and renewals | | 11,502,614 | 6,334,696 |
| | Insurance | | 10,946,626 | 10,498,434 |
| | Fee and taxes | | 10,732,519 | 7,146,346 |
| | Printing and stationery | | 10,109,128 | 7,233,633 |
| | Electricity and power | | 7,544,070 | 6,269,504 |
| | Auditors' remuneration | 33.2 | 4,990,000 | 3,733,500 |
| | Entertainment | | 4,265,773 | 4,023,483 |
| | Charity and donations | 33.3 | 2,872,530 | 68,148,270 |
| | Amortization | 21.2 | 2,039,728 | 2,039,728 |
| | Advertisement | | 1,428,579 | 2,145,600 |
| | Arms and ammunition | | 258,900 | – |
| | Newspapers, books and periodicals | | 178,213 | 203,422 |
| | Assets written off | | 14,197 | – |
| | Operating lease rentals | | – | 3,863,095 |
| | Other expenses | | 9,254,422 | 10,910,220 |
| | | | 1,033,466,077 | 1,099,255,365 |

**33.1** Salaries, wages and other benefits include Rs. 18.00 million (2017: Rs. 16.98 million) in respect of provident fund and Rs. 9.52 million (2017: Rs. 5.37 million) in respect of staff gratuity.

| | | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **33.2** | **Auditors' remuneration** | | | |
| | Statutory audit | | 3,500,000 | 2,750,000 |
| | Half yearly review | | 500,000 | 500,000 |
| | Other certificates | | 740,000 | 198,500 |
| | Out of pocket expenses | | 250,000 | 285,000 |
| | | | 4,990,000 | 3,733,500 |
| **33.3** | **Donations for the year have been given to:** | | | |
| | - National Rural Support Programme | | 1,372,530 | 6,348,270 |
| | - Lahore Race Club | | 850,000 | – |
| | - Special Education and Training Centre | | – | 1,000,000 |
| | - Tareen Education Foundation | | – | 25,000,000 |
| | - Shaukat Khanum Memorial Cancer Hospital and Research Centre | | – | 20,000,000 |
| | - Lodhran Pilot Project | | – | 10,000,000 |
| | - The Citizen Foundation | | – | 5,000,000 |
| | - Others | 33.3.1 | 650,000 | 800,000 |
| | | | 2,872,530 | 68,148,270 |

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.

**33.3.1** Others include donations paid to various institutions. The aggregate amount paid to a single institution is less than Rs. 0.5 million.

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **34 SELLING EXPENSES** | | | |
| Freight outwards and port charges | | 361,605,895 | 31,868,024 |
| Salaries, wages and other benefits | 34.1 | 33,820,084 | 31,195,361 |
| Other selling expenses | | 28,888,275 | 21,742,041 |
| | | 424,314,254 | 84,805,426 |

**34.1** Salaries, wages and other benefits include Rs. 0.43 million (2017: Rs. 0.63 million) in respect of provident fund.

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **35 OTHER INCOME** | | | |
| **Income from financial assets** | | | |
| Foreign exchange gain | | 153,668,669 | 10,465,107 |
| Mark-up on delayed payment from Central Power Purchasing Agency (Guarantee) Limited | | 44,305,469 | 32,133,474 |
| Interest income on bank deposits | | 694,474 | 1,053,924 |
| | | 198,668,612 | 43,652,505 |
| **Income from non-financial assets** | | | |
| Gain on sale of operating fixed assets | | 222,815,041 | 44,579,772 |
| Sale of mud | | 127,204,290 | 83,727,379 |
| Scrap sales | | 22,532,464 | 88,441,503 |
| Rental income from investment property | | 12,430,800 | 7,625,300 |
| Net fair value (loss) / gain on biological assets | 25.1.2 & 35.1 | (108,958,903) | 241,293,644 |
| Reversal of prior year provision of Workers' Welfare Fund | | – | 37,681,810 |
| Gain on sale of investment property | | – | 21,280,886 |
| Others | | 944,852 | 2,766,374 |
| | | 276,968,544 | 527,396,668 |
| | | 475,637,156 | 571,049,173 |
| **35.1 Fair value (loss) / gain on biological assets** | | | |
| Fair value of growing crops | | 2,024,707,028 | 2,282,737,798 |
| Cost of growing crops | 35.1.1 | (2,133,665,931) | (2,041,444,154) |
| | | (108,958,903) | 241,293,644 |
| **35.1.1 Cost of growing crops** | | | |
| Land rentals | | 726,608,788 | 758,259,225 |
| Irrigation expenses | | 317,981,533 | 247,612,968 |
| Fertilizer expenses | | 274,164,272 | 230,703,159 |
| Depreciation expense | 19.4 | 255,743,882 | 249,092,623 |
| Salaries, wages and other benefits | 35.1.1.1 | 224,696,329 | 273,588,344 |
| Repairs and maintenance | | 143,060,220 | 116,336,278 |
| Pesticide and herbicide expenses | | 109,799,466 | 79,674,850 |
| Fuel expenses | | 38,874,570 | 32,343,176 |
| Vehicle running expenses | | 16,685,108 | 19,693,746 |
| Bio-laboratory expenses | | 13,268,970 | 14,558,992 |
| Insurance | | 3,892,070 | 12,695,863 |
| Others | | 8,890,723 | 6,884,930 |
| | | 2,133,665,931 | 2,041,444,154 |

**35.1.1.1** Salaries, wages and other benefits include Rs. 6.3 million (2017: Rs. 6.8 million) in respect of provident fund.

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **36** | **OTHER EXPENSES** | | | |
| | Prior year adjustment of | | | |
| | Workers' Profit Participation Fund | 16.2 | 5,237,703 | – |
| | Worker's Profit Participation Fund | 16.2 | – | 115,971,432 |
| | Provision for doubtful trade debts / advances | | – | 26,909,293 |
| | Workers' Welfare Fund | 16.3 | – | 18,510,840 |
| | Others | | – | 5,136,698 |
| | | | 5,237,703 | 166,528,263 |

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **37** | **FINANCE COST** | | | |
| | Mark-up based loans from conventional banks | | | |
| | - short term borrowings - secured | | 927,638,756 | 575,963,492 |
| | - long term finances - secured | | 709,785,381 | 726,025,593 |
| | - redeemable capital - secured | | 1,495,987 | 8,867,880 |
| | - finance leases | | 17,037,141 | 41,872,570 |
| | | | 1,655,957,265 | 1,352,729,535 |
| | Islamic mode of financing | | | |
| | - short term borrowings - secured | | 335,725,100 | 148,702,976 |
| | - long term finances - secured | | 191,996,209 | 85,621,985 |
| | | | 527,721,309 | 234,324,961 |
| | Borrowings from related party - unsecured | | | |
| | - Deharki Sugar Mills (Private) Limited | | 34,465,820 | – |
| | | | | |
| | Workers' Profit Participation Fund | 16.2 | 61,879,769 | 68,868,710 |
| | Bank charges and commission | | 51,061,356 | 37,842,498 |
| | | | 112,941,125 | 106,711,208 |
| | Less: Borrowing costs capitalized | | (61,324,124) | (28,471,915) |
| | | | 2,269,761,395 | 1,665,293,789 |

| | | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **38** | **TAXATION** | | |
| | Income tax | | |
| | - current year | 152,917,186 | 357,783,683 |
| | - change in estimate related to prior years | 42,756,807 | 116,331,951 |
| | | 195,673,993 | 474,115,634 |
| | Deferred tax | (132,991,498) | 117,185,929 |
| | | 62,682,495 | 591,301,563 |

**38.1 Tax Charge Reconciliation**

Numerical reconciliation between tax expense and accounting profit

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|
| (Loss) / profit before taxation | (140,758,020) | 2,179,697,916 |
| Tax at 29% (2017: 30%) | (40,819,826) | 653,909,375 |
| Tax effect of: | | |
| - permanent differences | 102,438,680 | 28,432,449 |
| - tax credits on BMR | (254,927,975) | (177,033,967) |
| - not adjustable for tax purposes | (449,837,190) | 35,522,088 |
| - income under final tax regime (FTR) | 94,048,614 | 14,069,978 |
| - minimum tax | 311,494,539 | – |
| - change in estimate related to prior years | 42,756,807 | 34,709,557 |
| - derecognition of prior year tax credits | 255,226,838 | – |
| - others | 2,302,008 | 1,692,083 |
| | 62,682,495 | 591,301,563 |

**38.2** As per management's assessment, the provision for tax made in the unconsolidated financial statements is sufficient. A comparison of last two years of income tax provisions with tax assessment is presented below:

| | Tax provision as per financial statements Rupees | Tax as per assessment / return Rupees |
|---|---|---|
| **Tax Years** | | |
| 2017 | – | 78,524,659 |
| **2018** | 357,783,683 | 420,352,743 |

**38.3** 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 Central Power Purchasing Agency (Guarantee) Limited 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.

**38.4** For tax contingencies, refer note 18.1.

# Notes to the Unconsolidated **Financial Statements**

For the year ended 30 September 2018

| | | 2018 | 2017 Restated |
|---|---|---|---|
| **39** | **(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED** | | |
| **Basic (loss) / earnings per share** | | | |
| (Loss) / profit after taxation | **Rupees** | (203,440,515) | 1,588,396,353 |
| Weighted average number of ordinary shares | **Numbers** | 59,776,661 | 59,776,661 |
| Basic (loss) / earnings per share | **Rupees** | (3.40) | 26.57 |

There is no dilutive effect on the basic (loss) / earnings per share.

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|
| **40 CASH GENERATED FROM OPERATIONS** | | |
| **(Loss) / profit before taxation** | (140,758,020) | 2,179,697,916 |
| Adjustments for non-cash and other items: | | |
| Finance cost | 2,269,761,395 | 1,665,293,789 |
| Depreciation | 1,541,382,447 | 1,293,822,063 |
| Fair value loss / (gain) on biological assets | 108,958,903 | (241,293,644) |
| Staff retirement benefits | 97,931,694 | 87,758,841 |
| Assets written off | 170,564,629 | 130,574,974 |
| Provision for obsolescence | 8,141,975 | 22,385,801 |
| Prior year adjustment of Workers' Profit Participation Fund | 5,237,703 | – |
| Amortization of intangibles | 2,039,728 | 2,039,728 |
| Gain on disposal of operating fixed assets | (222,815,041) | (44,579,772) |
| Workers' Profit Participation Fund | – | 115,971,432 |
| Workers' Welfare Fund | – | 18,510,840 |
| Provision for doubtful trade debts / advances | – | 26,909,293 |
| Reversal of prior year provision Workers' Welfare Fund | – | (37,681,810) |
| Gain on disposal of investment property | – | (21,280,886) |
| | 3,981,203,433 | 3,018,430,649 |
| **Operating profit before working capital changes** | 3,840,445,413 | 5,198,128,565 |
| **(Increase) / decrease in current assets** | | |
| Stock-in-trade | (11,790,276,623) | (2,904,132,246) |
| Biological assets | 149,071,867 | 199,521,953 |
| Trade debts | (2,530,250,715) | (2,095,504,325) |
| Stores, spare parts and loose tools | 95,277,018 | (354,378,900) |
| Advances, deposits, prepayments and other receivables | (854,693,260) | (1,033,172,285) |
| | (14,930,871,713) | (6,187,665,803) |
| **Increase in current liabilities** | | |
| Trade and other payables | 2,558,626,615 | 1,028,817,124 |
| **Cash (used in) / generated from operations** | (8,531,799,685) | 39,279,886 |

## 41 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:

| | Chief Executive | | Directors: Executive | | Directors: Non - Executives | | Executives | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Managerial remuneration | 840,000 | 840,000 | 80,000,000 | 85,000,000 | 54,200,000 | 56,500,000 | 272,233,258 | 237,689,501 |
| House allowance | 336,000 | 336,000 | 32,000,000 | 34,000,000 | 21,680,000 | 22,600,000 | 108,893,303 | 95,075,800 |
| Utilities | 84,000 | 84,000 | 8,000,000 | 8,500,000 | 5,420,000 | 5,650,000 | 27,223,326 | 23,768,950 |
| Bonus | - | - | 33,333,335 | 46,666,669 | 22,500,000 | 31,500,000 | 142,764,002 | 226,019,976 |
| Company's contribution towards provident fund | - | - | - | - | - | - | 25,307,771 | 23,622,991 |
| Staff retirement benefit- gratuity | - | - | - | - | - | - | 2,230,502 | 2,824,587 |
| | 1,260,000 | 1,260,000 | 153,333,335 | 174,166,669 | 103,800,000 | 116,250,000 | 578,652,162 | 609,001,805 |
| Number of persons | 1 | 1 | 1 | 1 | 2 | 2 | 60 | 51 |

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 (2017: 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. 78.81 million (2017: Rs. 62.61 million) for the use of aircraft.

## 42 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.

### 42.1 Risk management framework

The Board of Directors has overall responsibility for establishment an oversight 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.

### 42.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties are regularly monitored and assessed.

**42.2.1 Exposure to credit risk**

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

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| Long term advances | – | 3,272,223 |
| Long term deposits | 37,488,439 | 54,978,065 |
| Trade debts | 5,471,467,968 | 2,941,217,253 |
| Advances, deposits and other receivables | 596,028,518 | 756,805,779 |
| Bank balances | 102,878,418 | 131,115,820 |
| | 6,207,863,343 | 3,887,389,140 |

**42.2.2 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:

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| Customers | 5,471,467,968 | 2,941,217,253 |
| Banking companies | 102,878,418 | 131,115,820 |
| Others | 633,516,957 | 815,056,067 |
| | 6,207,863,343 | 3,887,389,140 |

**42.2.3 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 Central Power Purchasing Agency (Guarantee) Limited a Government owned entity. Hence the management believes that no impairment allowance is necessary in respect of these trade debts.

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Gross carrying amount<br>Rupees | Accumulated impairment<br>Rupees | Gross carrying amount<br>Rupees | Accumulated impairment<br>Rupees |
| *The aging of trade receivables at the reporting date is:* | | | | |
| Neither past due nor impaired | 5,471,467,968 | – | 2,941,217,253 | – |
| Past due more than 365 days | 39,203,083 | 39,203,083 | 39,203,083 | 39,203,083 |
| | 5,510,671,051 | 39,203,083 | 2,980,420,336 | 39,203,083 |

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:

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| At banks: | | |
| Current accounts | 102,242,862 | 128,851,200 |
| Saving accounts | 635,556 | 2,264,620 |
| | 102,878,418 | 131,115,820 |

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

| Banks | Rating Long term | Short term | Rating Agency | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|---|
| Al-Baraka Bank (Pakistan) Limited | A | A1 | PACRA | 32,859 | 40,273 |
| Allied Bank Limited | AAA | A1+ | PACRA | 68,965 | 6,160,618 |
| Askari Bank Limited | AA+ | A1+ | PACRA | 89,299 | 171,135 |
| Askari Bank Limited (Islamic) | AA+ | A1+ | PACRA | 8,365,715 | 34,475 |
| Bank Al Habib Limited | AA+ | A1+ | PACRA | 76,815 | 17,691 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 100,902 | 164,289 |
| Bank Alfalah Limited (Islamic) | AA+ | A1+ | PACRA | 3,189,309 | 9,748,089 |
| Bank Islami (Pakistan) Limited | A+ | A1 | PACRA | 23,444 | 179,831 |
| Dubai Islamic Bank (Pakistan) Limited | AA- | A-1 | JCR-VIS | 31,504 | 21,447 |
| Faysal Bank Limited | AA | A1+ | PACRA | 57,946 | 19,389,668 |
| Faysal Bank Limited (Islamic) | AA | A1+ | PACRA | 27,945 | – |
| Habib Bank Limited | AAA | A-1+ | JCR-VIS | 519,368 | 2,884,279 |
| JS Bank Limited | AA- | A1+ | PACRA | 711,420 | 433,876 |
| MCB Bank Limited | AAA | A1+ | PACRA | 28,230,931 | 20,948,966 |
| MCB Islamic Bank Limited | A | A1 | PACRA | 3,027,455 | 3,534,295 |
| Meezan Bank Limited | AA+ | A-1+ | JCR-VIS | 6,843,510 | 164,629 |
| National Bank of Pakistan | AAA | A1+ | PACRA | 13,169,613 | 54,653,533 |
| National Bank of Pakistan (Islamic) | AAA | A1+ | PACRA | 1,184,425 | 295,399 |
| Silk Bank Limited | A- | A-2 | JCR-VIS | 5,386 | 5,509 |
| Sindh Bank Limited | AA | A-1+ | JCR-VIS | 29,478 | 17,071 |
| Soneri Bank Limited | AA- | A1+ | PACRA | 25,262 | 14,455 |
| Summit Bank Limited | A- | A-1 | JCR-VIS | 10,208,629 | 2,521,860 |
| The Bank of Khyber | A | A1 | PACRA | 92,747 | 24,030 |
| The Bank of Punjab | AA | A1+ | PACRA | 26,331,830 | 9,375,872 |
| The First Micro Finance Bank Limited | A+ | A-1 | JCR-VIS | 50,464 | 10,907 |
| Tameer Bank Limited | A+ | A1 | PACRA | 38,458 | 38,905 |
| United Bank Limited | AAA | A-1+ | JCR-VIS | 344,739 | 169,112 |
| Standard Chartered Bank (Pakistan) Limited | AAA | A1+ | PACRA | – | 95,606 |
| | | | | 102,878,418 | 131,115,820 |

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 counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

### 42.3 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.

#### 42.3.1 Exposure to liquidity risk

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

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | One to five years | More than five years |
| | Rupees | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Long term finances - secured | 12,786,462,987 | 15,658,363,596 | 5,393,363,596 | 10,265,000,000 | – |
| Short term borrowings | 23,553,685,516 | 23,930,948,135 | 23,930,948,135 | – | – |
| Liabilities against assets subject to finance lease - secured | 249,959,511 | 267,992,731 | 115,129,719 | 152,863,012 | – |
| Accrued profit / interest / mark-up | 534,626,215 | 534,626,215 | 534,626,215 | – | – |
| Trade and other payables | 2,565,871,424 | 2,565,871,424 | 2,565,871,424 | – | – |
| | 39,690,605,653 | 42,957,802,101 | 32,539,939,089 | 10,417,863,012 | – |

| | 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 | 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 | – |

### 42.4 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.

#### 42.4.1 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.

### 42.4.2 Interest rate risk

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

| | | 2018 | | 2017 | |
|---|---|---|---|---|---|
| | | Financial asset | Financial liability | Financial asset | Financial liability |
| Non-derivative financial instruments | Note | Rupees | Rupees | Rupees | Rupees |
| Advance to Deharki Sugar Mills (Private) Limited | 29 | 5,008,092 | – | 700,722,792 | – |
| Due to Deharki Sugar Mills (Private) Limited | 16.1 | – | 142,907,170 | – | – |
| Redeemable capital - secured | 9 | – | – | – | 83,333,333 |
| Long term finances - secured | 10 | – | 12,786,462,987 | – | 12,924,312,947 |
| Liabilities against assets subject to finance lease - secured | 11 | – | 249,959,511 | – | 306,472,177 |
| Short term borrowings | 14 | – | 23,553,685,516 | – | 10,053,163,155 |
| Cash at bank | 30.1 | 635,556 | – | 2,264,620 | – |
| Variable rate instruments | | 5,643,648 | 36,733,015,184 | 702,987,412 | 23,367,281,612 |

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 statement of profit or loss.

**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 2018.

| Profit or loss 100 bps | | | |
|---|---|---|---|
| 2018 | | 2017 | |
| Increase | Decrease | Increase | Decrease |
| Rupees | | | |
| (367,273,715) | 367,273,715 | (226,642,942) | 226,642,942 |

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

### 42.4.3 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.

### 42.4.4 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.

### 42.4.5 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).

### 42.4.5.1 Fair value measurement of financial instruments

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:

| | | 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 2018** | | | | | | | |
| **Financial assets measured at fair value** | | – | – | – | – | – | – |
| **Financial assets not measured at fair value** | | | | | | | |
| Long term advances | | – | – | – | – | – | – |
| Long term deposits | | 37,488,439 | – | 37,488,439 | – | – | – |
| Trade debts - unsecured considered good | | 5,471,467,968 | – | 5,471,467,968 | – | – | – |
| Advances, deposits and other receivables | | 596,028,518 | – | 596,028,518 | – | – | – |
| Cash and bank balances | | 105,914,449 | – | 105,914,449 | – | – | – |
| | 42.4.5.2 | 6,210,899,374 | – | 6,210,899,374 | – | – | – |
| **Financial liabilities measured at fair value** | | – | – | – | – | – | – |
| **Financial liabilities not measured at fair value** | | | | | | | |
| Long term finances - secured | | – | 12,786,462,987 | 12,786,462,987 | – | – | – |
| Short term borrowings | | – | 23,553,685,516 | 23,553,685,516 | – | – | – |
| Liabilities against assets subject to finance lease - secured | | – | 249,959,511 | 249,959,511 | – | – | – |
| Accrued profit / interest / mark-up | | – | 534,626,215 | 534,626,215 | – | – | – |
| Trade and other payables | | – | 2,565,871,424 | 2,565,871,424 | – | – | – |
| | 42.4.5.2 | – | 39,690,605,653 | 39,690,605,653 | – | – | – |

| | 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 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 | | 2,941,217,253 | – | 2,941,217,253 | – | – | – |
| Advances, deposits and other receivables | | 756,805,779 | – | 756,805,779 | – | – | – |
| Cash and bank balances | | 133,757,275 | – | 133,757,275 | – | – | – |
| | 42.4.5.2 | 3,890,030,595 | – | 3,890,030,595 | – | – | – |
| **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 | | – | 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 | – | – | – |
| | 42.4.5.2 | – | 25,300,304,475 | 25,300,304,475 | – | – | – |

### 42.4.5.2 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.

## 43 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.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Total Debt | 37,124,734,229 | 23,593,473,432 |
| Less: Cash and bank balances | (105,914,449) | (133,757,275) |
| Net Debt | 37,018,819,780 | 23,459,716,157 |
| Total Equity | 8,227,486,660 | 8,619,621,356 |
| Total Capital Employed | 45,246,306,440 | 32,079,337,513 |
| | | |
| Gearing | 82% | 73% |

Total debt comprises of long term loans from banking companies, liabilities against assets subject to finance lease, short term borrowings and accrued mark-up.

Total equity includes issued, subscribed and paid-up share capital, share premium reserves and accumulated profits.

## 44 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:

| Name of company | Relationship | Nature of transactions | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **Deharki Sugar Mills** | **Subsidiary Company** | | | |
| **(Pvt.) Limited** | (Equity held 100%) | | | |
| | | Short term advance - net | 1,339,344,000 | 704,300,000 |
| | | Mark-up expense on short term | | |
| | | advances | 41,830,327 | 1,812,560 |
| | | Mark-up income on short term | | |
| | | advances | 7,364,507 | 3,885,339 |
| | | Sale of sugarcane | 756,603,452 | 1,177,778,578 |
| | | Purchase of bagasse | 276,508,138 | 121,960,452 |
| | | Reimbursement on use of | | |
| | | Company's aircraft | 10,154,064 | 10,827,042 |
| | | Rent on land acquired on lease | 8,585,300 | 3,577,208 |
| | | Purchase of property, plant and | | |
| | | equipment | 927,606 | 1,875,501 |
| | | Proceeds from sale of property, | | |
| | | plant and equipment | – | 4,951,950 |
| | | | | |
| **Sadiqabad Power** | **Subsidiary Company** | Investment in shares | 10,001,000 | – |
| **(Pvt.) Limited** | (Equity held 100%) | Advances for issuance of shares | 3,549,000 | 10,133,876 |
| | | | | |
| **Ghotki Power** | **Subsidiary Company** | Investment in shares | 10,001,000 | – |
| **(Pvt.) Limited** | (Equity held 100%) | Advances for issuance of shares | 3,799,000 | 10,134,581 |
| | | | | |
| **JDW Aviation** | **Associated Company** | Reimbursement of expenses | 13,580,726 | 15,435,344 |
| **(Pvt.) Limited** | (Common directorship) | | | |
| | | | | |
| **Post Employment** | | Provident fund contribution | 153,074,951 | 142,240,446 |
| **Benefit Plans** | | Payment to recognized | | |
| | | gratuity fund | 10,417,866 | 103,648,576 |
| **Key Management** | | | | |
| **Personnel** | | Consultancy services | 11,495,496 | 13,091,751 |

For remuneration and other benefits of Chief Executive, Executive Director and Non-Executive Directors, refer note 41.

## 45 CAPACITY AND PRODUCTION

| | 2018 Tonnes | 2017 Tonnes |
|---|---|---|
| **Sugar** | | |
| **Unit I** | | |
| Crushing capacity | 3,000,000 | 3,000,000 |
| Sugar production | 409,507 | 357,733 |
| | | |
| **Unit II** | | |
| Crushing capacity | 1,500,000 | 1,500,000 |
| Sugar production | 255,879 | 247,926 |
| | | |
| **Unit III** | | |
| Crushing capacity | 2,100,000 | 2,100,000 |
| Sugar production | 223,325 | 207,747 |

The crushing capacity is based on 150 days (2017: 150 days).

| | 2018 MWh | 2017 MWh |
|---|---|---|
| **Co - Generation Power** | | |
| **Unit II** | | |
| Installed capacity (based on 8,760 hours) | 233,016 | 233,016 |
| Energy generated / produced | 211,109 | 210,593 |
| Energy delivered to Central Power Purchasing Agency (Guarantee) Limited | 176,740 | 176,561 |
| | | |
| **Unit III** | | |
| Installed capacity (based on 8,760 hours) | 235,031 | 235,031 |
| Energy generated / produced | 210,533 | 199,005 |
| Energy delivered to Central Power Purchasing Agency (Guarantee) Limited | 187,007 | 169,778 |

| | 2018 | | 2017 | |
|---|---|---|---|---|
| **Corporate Farms** | **Area** | **Acres** | **Area** | **Acres** |
| Land | Punjab & Sindh | 30,590 | Punjab & Sindh | 32,287 |
| Land under cultivation | Punjab & Sindh | 23,300 | Punjab & Sindh | 22,208 |

## 46 PROVIDENT FUND TRUST

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

| | Unit | 30 June 2018 | 30 June 2017 |
|---|---|---|---|
| Size of fund - total assets | Rupees | 494,153,551 | 513,948,597 |
| Cost of investments made | Rupees | 468,510,420 | 465,684,299 |
| Percentage of investments made | Percentage | 94.81% | 90.61% |
| Fair value of investment | Rupees | 468,021,289 | 495,895,942 |

The breakup of cost of investments is as follows:

| | 30 June 2018 | | 30 June 2017 | |
|---|---|---|---|---|
| | **Rupees** | **Percentage** | **Rupees** | **Percentage** |
| Investments in mutual funds | 80,000,000 | 17.08% | 226,000,000 | 48.53% |
| Certificate of investment and term deposits receipts | 159,733,562 | 34.09% | 131,068,994 | 28.15% |
| Shares in listed companies | 17,465,713 | 3.73% | 16,286,227 | 3.50% |
| Cash at bank | 211,311,145 | 45.10% | 92,329,078 | 19.82% |
| | 468,510,420 | 100% | 465,684,299 | 100% |

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 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| | 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Equity | | Liabilities | | | | | |
| | Issued, subscribed and paid - up capital | Share premium | Unclaimed Dividend | Redeemable capital - secured | Long term finances - secured | Liabilities against assets subject to financial lease - secured | Short term borrowings | Accrued profit / interest / mark-up |
| | Rupees | | | | | | | |
| **Balance as at 01 October 2017** | 597,766,610 | 678,316,928 | 64,248,402 | 83,333,333 | 12,924,312,947 | 306,472,177 | 10,053,163,155 | 226,191,820 |
| **Changes from financing cash flows** | | | | | | | | |
| Loans received during the year | – | – | – | – | 2,994,149,322 | – | 35,379,544,238 | – |
| Dividends paid | – | – | (209,505,570) | – | – | – | – | – |
| Loan repaid during the year | – | – | – | (83,333,333) | (3,131,999,282) | (167,527,210) | (24,061,224,905) | – |
| | – | – | (209,505,570) | (83,333,333) | (137,849,960) | (167,527,210) | 11,318,319,333 | – |
| **Other changes - Liability related** | | | | | | | | |
| Interest expense for the year | – | – | – | – | – | – | – | 2,252,168,609 |
| Interest paid during the year | – | – | – | – | – | – | – | (1,943,734,214) |
| Dividend approved | – | – | 179,329,983 | – | – | – | – | – |
| Net change in cash and cash equivalent | – | – | – | – | – | – | 2,182,203,028 | – |
| Assets acquired on finance lease | – | – | – | – | – | 111,014,544 | – | – |
| **Total liability-related other changes** | – | – | 179,329,983 | – | – | 111,014,544 | 2,182,203,028 | 308,434,395 |
| **Balance as at 30 September 2018** | 597,766,610 | 678,316,928 | 34,072,815 | – | 12,786,462,987 | 249,959,511 | 23,553,685,516 | 534,626,215 |

## 48 IMPACT OF RESTATEMENTS ON FINANCIAL STATEMENTS

The impact of the application of the revised standards as stated in note 5.1 and the impact of rate revision by NEPRA as stated in 5.8 on the Company's financial results and financial position is disclosed below:

| | Effects of restatement on financial statements as at 30 September 2016 | | |
|---|---|---|---|
| | As per audited financial statements | Effect of restatements | Restated amount |
| | | Rupees | |
| **Statement of financial position** | | | |
| Accumulated profit | 7,044,672,556 | 214,828,442 | 7,259,500,998 |
| Trade debts - unsecured | 1,025,619,160 | (155,189,290) | 870,429,870 |
| Biological assets - non-current assets | 7,279,311 | (7,279,311) | – |
| Property, plant and equipment | 19,541,735,582 | 377,297,043 | 19,919,032,625 |

| | Effects of restatement on financial statements for the year ended 30 September 2017 | | |
|---|---|---|---|
| | As per audited financial statements | Effect of restatements | Restated amount |
| | | Rupees | |
| **Statement of financial position** | | | |
| Accumulated profit | 7,152,880,785 | 190,657,033 | 7,343,537,818 |
| Property, plant and equipment | 21,058,980,010 | 417,771,278 | 21,476,751,288 |
| Trade debts - unsecured | 3,234,430,508 | (293,213,255) | 2,941,217,253 |
| Biological assets - non-current assets | 14,595,399 | (14,595,399) | – |
| Advance tax - net | 784,949,809 | 6,454,393 | 791,404,202 |
| Deferred taxation | 1,818,467,413 | (64,483,630) | 1,753,983,783 |
| Trade and other payables | 8,310,801,726 | (9,756,386) | 8,301,045,340 |
| | | | |
| **Statement of Profit or loss** | | | |
| Gross sales | 50,100,348,657 | (138,023,965) | 49,962,324,692 |
| Cost of sales | (40,676,688,988) | (130,736,429) | (40,807,425,417) |
| Other expenses | (149,375,356) | (17,152,907) | (166,528,263) |
| Other income | 407,154,597 | 163,894,576 | 571,049,173 |
| Taxation | (662,239,586) | 70,938,023 | (591,301,563) |
| Earning per share | 26.98 | (0.41) | 26.57 |
| | | | |
| **Statement of Cash flow** | | | |
| Profit before taxation | 2,274,807,348 | (95,109,432) | 2,179,697,916 |
| Adjustments for non-cash and other items | 3,071,073,555 | (52,642,906) | 3,018,430,649 |
| (Increase) / decrease in current assets | (6,496,900,432) | 309,234,629 | (6,187,665,803) |
| Cash flows from investing activities | (2,596,053,437) | (161,482,291) | (2,757,535,728) |

## 49 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

| | Total employees | |
|---|---|---|
| | **2018** | **2017** |
| Average number of employees during the year | 7,435 | 8,517 |
| Total number of employees as at 30 September | 5,874 | 6,194 |

| | Factory employees | |
|---|---|---|
| | **2018** | **2017** |
| Average number of employees during the year | 7,178 | 8,265 |
| Total number of employees as at 30 September | 5,620 | 5,934 |

## 50 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 07 January 2019 by the Board of Directors of the Company.

## 51 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made, except for as required by additional requirements of Companies Act, 2017.

Chief Financial Officer | Chief Executive | Director

# Consolidated
# **Financial Statements**

for the year ended 30 September 2018

# 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, 2018.

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 Subsidiary 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 Subsidiary 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 Subsidiary 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, 2018 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 2018** | **30 September 2017** |
|---|---|---|
| | **(Rs. in Million)** | |
| Gross Sales | 48,465 | 57,054 |
| Net Sales | 44,531 | 51,631 |
| Operating Profit | 2,178 | 4,170 |
| (Loss) / Profit before Tax | (544) | 2,213 |
| (Loss) / Profit after Tax | (760) | 1,828 |

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.

07 January 2019
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 آڈیٹڈ مالیاتی رپورٹ برائے سال 30 ستمبر 2018 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 2018 پاکستان میں منظور شدہ اکاؤنٹنگ سٹینڈرڈ 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 2018 | 30 ستمبر 2017 |
|---|---|---|
| | (ملین روپے) | |
| مجموعی فروخت | 48,465 | 57,054 |
| خالص فروخت | 44,531 | 51,631 |
| کارکردگی منافع | 2,178 | 4,170 |
| قبل از ٹیکس خسارہ / منافع | (544) | 2,213 |
| بعد از ٹیکس خسارہ / منافع | (760) | 1,828 |

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

۷ جنوری ۲۰۱۹

لاہور | چیف ایگزیکیٹیو | ڈائریکٹر

KPMG

**KPMG Taseer Hadi & Co.**
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# Independent **Auditors' Report**

To the members of JDW Sugar Mills Limited

### Opinion

We have audited the annexed consolidated financial statements of JDW Sugar Mills Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 September 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

### Basis for Opinion

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

### 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.

### Key Audit Matters

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

Following are the Key audit matters:

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1 | **Revenue recognition**<br>Refer to notes 5.9 and 31 to the consolidated financial statements.<br><br>The Group principally generates revenue from sale of sugar, agriculture produce and electricity in the domestic market. Additionally revenue is also generated from sale of sugar in the international market.<br><br>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets. | Our audit procedures, amongst others, included the following:<br>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales;<br>• assessing the appropriateness of the Group's accounting policy for recording of sales and compliance of the policy with applicable accounting standards;<br>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;<br>• comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;<br>• comparing a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited (''CPPA-G'') and assessed whether the sale was recorded in the appropriate accounting period;<br>• for a sample of invoices, recalculating the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA);<br>• inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and<br>• scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation. |
| 2 | **Capitalization of property, plant and equipment**<br>Refer notes 5.2 and 19 to the consolidated financial statements.<br><br>The Group has made significant capital expenditure on balancing, modernization and replacement of plant and equipment.<br><br>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year. | Our audit procedures, amongst others, included the following:<br>• obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over capital expenditure;<br>• comparing, on sample basis, the costs incurred on projects with supporting documentation and contracts;<br>• assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and |

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | | • inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation. |
| 3 | **Valuation of stock-in-trade**<br>Refer notes 5.5 and 27 to the consolidated financial statements.<br><br>The balance of gross stock-in-trade at 30 September 2018 was Rs. 24,252.93 million.<br><br>We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock -in-trade. | Our audit procedures, amongst others, included the following:<br>• assessing the appropriateness of Groups's accounting policy for valuation of stock-in-trade and compliance of the policy with the requirements of the prevailing accounting standards;<br>• obtaining an understanding of internal controls over valuation of stock-in-trade and testing, on a sample basis, their design, implementation and operating effectiveness;<br>• obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices and costs necessary to make the sales and their basis; and<br>• comparing the NRV, on a sample basis, to the cost of stock-in-trade to assess whether any adjustments are required to the value of stock in trade in accordance with the accounting policy. |
| 4 | **Growing cane valuation**<br>Refer note 25 to the consolidated financial statements.<br><br>The Group's biological assets include standing cane, wheat and guar crops which are measured at fair value less costs to sell.<br><br>The carrying value of the growing cane as at 30 September 2018 was Rs. 2,024.70 million.<br><br>Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to a lack of relevant and reliable observable inputs. Consequently, we have determined the valuation of growing cane to be a key audit matter. | Our audit procedures, amongst others, included the following:<br>• assessing the design and implementation of the controls around the valuation of the biological assets;<br>• assessing the appropriateness of the principles used in the valuation of growing cane, and analyzing the significant assumptions used by management in their valuation models;<br>• evaluating the Group's inputs used in calculating the estimated cash flows by comparing them with historical performance and the Group's plans;<br>• involving our own valuation specialist to assist in evaluating the appropriateness of the discount rates used, which included comparing the discount rate with sector averages for the relevant markets in which the Group operates; and<br>• evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities. |

| Sr. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 5 | **Impairment assessment of Goodwill**<br>Goodwill of Rs. 1,073.94 million was recognized on business acquisition undertaken by the Group as disclosed in note 21.1 to the consolidated financial statements.<br><br>The testing is subject to estimates and judgements made by the management with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate.<br><br>We identified impairment testing of goodwill as a key audit matter because significant degree of management judgement is involved in assessing its recoverable amount. | Our audit procedures, amongst others, included the following:<br>• discussing with the management key assumptions used in valuation model and testing the mathematical accuracy of the model;<br>• involving our internal valuation specialists to assist us in evaluating the assumptions and judgements adopted by the management relating to growth rate, terminal values and the discount rate used to derive the recoverable amount of goodwill;<br>• comparing the recoverable amount with the goodwill recognized to identify impairment, if any; and<br>• assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting standards. |

**Information other than the Financial Statements and Auditor's Report thereon**

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 September 2018, but does not include the consolidated and unconsolidated financial statements and our Auditors' report thereon.

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

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

**Responsibilities of Management and Board of Directors for the Consolidated Financial Statements**

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG Taseer Hadi & Co.
Chartered Accountants

07 January 2019
Lahore

**KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan** and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (''KPMG International''), a Swiss entity.

# Consolidated **Statement of Financial Position**

| | Note | 2018 Rupees | 2017 Rupees Restated | 2016 Rupees Restated |
|---|---|---|---|---|
| **SHARE CAPITAL AND RESERVES** | | | | |
| Share capital | 7 | 597,766,610 | 597,766,610 | 597,766,610 |
| Share premium reserve | 8 | 678,316,928 | 678,316,928 | 678,316,928 |
| Accumulated profit | | 7,553,230,137 | 8,499,933,160 | 8,172,314,009 |
| Equity attributable to owners of the Parent | | 8,829,313,675 | 9,776,016,698 | 9,448,397,547 |
| Non-controlling interests | 43 | 480,996,662 | 483,176,144 | 486,430,148 |
| | | 9,310,310,337 | 10,259,192,842 | 9,934,827,695 |
| **NON-CURRENT LIABILITIES** | | | | |
| Redeemable capital - secured | 9 | – | – | 83,333,333 |
| Long term finances - secured | 10 | 11,046,944,471 | 10,162,313,674 | 10,103,138,981 |
| Liabilities against assets subject to | | | | |
| finance lease - secured | 11 | 144,677,914 | 153,047,674 | 495,823,654 |
| Deferred taxation | 12 | 1,679,775,836 | 1,743,972,922 | 1,869,360,530 |
| Retirement benefits | 13 | 53,784,119 | 36,372,935 | 106,839,313 |
| | | 12,925,182,340 | 12,095,707,205 | 12,658,495,811 |
| **CURRENT LIABILITIES** | | | | |
| Short term borrowings - secured | 14 | 27,855,950,339 | 13,783,388,645 | 3,594,347,767 |
| Current portion of non-current liabilities | 15 | 4,714,800,113 | 3,606,729,189 | 3,816,448,480 |
| Trade and other payables | 16 | 11,723,684,739 | 9,285,217,661 | 7,934,497,077 |
| Unclaimed dividend | | 34,072,815 | 64,248,402 | 27,794,069 |
| Accrued profit / interest / mark-up | 17 | 642,496,578 | 277,241,631 | 132,500,195 |
| | | 44,971,004,584 | 27,016,825,528 | 15,505,587,588 |
| **CONTINGENCIES AND COMMITMENTS** | 18 | | | |
| | | 67,206,497,261 | 49,371,725,575 | 38,098,911,094 |

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Financial Officer

| | Note | 2018 Rupees | 2017 Rupees Restated | 2016 Rupees Restated |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | 19 | 27,235,277,171 | 26,666,360,569 | 24,581,066,461 |
| Investment property | 20 | 218,599,597 | 218,599,597 | 196,467,698 |
| Intangibles | 21 | 1,073,947,842 | 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 | 37,552,439 | 55,042,065 | 111,510,138 |
| | | 28,565,377,049 | 28,019,290,715 | 25,985,573,355 |
| **CURRENT ASSETS** | | | | |
| Biological assets | 25 | 2,024,707,028 | 2,282,737,798 | 2,240,966,107 |
| Stores, spare parts and loose tools | 26 | 1,579,713,636 | 1,712,412,677 | 1,335,033,812 |
| Stock-in-trade | 27 | 24,252,933,912 | 11,331,790,869 | 5,287,410,535 |
| Trade debts - unsecured considered good | 28 | 6,118,517,116 | 3,294,827,101 | 890,823,609 |
| Advances, deposits, prepayments and other receivables | 29 | 3,583,613,379 | 1,734,614,036 | 1,543,949,118 |
| Advance tax - net | | 956,005,124 | 825,347,483 | 783,413,904 |
| Cash and bank balances | 30 | 125,630,017 | 170,704,896 | 31,740,654 |
| | | 38,641,120,212 | 21,352,434,860 | 12,113,337,739 |
| | | 67,206,497,261 | 49,371,725,575 | 38,098,911,094 |

Chief Executive

Director

# Consolidated **Statement of Profit or Loss**

For the year ended 30 September 2018

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **Gross sales** | | 48,465,077,640 | 57,053,715,559 |
| Sales tax and others | | (3,934,383,590) | (5,422,413,247) |
| **Net sales** | 31 | 44,530,694,050 | 51,631,302,312 |
| Cost of sales | 32 | (41,244,607,208) | (46,526,885,012) |
| **Gross profit** | | 3,286,086,842 | 5,104,417,300 |
| | | | |
| Administrative expenses | 33 | (1,195,679,302) | (1,273,545,024) |
| Selling expenses | 34 | (439,187,556) | (90,520,675) |
| Other income | 35 | 534,236,589 | 598,898,339 |
| Other expenses | 36 | (7,580,596) | (169,386,635) |
| | | (1,108,210,865) | (934,553,995) |
| **Profit from operations** | | 2,177,875,977 | 4,169,863,305 |
| | | | |
| Finance cost | 37 | (2,722,018,412) | (1,956,637,158) |
| **(Loss) / profit before taxation** | | (544,142,435) | 2,213,226,147 |
| Taxation | 38 | (216,045,889) | (384,944,407) |
| **(Loss) / profit after taxation** | | (760,188,324) | 1,828,281,740 |
| | | | |
| **Attributable to:** | | | |
| Owners of the Parent Company | | (758,008,842) | 1,831,717,792 |
| Non-controlling interests | 43 | (2,179,482) | (3,436,052) |
| | | (760,188,324) | 1,828,281,740 |

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

# Consolidated **Statement of Comprehensive Income**

For the year ended 30 September 2018

| | Note | 2018<br>Rupees | 2017<br>Rupees<br>Restated |
|---|---|---|---|
| **(Loss) / profit after taxation** | | (760,188,324) | 1,828,281,740 |
| | | | |
| **Other comprehensive loss** | | | |
| | | | |
| **Items that will not be reclassified to profit or loss:** | | | |
| | | | |
| Re-measurement of defined benefit liability | | (13,189,011) | (13,761,357) |
| Related tax | | 3,824,813 | 4,261,289 |
| | | (9,364,198) | (9,500,068) |
| **Total comprehensive (loss) / income for the year** | | (769,552,522) | 1,818,781,672 |
| | | | |
| **Attributable to:** | | | |
| Owners of the Parent Company | | (767,373,040) | 1,822,035,676 |
| Non-controlling interests | 43 | (2,179,482) | (3,254,004) |
| | | (769,552,522) | 1,818,781,672 |

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Financial Officer Chief Executive Director

# Consolidated **Statement of Cash Flow**

For the year ended 30 September 2018

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Cash used in operations** | 39 | (10,664,184,909) | (1,720,079,631) |
| | | | |
| Taxes paid | | (406,658,808) | (548,004,314) |
| Staff retirement benefits paid | | (91,233,656) | (191,212,834) |
| Workers' Profit Participation Fund paid | 16.2 | (186,034,175) | (256,311,956) |
| | | (683,926,639) | (995,529,104) |
| **Net cash used in operating activities** | | (11,348,111,548) | (2,715,608,735) |
| | | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| | | | |
| Capital expenditure | | (2,681,536,570) | (3,656,364,428) |
| Long term advances | | 17,194,443 | 22,333,332 |
| Long term deposits | | 17,489,626 | 56,468,073 |
| Proceeds from sale of operating fixed assets | | 562,357,766 | 82,823,382 |
| Proceeds from sale of investment property | | – | 37,437,422 |
| **Net cash used in investing activities** | | (2,084,494,735) | (3,457,302,219) |
| | | | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| | | | |
| Long term finances - net | | 2,040,844,627 | (36,324,745) |
| Short term borrowings - net | | 11,899,298,444 | 9,146,911,624 |
| Finance cost paid | | (2,331,804,996) | (1,769,145,925) |
| Lease rentals paid | | (184,564,351) | (613,732,820) |
| Dividend paid | | (209,505,570) | (1,457,962,192) |
| **Net cash generated from financing activities** | | 11,214,268,154 | 5,269,745,942 |
| **Net decrease in cash and cash equivalents** | | (2,218,338,129) | (903,165,012) |
| **Cash and cash equivalents at beginning of the year** | | (3,232,625,687) | (2,329,460,675) |
| **Cash and cash equivalents at end of the year** | | (5,450,963,816) | (3,232,625,687) |
| | | | |
| Cash and cash equivalents comprise of the following: | | | |
| - Cash and bank balances | | 125,630,017 | 170,704,896 |
| - Running finances and morabaha finances | 14.2 & 14.5 | (5,576,593,833) | (3,403,330,583) |
| | | (5,450,963,816) | (3,232,625,687) |

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Financial Officer　　Chief Executive　　Director

# Consolidated **Statement of Changes In Equity**

For the year ended 30 September 2018

| | Attributable to Owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Reserves | | | | | |
| | | Capital | Revenue | | | | |
| | Share capital | Share premium | Accumulated profit | Sub Total | Total | Non-controlling interests | Total equity |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Balance as at 30 September 2016 – as previously stated** | 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 |
| **Effect of restatement - note 49** | – | – | 214,828,442 | 214,828,442 | 214,828,442 | – | 214,828,442 |
| **Balance as at 30 September 2016 - as restated** | 597,766,610 | 678,316,928 | 8,172,314,009 | 8,850,630,937 | 9,448,397,547 | 486,430,148 | 9,934,827,695 |
| **Total comprehensive income for the year** | | | | | | | |
| Profit / (loss) for the year ended 30 September 2017 | – | – | 1,831,717,792 | 1,831,717,792 | 1,831,717,792 | (3,436,052) | 1,828,281,740 |
| 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) |
| | – | – | 1,822,035,676 | 1,822,035,676 | 1,822,035,676 | (3,254,004) | 1,818,781,672 |
| **Transactions with owners of the Parent 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 – restated** | 597,766,610 | 678,316,928 | 8,499,933,160 | 9,178,250,088 | 9,776,016,698 | 483,176,144 | 10,259,192,842 |
| **Total comprehensive loss for the year** | | | | | | | |
| Loss for the year ended 30 September 2018 | – | – | (758,008,842) | (758,008,842) | (758,008,842) | (2,179,482) | (760,188,324) |
| Other comprehensive loss for the year ended 30 September 2018 - net of tax | – | – | (9,364,198) | (9,364,198) | (9,364,198) | – | (9,364,198) |
| | – | – | (767,373,040) | (767,373,040) | (767,373,040) | (2,179,482) | (769,552,522) |
| **Transactions with owners of the Parent Company** | | | | | | | |
| Final cash dividend for the year ended 30 September 2017 @ Rs. 3.00 per share – | – | (179,329,983) | (179,329,983) | (179,329,983) | – | (179,329,983) | |
| **Balance as at 30 September 2018** | 597,766,610 | 678,316,928 | 7,553,230,137 | 8,231,547,065 | 8,829,313,675 | 480,996,662 | 9,310,310,337 |

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Chief Financial Officer

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 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.

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.

**1.2** 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 Subsidiary Company.

**1.3** Faruki Pulp Mills Limited ("the Subsidiary Company") was incorporated in Pakistan on 20 October 1991 as a public limited company. FPML 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 holds 57.67% shares 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 statement of financial position 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 doubt on FPML's ability to continue as a going concern and, therefore, FPML may be unable to realize its assets and discharge its liabilities in the normal course of business. However, financial statements of FPML are 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 2021. Statutory auditors of FPML in their audit report on the financial statements of FPML for the year ended 30 September 2018 have included emphasis of matter paragraph referring this matter in their audit report.

**1.4** Sadiqabad Power (Private) Limited ("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 co-generation power plants. The registered office of the Subsidiary Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Holding Company holds 100% shares of the Subsidiary Company.

**1.5** Ghotki Power (Private) Limited ("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 co-generation power plants. The registered office of the Subsidiary Company is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore. The Holding Company holds 100% shares of the Subsidiary Company.

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

## 2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

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

- The Group has incurred capital expenditure of Rs. 2,820 million as part of balancing, modernization and replacement.
- Obtained further long term finance from various financial institution amounting to Rs. 5,494 million.
- Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fourth schedule of the Companies Act, 2017, some of the amounts reported for the previous period have been reclassified.

## 3 BASIS OF PREPARATION

### 3.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 September 2018 and the audited financial statements of the subsidiaries for the period ended 30 September 2018.

### 3.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for the following:

- Certain financial instruments which are measured at fair value;
- Retirement benefits at present value; and
- Biological assets which are measured at fair value less costs to sell at the point of harvest.

### 3.4 Functional and presentation currency

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

## 4 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:

### 4.1 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.

### 4.2 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.

### 4.3 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.

### 4.4 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.

### 4.5 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 statement of financial position date.

### 4.6 Employee benefits

The Group operates approved funded gratuity scheme for the Holding Company and unfunded gratuity scheme for the Subsidiary Company ("FPML") covering eligible 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.

### 4.7 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 estimates of recoverable amount is made on annual basis.

### 4.8 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 effect on the amortization charge and impairment.

### 4.9 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.

### 4.10 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 statement of profit or loss.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these financial statements except as disclosed in note 5.2.

### 5.1 Basis of consolidation

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

**Subsidiaries**

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

**Non-controlling interests**

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

Changes in the Holding Company's interest in 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 statement of profit or loss. 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 associate is reviewed at each statement of financial position 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 statement of profit or loss. 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 statement of profit or loss.

**5.2 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 5.14.

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 statement of profit or loss during the period in which they are incurred.

The amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16 and not at fair value as previously measured.

The Group's sugarcane roots qualify as bearer plants under the definition in IAS 41 Agriculture and are therefore accounted for under the rules for property, plant and equipment.

Sugarcane roots are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalised to sugarcane roots include preparing the land, maintaining a source of seed cane, planting the seed cane and costs related to establishing new area under cane. Depreciation of bearer plants commence when they are ready for their intended use. Costs incurred for infilling including block infilling are generally recognized in the statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 6 years.

Depreciation is charged to statement of profit or loss 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 19.1, except that straight-line method is used for assets related to Corporate Farms. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

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 statement of financial position 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 statement of profit or loss. 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.

### 5.3 Intangibles

**Goodwill**

Goodwill arising on the acquisition of the subsidiaries is measured 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.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates.

### 5.4 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.

### 5.5 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 statement of financial position 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.

The cost of harvested crops transferred from biological assets to stock-in-trade is its fair value less cost to sell at the date of harvest.

### 5.6 Biological assets

Consumable biological assets, comprising standing sugarcane, wheat and guar, are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using Holding Company's weighted average cost of capital. Significant assumptions used are stated in note 25.1 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.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing cane, wheat and guar are accounted for as biological assets until the point of harvest. Sugarcane, wheat and guar are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of sugarcane, wheat and guar are recognized in the statement of profit or loss.

### 5.7 Employee benefits

**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.

**Defined benefit plans**

The Holding Company and FPML operates an approved 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 statement of profit or loss.

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 Other Comprehensive Income. 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 statement of profit or loss.

### 5.8 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 recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

**5.9 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; sale of goods comprise the sale of sugar, agriculture produce and agri inputs;
- Revenue from the sale of electricity is recognized on transmission of electricity;
- Rental income are recognized on accrual basis and is disclosed under other income in the consolidated statement of profit or loss;
- Dividend income is recognized when the Group's right to receive the dividend is established and included in operating profit in the statement of profit or loss as part of other income;
- Interest income is recognized as and when accrued on effective interest method. Interest income is disclosed under other income in the consolidated statement of profit or loss.
- Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

NEPRA in its review decision in the matter of Quarterly Indexations of Tariff for all Bagasse Based Co-Generation Power Plants including the Holding Company, identified that it has made an inadvertent calculation error in the debt servicing component approved in a number of quarterly indexation decisions of the Holding Company and decided to rectify the same under Section 7 of Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 read with Regulation 3 of National Electric Power Regulatory Authority (Review Procedure) Regulations, 2009. Accordingly, the debt servicing components were revised and deemed replaced retrospectively.

**5.10 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 statement of financial position date and adjusted to reflect the current best estimate.

**5.11 Leases**

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

**Finance leases**

Finance leases are stated at amounts equal to the fair value or, if lower, the present value of the minimum lease payments. The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance cost is charged to statement of profit or loss.

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.

**5.12 Financial instruments**

Financial instruments recognised on the statement of financial position include investments, long-term loans and receivables, derivative instruments, trade and other receivables, cash and cash equivalents, trade and other payables and interest-bearing debt.

The Group classifies its financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group classifies its financial liabilities apart from derivatives as other financial liabilities. Derivative financial liabilities are classified as financial liabilities at fair value through profit or loss.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss comprise derivative instruments. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognised in the statement of profit or loss in the period in which they arise.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss comprise derivative instruments. Gains or losses arising from changes in the fair value of the derivatives at fair value through profit or loss are recognised in the statement of profit or loss in the period in which they arise.

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

**Other financial liabilities**

Other financial liabilities consist of trade and other payables and interest-bearing borrowings. These represent financial liabilities which are not classified as financial liabilities at fair value through profit or loss. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current liabilities.

**Derecognition**

Financial assets (or a portion thereof) are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership. On derecognition, the difference between the carrying amount of the financial asset and the proceeds receivable is included in the statement of profit or loss.
Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, and any amount paid is included in the statement of profit or loss.

**Recognition and measurement**

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and other financial liabilities are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of profit or loss in the period in which they arise. Dividend income from these assets is recognised in the statement of profit or loss when the Group's right to receive payment is established.

**Impairment of financial assets**

**Assets carried at amortised cost**

The Group assesses at the end of each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

**Loans and receivables**

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

**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.

**Cash and cash equivalents**

For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand, bank balances, running finances and morabaha finances which are stated in the statement of financial position at cost.

**Mark-up bearing borrowings**

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

**Offsetting of financial assets and financial liabilities**

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

### 5.13 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 statement of profit or loss.

### 5.14 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 statement of profit or loss as incurred.

### 5.15 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 statement of profit or loss.

### 5.16 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 statement of financial position 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 statement of profit or loss 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.

### 5.17 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.

### 5.18 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 segment, Co-Generation segment, Corporate farms segment and Other segment.

## 6 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

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

**6.1.1** 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 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:

| | 2018<br>Rupees | 2017<br>Rupees |
|---|---|---|
| De-recognition of property, plant and equipment | (4,897,686,962) | (5,188,050,413) |
| Recognition of lease debtor | 6,516,865,697 | 6,792,460,189 |
| Increase in deferred tax liability | 469,561,833 | 481,322,933 |
| | | |
| Increase in un-appropriated profit at beginning of the year | 513,825,774 | 276,877,594 |
| (Decrease) / increase in profit for the year | (21,397,049) | 236,948,180 |
| Increase in un-appropriated profit at end of the year | 492,428,725 | 513,825,774 |

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

With effect from 1 January 2018, Companies Act, 2017 has become applicable. The new Act specified certain additional disclosures to be included in these consolidated financial statements. Accordingly, the Group has presented the required disclosures in these consolidated financial statements and represented certain comparatives. However there was no change in the reported amounts of consolidated statement of profit or loss and other comprehensive income or the amounts presented in the consolidated statement of financial position due to these re-presentations. Further, significant reclassifications / representations include unclaimed dividend and dividend payable which were previously classified under trade and other payables have now been presented separately in the consolidated statement of financial position.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

- 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 Group'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. The application of interpretation is not likely to have an impact on Group's financial statements.

- 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 application of interpretation is not likely to have an impact on Group's financial statements.

- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Group is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-statement of financial position lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect Group that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in statement of other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

  Annual Improvements to IFRS 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a Group increases its interest in a joint operation that meets the definition of a business. A Group remeasures its previously held interest in a joint operation when it obtains control of the business. A Group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a Group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale

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

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **7** | **SHARE CAPITAL** | | |
| **7.1** | **Authorized share capital** | | |
| | 75,000,000 (2017: 75,000,000) voting ordinary shares of Rs. 10 each | 750,000,000 | 750,000,000 |
| | 25,000,000 (2017: 25,000,000) preference shares of Rs. 10 each | 250,000,000 | 250,000,000 |
| | | 1,000,000,000 | 1,000,000,000 |
| **7.2** | **Issued, subscribed and paid up share capital** | | |
| | 32,145,725 (2017: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash | 321,457,250 | 321,457,250 |
| | 27,630,936 (2017: 27,630,936) voting bonus shares of Rs. 10 each fully paid | 276,309,360 | 276,309,360 |
| | | 597,766,610 | 597,766,610 |

Mr. Jahangir Khan Tareen (Executive Director) holds 12,802,293 (2017: 13,042,293) and Mukhdoom Syed Ahmed Mahmud (Non-Executive Director) holds 15,843,932 (2017: 15,603,932) ordinary shares of Rs. 10 each representing 21.42% (2017: 21.82%) and 26.51% (2017: 26.10%) of the paid up capital of the Holding Company respectively.

## 8 SHARE PREMIUM RESERVE

This reserve can be utilized by the Group only for the purposes specified in section 81 (2) and 81 (3) of the Companies Act, 2017.

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **9 REDEEMABLE CAPITAL - SECURED** | | | |
| Privately Placed Term Finance Certificates - II | 9.1 | – | 83,333,333 |
| Current portion of non-current liabilities | 15 | – | (83,333,333) |
| | | – | – |

**9.1 Privately Placed Term Finance Certificates - II**

During the period, the Holding Company has fully repaid to TFC holders an amount of Rs. 83.33 million (2017: Rs. 111.11 million). These carried mark-up at three months KIBOR plus 100 bps per annum (2017: three months KIBOR plus 100 bps per annum).

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **10 LONG TERM FINANCES - SECURED** | | | |
| Markup-up bearing finances from conventional bank | 10.1.1 | 9,950,302,716 | 11,036,355,145 |
| Islamic mode of financing | 10.1.2 | 5,706,160,271 | 2,495,929,882 |
| | 10.1 & 10.2 | 15,656,462,987 | 13,532,285,027 |
| Current maturity presented under current liabilities: | | | |
| - Mark-up bearing finances from conventional bank | | (3,394,290,948) | (3,044,971,353) |
| - Islamic mode of financing | | (1,215,227,568) | (325,000,000) |
| | 15 | (4,609,518,516) | (3,369,971,353) |
| | | 11,046,944,471 | 10,162,313,674 |

10.1 **Long term finances - secured**

| | | Mark-up basis | Limit | Loan duration | Grace period | Year of loan maturity | Principal outstanding 2018 | Principal outstanding 2017 |
|---|---|---|---|---|---|---|---|---|
| | | | Rupees | Years | Years | | Rupees | Rupees |
| **10.1.1** | **Mark-up bearing finances from conventional bank** | | | | | | | |
| | MCB Bank Limited - Led Syndicate | | | | | | | |
| | MCB Bank Limited | 3mk + 1.00 | 1,000,000,000 | 7 Years | 1.5 Years | 2020 | 363,636,363 | 545,454,545 |
| | United Bank Limited | 3mk + 1.00 | 500,000,000 | 7 Years | 1.5 Years | 2020 | 181,818,179 | 272,727,273 |
| | Allied Bank Limited | 3mk + 1.00 | 940,000,000 | 7 Years | 1.5 Years | 2020 | 341,818,180 | 512,727,272 |
| | Askari Bank Limited | 3mk + 1.00 | 500,000,000 | 7 Years | 1.5 Years | 2020 | 181,818,179 | 272,727,271 |
| | Habib Metropolitan Bank | 3mk + 1.00 | 100,000,000 | 7 Years | 1.5 Years | 2020 | 36,363,637 | 54,545,455 |
| | The Bank of Punjab | 3mk + 1.00 | 800,000,000 | 7 Years | 1.5 Years | 2020 | 290,909,090 | 436,363,636 |
| | JS Bank Limited | 3mk + 1.00 | 150,000,000 | 7 Years | 1.5 Years | 2020 | 54,545,459 | 81,818,185 |
| | Meezan Bank Limited | 3mk + 1.00 | 350,000,000 | 7 Years | 1.5 Years | 2020 | 127,156,290 | 190,734,434 |
| | | | 4,340,000,000 | | | | 1,578,065,377 | 2,367,098,071 |
| | United Bank Limited - Led Syndicate | | | | | | | |
| | United Bank Limited | 3mk + 1.00 | 1,020,000,000 | 7 Years | 1.5 Years | 2018 | – | 40,772,080 |
| | Faysal Bank Limited | 3mk + 1.00 | 700,000,000 | 7 Years | 1.5 Years | 2018 | – | 28,000,000 |
| | The Bank of Punjab | 3mk + 1.00 | 340,000,000 | 7 Years | 1.5 Years | 2018 | – | 13,600,000 |
| | Soneri Bank Limited | 3mk + 1.00 | 140,000,000 | 7 Years | 1.5 Years | 2018 | – | 5,600,000 |
| | Meezan Bank Limited | 3mk + 1.00 | 250,000,000 | 7 Years | 1.5 Years | 2018 | – | 10,000,000 |
| | | | 2,450,000,000 | | | | – | 97,972,080 |
| | Pak Oman Investment Company Limited (I) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2020 | 175,000,000 | 275,000,000 |
| | Pak Oman Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2022 | 375,000,000 | 475,000,000 |
| | The Bank of Punjab (I) | 3mk + 1.00 | 300,000,000 | 06 Years | 01 Year | 2020 | 119,985,680 | 179,985,680 |
| | The Bank of Punjab (II) | 3mk + 1.00 | 700,000,000 | 06 Years | 01 Year | 2020 | 280,000,000 | 420,000,000 |
| | The Bank of Punjab (III) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2021 | 375,000,000 | 500,000,000 |
| | The Bank of Punjab (IV) | 3mk + 1.00 | 750,000,000 | 05 Years | 01 Year | 2023 | 749,885,094 | – |
| | The Bank of Punjab (V) | 3mk + 1.00 | 500,000,000 | 05 Years | – | 2021 | 300,000,000 | 400,000,000 |
| | MCB Bank Limited (NIB) | 3mk + 1.00 | 500,000,000 | 05 Years | – | 2020 | 155,074,890 | 258,458,150 |
| | Pak Libya Holding Company Limited | 3mk + 1.00 | 100,000,000 | 05 Years | – | 2020 | 45,000,000 | 65,000,000 |
| | National Bank of Pakistan Limited (I) | 3mk + 1.00 | 1,000,000,000 | 05 Years | 01 Year | 2020 | 562,500,000 | 812,500,000 |
| | National Bank of Pakistan Limited (II) | 3mk + 0.50 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 1,000,000,000 | 965,966,161 |
| | Soneri Bank Limited (I) | 3mk + 1.00 | 300,000,000 | 05 Years | – | 2021 | 180,000,000 | 240,000,000 |
| | Soneri Bank Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 500,000,000 | 500,000,000 |
| | Faysal Bank Limited (I) | 6mk + 1.00 | 500,000,000 | 05 Years | – | 2018 | – | 125,000,000 |
| | Faysal Bank Limited (II) | 3mk + 1.00 | 650,000,000 | 06 Years | – | 2020 | 189,583,339 | 297,916,671 |
| | Faysal Bank Limited (III) | 3mk + 1.00 | 500,000,000 | 05 Years | – | 2018 | – | 166,666,664 |
| | Faysal Bank Limited (IV) | 3mk + 1.00 | 1,000,000,000 | 03 Years | – | 2019 | 333,333,336 | 666,666,668 |
| | Pak Brunei Investment Company Limited (I) | 3mk + 1.00 | 200,000,000 | 6.5 Years | 1.5 Years | 2017 | – | 3,750,000 |
| | Pak Brunei Investment Company Limited (II) | 3mk + 1.00 | 500,000,000 | 06 Years | 01 Year | 2024 | 500,000,000 | – |
| | Pak Brunei Investment Company (III) | 3mk + 1.00 | 200,000,000 | 05 Years | – | 2020 | 70,000,000 | 110,000,000 |
| | Standard Chartered Bank (Pakistan) Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | – | 2021 | 550,000,000 | 750,000,000 |
| | Askari Bank Limited (I) | 3mk + 1.00 | 300,000,000 | 05 Years | – | 2021 | 165,000,000 | 225,000,000 |
| | Askari Bank Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 500,000,000 | – |
| | Askari Bank Limited (III) | 3mk + 1.00 | 175,000,000 | 05 Years | 01 Year | 2023 | 175,000,000 | – |
| | MCB Bank Limited | 3mk + 1.00 | 1,000,000,000 | 05 Years | 02 Years | 2021 | 634,375,000 | 634,375,000 |
| | Habib Bank Limited | 6mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2021 | 437,500,000 | 500,000,000 |
| | | | 14,175,000,000 | | | | 8,372,237,339 | 8,571,284,994 |
| | | | 20,965,000,000 | | | | 9,950,302,716 | 11,036,355,145 |
| **10.1.2** | **Islamic mode of financing** | | | | | | | |
| | Dubai Islamic Bank Pakistan Limited (I) | 3mk + 1.00 | 500,000,000 | 5.5 Years | 0.5 Year | 2020 | 134,000,000 | 234,000,000 |
| | Dubai Islamic Bank Pakistan Limited (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2021 | 343,750,000 | 468,750,000 |
| | Askari Bank Limited (Islamic) (I) | 6mk + 1.00 | 300,000,000 | 06 Years | 01 Year | 2020 | 120,000,000 | 180,000,000 |
| | Askari Bank Limited (Islamic) (II) | 3mk + 1.00 | 200,000,000 | 05 Years | – | 2021 | 110,000,000 | 150,000,000 |
| | Askari Bank Limited (Islamic) (III) | 3mk + 1.00 | 250,000,000 | 05 Years | 01 Year | 2023 | 250,000,000 | – |
| | Faysal Bank Limited (Islamic) (I) | 3mk + 1.00 | 750,000,000 | 05 Years | 01 Year | 2023 | 750,000,000 | – |

| | Mark-up basis | Limit | Loan duration | Grace period | Year of loan maturity | Principal outstanding 2018 | Principal outstanding 2017 |
|---|---|---|---|---|---|---|---|
| | | Rupees | Years | Years | | Rupees | Rupees |
| Faysal Bank Limited (Islamic) (II) | 3mk + 1.00 | 500,000,000 | 05 Years | 01 Year | 2022 | 500,000,000 | – |
| Bank Alfalah Limited (Islamic) | 3mk + 0.90 | 500,000,000 | 05 Years | 01 Year | 2022 | 498,410,271 | 463,179,882 |
| National Bank of Pakistan (Islamic) | 3mk + 0.50 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 1,000,000,000 | 1,000,000,000 |
| MCB Islamic Bank Limited | 3mk + 0.85 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 1,000,000,000 | – |
| Al Baraka Bank Limited | 3mk + 0.80 | 1,000,000,000 | 05 Years | 01 Year | 2022 | 1,000,000,000 | – |
| | | 6,500,000,000 | | | | 5,706,160,271 | 2,495,929,882 |
| | | 27,465,000,000 | | | | 15,656,462,987 | 13,532,285,027 |

* 3 mk i.e. 3 months KIBOR

**10.2** 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 of Rs. 21,016 million (2017: Rs. 19,522 million) and personal guarantees of sponsor directors of the Group.

## 11 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 | 2018 | | |
|---|---|---|---|---|
| | | **Future minimum lease payments** | **Finance cost for future periods** | **Present value of future minimum lease payments** |
| | | **Rupees** | **Rupees** | **Rupees** |
| Less than one year | 15 | 115,129,719 | 9,848,122 | 105,281,597 |
| Between one and five years | | 152,863,012 | 8,185,098 | 144,677,914 |
| | | 267,992,731 | 18,033,220 | 249,959,511 |

| | Note | 2017 | | |
|---|---|---|---|---|
| | | **Future minimum lease payments** | **Finance cost for future periods** | **Present value of future minimum lease payments** |
| | | **Rupees** | **Rupees** | **Rupees** |
| Less than one year | 15 | 165,224,811 | 11,800,308 | 153,424,503 |
| Between one and five years | | 158,215,952 | 5,168,278 | 153,047,674 |
| | | 323,440,763 | 16,968,586 | 306,472,177 |

Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from three months to one year KIBOR plus 100 bps per annum (2017: three months to one year KIBOR plus 100 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.

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|

## 12 DEFERRED TAXATION

| | | |
|---|---|---|
| Deferred tax liability on taxable temporary differences | | |
| arising in respect of: | | |
| - accelerated tax depreciation on operating fixed assets | 3,349,968,546 | 3,276,101,853 |
| - leased assets | 158,180,423 | 216,526,671 |
| | 3,508,148,969 | 3,492,628,524 |
| Deferred tax asset on deductible temporary differences | | |
| arising in respect of: | | |
| - liabilities against assets subject to finance lease | (72,488,258) | (91,941,653) |
| - provisions for doubtful debts and obsolescence | (24,557,833) | (25,436,603) |
| - impairment of investment in associate | (26,100,000) | (27,000,000) |
| - provision for Workers' Profit Participation Fund | – | (35,648,942) |
| - retirement benefits | (19,238,864) | – |
| - tax losses | (674,921,187) | (164,552,834) |
| - tax credits | (1,011,066,991) | (1,404,075,570) |
| | (1,828,373,133) | (1,748,655,602) |
| | 1,679,775,836 | 1,743,972,922 |

### 12.1 Movement in deferred tax balances is as follows:

| | | |
|---|---|---|
| As at 01 October | 1,743,972,922 | 1,869,360,530 |
| Recognized in statement of profit or loss: | | |
| - accelerated tax depreciation on operating fixed assets | 73,866,693 | 287,600,676 |
| - leased assets | (58,346,248) | (136,259,579) |
| - liabilities against assets subject to finance lease | 19,453,395 | 156,530,750 |
| - provisions for doubtful debts and obsolescence | 878,770 | 24,243,986 |
| - impairment of investment in associate | 900,000 | 431,437,430 |
| - provision for Workers' Profit Participation Fund | 35,648,942 | 19,878,131 |
| - retirement benefits | (15,414,051) | 33,294,931 |
| - tax losses | (510,368,353) | (115,893,923) |
| - derecognition / (recognition) of tax credits | 393,008,579 | (821,958,721) |
| | (60,372,273) | (121,126,319) |
| Recognized in other comprehensive income: | | |
| - retirement benefits | (3,824,813) | (4,261,289) |
| | 1,679,775,836 | 1,743,972,922 |

## 13 RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company and FPML defined benefits were conducted on 30 September 2018 using projected unit credit method. Details of obligations are as follows:

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| Funded gratuity fund | 13.1 | 53,784,119 | 29,618,756 |
| Unfunded staff gratuity scheme | 13.2 | – | 6,754,179 |
| | | 53,784,119 | 36,372,935 |

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **13.1** | **Funded retirement benefits** | | | |
| | The amounts recognised in the consolidated statement of financial position are as follows: | | | |
| | Present value of defined benefit obligation | 13.1.1 | 142,649,329 | 119,018,899 |
| | Fair value of plan assets | 13.1.2 | (88,865,210) | (89,400,143) |
| | **Liability as at 30 September** | | 53,784,119 | 29,618,756 |
| **13.1.1** | **Movement in liability for funded defined benefit obligation** | | | |
| | Present value of defined benefit obligation at beginning of the year | | 119,018,899 | 101,168,252 |
| | Current service cost for the year | | 19,754,774 | 14,642,906 |
| | Interest cost for the year | | 8,880,532 | 7,746,250 |
| | Benefit paid during the year | | (8,190,955) | (8,401,625) |
| | Actuarial loss on present value of defined benefit obligation | | 3,186,079 | 3,863,116 |
| | **Present value of defined benefit obligation at end of the year** | | 142,649,329 | 119,018,899 |
| **13.1.2** | **Movement in fair value of plan assets** | | | |
| | Balance at beginning of the year | | 89,400,143 | – |
| | Return on plan assets excluding interest income | | 7,241,088 | 4,494,373 |
| | Contributions paid by the employer | | 10,417,866 | 103,648,576 |
| | Actuarial loss on defined benefit asset | | (10,002,932) | (10,341,181) |
| | Benefits paid by the fund | | (8,190,955) | (8,401,625) |
| | **Fair value of plan assets at end of the year** | | 88,865,210 | 89,400,143 |
| | **Plan assets comprises of:** | | | |
| | Nafa Islamic Assets Allocation Fund | | 49,574,211 | 50,988,256 |
| | Nafa Assets Allocation Fund | | 38,059,164 | 37,928,056 |
| | Askari Bank Limited | | 1,231,835 | 483,831 |
| | | | 88,865,210 | 89,400,143 |
| **13.1.3** | **Charge for the year** | | | |
| | **Statement of profit or loss** | | | |
| | Current service cost | | 19,754,774 | 14,642,906 |
| | Interest cost for the year | | 8,880,532 | 7,746,250 |
| | Return on plan assets excluding interest income | | (7,241,088) | (4,494,373) |
| | | | 21,394,218 | 17,894,783 |
| | **Other comprehensive income** | | | |
| | Actuarial loss on obligation | | 3,186,079 | 3,863,116 |
| | Actuarial loss on defined benefit assets | | 10,002,932 | 10,341,181 |
| | | | 34,583,229 | 32,099,080 |
| **13.1.4** | **Movement in actuarial losses** | | | |
| | Opening actuarial losses | | – | – |
| | Actuarial loss during the year | | (13,189,011) | (14,204,297) |
| | Charge to other comprehensive income | | 13,189,011 | 14,204,297 |
| | Closing actuarial losses | | – | – |

### 13.1.5 Historical information

| | 2018 Rupees | 2017 Rupees | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|---|
| Present value of | | | | | |
| defined obligations | 142,649,329 | 119,018,899 | 101,168,252 | 75,844,689 | 68,256,699 |
| Experience adjustment | | | | | |
| loss / (gain) | 13,189,011 | 14,204,297 | 17,810,879 | 5,293,750 | (3,281,607) |

### 13.1.6 Expected expense for the next year

The Group expects to charge Rs. 19.72 million to consolidated statement of profit or loss on account of defined benefit plan in 2019.

### 13.1.7 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | | Impact on defined benefit obligation | | | |
|---|---|---|---|---|---|
| | | 2018 | | 2017 | |
| | Change | Increase | Decrease | Increase | Decrease |
| Discount rate | 100 BPS | (11,281,262) | 13,286,258 | (8,438,481) | 13,892,422 |
| Salary growth rate | 100 BPS | 12,823,213 | (11,095,841) | 13,466,481 | (8,269,646) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **13.1.8** | **Actuarial assumptions** | | |
| | Valuation discount rate | 10% | 8% |
| | Salary increase rate | 10% | 8% |
| | Expected return on plan assets | 10% | 8% |
| | Average expected remaining working life time of employees | 9.15 | 9.28 |
| | Mortality rate | SLIC 2001 - 2015 | SLIC 2001 - 2015 |
| **13.2** | **Unfunded retirement benefits** | | |
| | The amounts recognised in the consolidated statement of financial position are as follows: | | |
| | Present value of defined benefit obligation | – | 6,754,179 |

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **13.2.1** | **Movement in liability for unfunded defined benefit obligation** | | |
| | Present value of defined benefit obligation at beginning of the year | 6,754,179 | 5,671,061 |
| | Current service cost | – | 1,241,944 |
| | Past service cost (income) | (2,208,269) | – |
| | Interest cost | – | 503,977 |
| | Benefits paid | (92,400) | (65,000) |
| | Benefits due but not paid | (4,453,510) | (154,863) |
| | Actuarial (gains) / losses | – | (442,940) |
| | | – | 6,754,179 |
| **13.2.2** | **The amounts recognized in the statement of comprehensive income are as follows:** | | |
| | Current service cost | – | 1,241,944 |
| | Interest cost | – | 503,977 |
| | Past service cost (income) | (2,208,269) | – |
| | Total, included in salaries and wages - Administrative expenses | (2,208,269) | 1,745,921 |

**13.2.3 Historical information**

| | 2018 Rupees | 2017 Rupees | 2016 Rupees | 2015 Rupees | 2014 Rupees |
|---|---|---|---|---|---|
| Present value of defined obligations | – | 6,754,179 | 5,671,061 | 3,606,266 | 3,293,916 |

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **14 SHORT TERM BORROWINGS - SECURED** | | | |
| **Mark-up based borrowings from conventional banks** | | | |
| - Cash finances | 14.1 | 15,649,822,876 | 9,128,652,000 |
| - Running finances | 14.2 | 3,776,593,833 | 1,603,330,583 |
| - Inland bill discounting | 14.3 | 1,599,999,999 | 884,999,998 |
| - Finance against trust receipts | 14.4 | 168,668,694 | 366,406,064 |
| | | 21,195,085,402 | 11,983,388,645 |
| **Islamic mode of financing** | | | |
| - Morabaha finances | 14.5 | 1,800,000,000 | 1,800,000,000 |
| - Tijarah finances | 14.6 | 439,999,568 | – |
| - Salam / Istisna finances | 14.7 | 4,420,865,369 | – |
| | | 6,660,864,937 | 1,800,000,000 |
| | | 27,855,950,339 | 13,783,388,645 |

**14.1** The Group has obtained these facilities from various banks and financial institutions aggregating Rs. 23,188 million (2017: Rs. 21,650 million). The mark-up rates applicable during the year ranges from one to six months KIBOR plus 20 to 50 bps per annum (2017: one to six months KIBOR plus 20 to 100 bps per annum). These are secured against pledge of sugar and personal guarantees of sponsor directors of the Group.

**14.2** The Group has obtained running finance facilities aggregating Rs. 4,330 million (2017: Rs.2,730 million). The mark-up rates applicable during the year ranges from one to six months KIBOR plus 0 to 100 bps per annum (2017: one to six months KIBOR plus 20 to 100 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.

**14.3** The Holding Company has obtained inland bill discounting facility aggregating Rs. 1,900 million (2017: Rs. 1,100 million). The mark-up rate applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2017: one to three months KIBOR plus 50 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.

**14.4** The limit of this facility is Rs. 1,150 million (2017: Rs. 1,050 million). It carries mark-up ranging from one to six months KIBOR plus 50 to 250 bps per annum (2017: one to six months KIBOR plus 100 to 135 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.

**14.5** The Group has obtained morabaha finance facilities aggregating Rs. 1,800 million (2017: Rs. 1,800 million). The mark-up rates applicable during the year ranges from three to six months KIBOR plus 50 to 75 bps per annum (2017: three to six months KIBOR plus 50 to 75 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.

**14.6** The Holding Company has obtained tijarah finance facility from Meezan Bank Limited aggregating to Rs. 500 million (2017: Rs. nil). The mark-up rate applicable during the year is three months KIBOR plus 55 bps per annum. These are secured against ranking charge / joint pari passu charge over present and future current assets of the Holding Company and personal guarantees of the sponsor directors of the Holding Company.

**14.7** The Group has obtained salam / istisna finances facilities from various banks and financial institutions aggregating to Rs. 7,985 million (2017: Rs. 5,135 million). It carries mark-up ranging from three to six months KIBOR plus 20 to 55 bps per annum. These are secured against pledge of sugar and personal guarantees of sponsor directors of the Group.

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **15** | **CURRENT PORTION OF NON-CURRENT LIABILITIES** | | | |
| | Redeemable capital - secured | 9 | – | 83,333,333 |
| | Long term finances - secured | 10 | 4,609,518,516 | 3,369,971,353 |
| | Liabilities against assets subject to finance lease - secured | 11 | 105,281,597 | 153,424,503 |
| | | | 4,714,800,113 | 3,606,729,189 |

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **16 TRADE AND OTHER PAYABLES** | | | |
| Advances from customers | | 8,837,156,257 | 7,202,669,958 |
| Trade and other creditors | | 2,389,889,039 | 1,602,353,288 |
| Due to related parties | 16.1 | 879,078 | 828,159 |
| Accrued expenses | | 246,298,911 | 208,097,930 |
| Sales tax payable | | 83,459,590 | – |
| Retention money | | 35,464,423 | 16,203,439 |
| Payable to Workers' Profit Participation Fund | 16.2 | – | 118,829,804 |
| Payable to Workers' Welfare Fund | 16.3 | 26,574,555 | 26,574,555 |
| Payables to Provident Fund | | 14,745,719 | – |
| Tax deducted at source | | 14,349,122 | 33,556,518 |
| Other payables | | 74,868,045 | 76,104,010 |
| | | 11,723,684,739 | 9,285,217,661 |

**16.1** This amount represents payable in respect of consultancy services provided by the key management personnel.

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **16.2 Payable to Workers' Profit Participation Fund** | | | |
| Balance as at 01 October | | 118,829,804 | 185,090,244 |
| Add: Allocation for the year | 36 | – | 118,829,804 |
| Interest on funds utilized | 37 | 61,966,668 | 71,221,712 |
| Prior year adjustment | 36 | 5,237,703 | – |
| | | 186,034,175 | 375,141,760 |
| Less: Paid during the year | | (186,034,175) | (256,311,956) |
| **Balance as at 30 September** | | – | 118,829,804 |
| **16.3 Payable to Workers' Welfare Fund** | | | |
| Balance as at 01 October | | 26,574,555 | 45,745,525 |
| Provision for the year | 36 | – | 18,510,840 |
| Reversal of prior year provision | | – | (37,681,810) |
| **Balance as at 30 September** | | 26,574,555 | 26,574,555 |

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **17 ACCRUED PROFIT / INTEREST / MARK-UP** | | |
| **Mark-up on financing / borrowings from conventional banks** | | |
| - Redeemable capital - secured | – | 1,499,725 |
| - Long term finances - secured | 145,760,309 | 110,609,938 |
| - Short term borrowings - secured | 325,470,734 | 140,593,034 |
| | 471,231,043 | 252,702,697 |
| **Profit on Islamic mode of financing** | | |
| - Long term finances - secured | 32,845,789 | 8,723,410 |
| - Short term borrowings - secured | 138,419,746 | 15,815,524 |
| | 171,265,535 | 24,538,934 |
| | 642,496,578 | 277,241,631 |

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

**18.1.1** 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, and expects a favorable outcome in this case.

**18.1.2** 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.

**18.1.3** 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 favor of the Holding Company on most of the issues. The department filed appeal before appellate tribunal ("ATIR"). Respectable ATIR passed an order in favor 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 favor.

**18.1.4** The Holding Company was selected for audit u/s 177 of I.T.O 2001 for tax year 2014. Deputy Commissioner 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") who vide order dated 07 March 2018 accepted the tax payer contention and has granted relief on major issues amounting Rs. 127.03 million and upheld the remaining issues amounting to Rs. 36.15 million. The Holding Company has filed second appeal before Appellate Tribunal Inland Revenue ("ATIR") against the issues. The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

**18.1.5** 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") who vide order no. 1 dated 08 February 2018 has granted relief of an amount Rs. 57.37 and the issues with an aggregate amount of Rs. 12.62 million were upheld while remaining issues are remanded back. The Holding Company being aggrieved by the order of CIR (A) has filed second appeal before Appellate Tribunal Inland Revenue (ATIR). The management of the Holding Company is confident that this case will be decided in its favor.

**18.1.6** The Holding Company (previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O 2001 for tax year 2008. The Holding Company has filed Writ Petition before Honorable Lahore High Court ("Court") against selection of audit which was rejected by the Court. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ("DCIR") passed order u/s 122(4)/(5) by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22 December 2017. The Holding Company filed an appeal before CIR(A). The hearing of the same is pending. However, taxpayer has been granted stay by the Court against the recovery of demand. The management of the Holding Company is confident that this case will be decided in its favor.

**18.1.7** Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O 2001 for tax year 2011 confronting several matters. The said notice was duly complied and plea of the taxpayer was largely accepted by the department. ACIR passed order u/s 122(5A) by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30 June 2017. The Holding Company filed an appeal before CIR(A). The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

**18.1.8** The Subsidiary Company "DSML" is in a Constitutional Petition dated 01 March 2011 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.

**18.1.9** 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.

**18.1.10** The Petition WP NO. 704/2018, the Subsidiary Companies "SPL & GPL" vs. Federation of Pakistan, etc. relates to the setting up of biomass / bagasse-based projects for sale of electricity to the national grid by the Petitioner Companies to the refusal by the Central Power Purchase Agency (Guarantee)Limited (CPPA-G) to act in accordance with the NEPRA 2013 Upfront Tariff Determination dated 29 May 2013 and the NEPRA Tariff Decision dated 11 September 2017. The CPPA-G's refusal is further discriminatory, in violation of the NEPRA (Market Operator Registration, Standards and Procedure) Rules, 2015 and also contrary to an earlier decision passed by the Honorable Islamabad High Court titled 'Access Solar (Pvt.) Limited and 2 Others vs. Federation of Pakistan and 3 Others' reported as 2017 CLC 1259. The matter is pending adjudication. Keeping in view the provisions of the Constitution, the Law as well as Judicial Precedents – as the management of the Subsidiary Companies, based on the advice of its legal advisor handling the subject case, is of the opinion that matters shall be decided in the Subsidiary Companies' favor.

**18.1.11** Guarantees issued by the banks on behalf of the Holding Company in favor of various parties as at the reporting date amounts to Rs. 577 million (2017: Rs. 83 million).

**18.1.12** 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. 50 million (2017: Rs. 8 million).

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **18.2** | **Commitments** | | |
| | | | |
| **18.2.1** | Letters of credit for import of machinery and its related components | | |
| | Holding Company - JDWSML | 539,941,528 | 569,509,835 |
| | Subsidiary Company - DSML | 33,558,902 | 17,449,232 |

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Less than one year | 198,384,569 | 239,196,355 |
| Between one and five years | 671,882,706 | 805,075,014 |
| More than five years | 4,173,750 | 6,016,667 |
| | 874,441,025 | 1,050,288,036 |

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Less than one year | 1,098,556 | 1,465,012 |
| Between one and five years | – | 629,115 |
| | 1,098,556 | 2,094,127 |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **19** | **PROPERTY, PLANT AND EQUIPMENT** | | | |
| | Operating fixed assets | 19.1 | 25,311,720,470 | 23,623,140,195 |
| | Capital work in progress | 19.6 | 1,781,975,765 | 2,953,218,912 |
| | Stores, spare parts and loose tools held for capital expenditures | | 141,580,936 | 90,001,462 |
| | | | 27,235,277,171 | 26,666,360,569 |

# Notes to the Consolidated **Financial Statements**

For the year ended 30 September 2018

## 19.1 Operating fixed assets

| | Cost | | | | Rate | Depreciation | | | | Net book value as at 30 September 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2017 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2018 | | As at 01 October 2017 | For the year | Transfers / (deletions) during the year | As at 30 September 2018 | |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Owned** | | | | | | | | | | |
| Freehold land | 2,358,651,663 | 1,950,000 | – | 2,360,601,663 | – | – | – | – | – | 2,360,601,663 |
| | | – | | | | | | – | | |
| Factory building on freehold land | 2,441,562,838 | 173,844,543 | – | 2,615,011,366 | 10 | 1,026,724,204 | 149,323,275 | – | 1,175,666,063 | 1,439,345,303 |
| | | (396,015) | | | | | | (381,416) | | |
| Non-factory building on freehold land | 969,102,338 | 73,224,072 | – | 1,041,901,654 | 5-20 | 312,868,796 | 35,863,135 | – | 348,678,836 | 693,222,818 |
| | | (424,756) | | | | | | (53,095) | | |
| Plant and machinery | 22,386,685,375 | 2,812,001,605 | 254,167,334 | 24,955,684,231 | 5-20 | 5,750,869,674 | 987,616,183 | 55,092,066 | 6,586,245,903 | 18,369,438,328 |
| | | (497,170,083) | | | | | | (207,332,020) | | |
| Sugarcane roots | 604,503,978 | 362,382,303 | – | 673,807,851 | 17 | 201,216,345 | 112,301,308 | – | 186,871,335 | 486,936,516 |
| | | (293,078,430) | | | | | | (126,646,318) | | |
| Motor vehicles | 1,956,776,048 | 152,033,106 | 17,974,500 | 2,037,742,497 | 20 | 1,106,481,969 | 324,494,085 | 7,022,100 | 1,371,363,694 | 666,378,803 |
| | | (89,041,157) | | | | | | (66,634,460) | | |
| Electrical installation | 169,766,368 | 8,904,512 | – | 178,267,492 | 10 | 64,713,828 | 11,082,290 | – | 75,548,966 | 102,718,526 |
| | | (403,388) | | | | | | (247,152) | | |
| Office equipment | 79,142,047 | 709,518 | – | 75,473,085 | 20 | 42,561,085 | 8,285,574 | – | 47,287,111 | 28,185,974 |
| | | (4,378,480) | | | | | | (3,559,548) | | |
| Tools and equipment | 80,534,464 | 5,317,207 | – | 82,724,992 | 10-20 | 27,734,331 | 5,711,849 | – | 31,702,811 | 51,022,181 |
| | | (3,126,679) | | | | | | (1,743,369) | | |
| Furniture and fixture | 28,074,361 | 1,521,917 | – | 27,747,322 | 10 | 11,547,149 | 2,230,109 | – | 12,411,138 | 15,336,184 |
| | | (1,848,956) | | | | | | (1,366,120) | | |
| Weighbridge | 37,862,769 | 9,561,667 | – | 47,424,436 | 10 | 19,752,146 | 2,374,283 | – | 22,126,429 | 25,298,007 |
| | | – | | | | | | – | | |

| | Cost | | | | | Depreciation | | | | Net book value as at 30 September 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2017 | Additions / (deletions) during the year | Transfers during the year | As at 30 September 2018 | Rate | As at 01 October 2017 | For the year | Transfers / (deletions) during the year | As at 30 September 2018 | |
| | Rupees | Rupees | Rupees | Rupees | % | Rupees | Rupees | Rupees | Rupees | Rupees |
| Roads and boundary wall | 165,055,359 | 5,452,036 | – | 170,152,947 | 10 | 75,628,643 | 9,268,812 | – | 84,592,935 | 85,560,012 |
| | | (354,448) | | | | | | (304,520) | | |
| Arms and ammunitions | 7,907,517 | 316,540 | – | 8,224,057 | 10 | 4,937,556 | 315,642 | – | 5,253,198 | 2,970,859 |
| | | – | | | | | | – | | |
| Fire fighting equipment | 82,815,232 | – | – | 82,815,232 | 20 | 41,223,855 | 8,318,276 | – | 49,542,131 | 33,273,101 |
| | | – | | | | | | – | | |
| Aircraft | 469,981,824 | 225,807,775 | – | 624,453,403 | 10-25 | 268,059,069 | 26,287,369 | – | 252,076,803 | 372,376,600 |
| | | (71,336,196) | | | | | | (42,269,635) | | |
| Tube well | 9,833,641 | – | – | 9,833,641 | 10 | 4,251,298 | 558,234 | – | 4,809,532 | 5,024,109 |
| | | – | | | | | | – | | |
| Computers | 40,312,133 | 28,491,037 | – | 67,045,989 | 33 | 28,613,382 | 11,388,071 | – | 38,464,237 | 28,581,752 |
| | | (1,757,181) | | | | | | (1,537,216) | | |
| | 31,888,567,955 | 3,861,517,838 | 272,141,834 | 35,058,911,858 | | 8,987,183,330 | 1,695,418,495 | 62,114,166 | 10,292,641,122 | 24,766,270,736 |
| | | (963,315,769) | | | | | | (452,074,869) | | |
| **Leased** | | | | | | | | | | |
| Plant and machinery | 713,607,138 | – | (254,167,334) | 459,439,804 | 5 | 102,057,346 | 30,577,490 | (55,092,066) | 77,542,770 | 381,897,034 |
| | | – | | | | | | – | | |
| Motor vehicles | 140,574,850 | 95,345,500 | (17,974,500) | 217,945,850 | 20 | 30,369,072 | 31,046,178 | (7,022,100) | 54,393,150 | 163,552,700 |
| | | – | | | | | | – | | |
| | 854,181,988 | 95,345,500 | (272,141,834) | 677,385,654 | | 132,426,418 | 61,623,668 | (62,114,166) | 131,935,920 | 545,449,734 |
| | | – | | | | | | – | | |
| | 32,742,749,943 | 3,956,863,338 | – | 35,736,297,512 | | 9,119,609,748 | 1,757,042,163 | – | 10,424,577,042 | 25,311,720,470 |
| | | (963,315,769) | | | | | | (452,074,869) | | |

**19.2** Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 2,920.12 million (2017: Rs. 1,354.47 million).

**19.2.1** Transfers from freehold land represents transfer of land to investment property of the Holding Company during the year amounting to Rs. nil (2017: Rs 38.29 million)

# Notes to the Consolidated **Financial Statements**

For the year ended 30 September 2018

| | Cost | | | | | Depreciation | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 October 2016 | Additions / (deletions) 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 | 1,895,679,344 | 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) | | |
| Sugarcane roots | 540,905,484 | 255,049,214 | – | 604,503,978 | 17 | 170,887,751 | 100,750,663 | – | 201,216,345 | 403,287,633 |
| | | (191,450,720) | – | | | | | (70,422,069) | | |
| | | | – | | | | | – | | |
| | | | | | | | | – | | |
| 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 / (deletions) 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 equipment | 78,819,448 | – | – | 82,815,232 | 10 | 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 | 20 | 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) | | |
| | 28,425,916,855 | 2,802,251,153 | 1,007,055,618 | 31,888,567,955 | | 7,428,453,553 | 1,487,903,957 | 244,899,315 | 8,987,183,330 | 22,901,384,625 |
| | | (346,655,671) | | | | | | (174,073,495) | | |
| **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 |
| | | – | | | | | | – | | |
| | 30,231,596,546 | 2,896,097,503 | (38,288,435) | 32,742,749,943 | | 7,709,950,121 | 1,583,733,122 | – | 9,119,609,749 | 23,623,140,195 |
| | | (346,655,671) | | | | | | (174,073,495) | | |

**19.3** Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

| Location | Usage of immovable property | Total area (Acres) |
|---|---|---|
| Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan | Manufacturing facility | 318.6 |
| Machi Goth, Sadiqabad, District Rahim Yar Khan | Manufacturing facility | 186.72 |
| Village Laluwali, District Ghotki | Manufacturing facility | 140.03 |
| Mauza Kamoo Shaheed, Taluka Ubauro, Mirpur Mathelo, Ghotki | Manufacturing facility | 127.187 |
| Mangowal, Gujrat | Manufacturing facility | 28.38 |
| 59-A, Gulberg, Lahore | Record room/space for corporate office | 0.65 |
| 29-B, Gulberg, Lahore | Rest house | 0.3 |
| Agricultural Land - Punjab (various locations) | Agriculture land | 882.57 |
| Agricultural Land - Sindh (various locations) | Agriculture land | 1,128.73 |

The buildings on freehold land and other immovable assets of the Group are constructed / located at above mentioned freehold land.

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **19.4 Depreciation charge for the year has been allocated as follows:** | | | |
| Cost of goods manufactured | 32.1 & 32.1.1.1 | 1,431,578,760 | 1,280,036,749 |
| Administrative expenses | 33 | 69,719,521 | 54,603,750 |
| Cost of growing crops | 35.1.1 | 255,743,882 | 249,092,623 |
| | | 1,757,042,163 | 1,583,733,122 |

**19.5 Disposal of operating fixed assets**

| Description | Particulars of purchaser | Cost Rupees | Accumulated depreciation Rupees | Book value Rupees | Sales value Rupees | Gain / (loss) Rupees | Mode of disposal | Relationship with the Group |
|---|---|---|---|---|---|---|---|---|
| **Plant and machinery** | JK Sugar Mills (Pvt.) Ltd. | 484,293,091 | 202,996,443 | 281,296,648 | 450,665,679 | 169,369,031 | Negotiation | Related Party |
| **Office Equipment** | | | | | | | | |
| Air Conditioners | Abbas Khan | 214,990 | 151,441 | 63,549 | 15,000 | (48,549) | Negotiation | Other party |
| Photocopier | Digital Business System | 180,000 | 138,748 | 41,252 | 50,000 | 8,748 | - do - | Other party |
| Shoot Gun | Muhammad Sajid | 35,311 | 33,546 | 1,765 | 41,667 | 39,902 | - do - | Other party |
| Office equipment | JK Sugar Mills (Pvt.) Ltd. | 867,023 | 761,965 | 105,058 | 510,000 | 404,942 | - do - | Related Party |
| Others | Others | 1,558,714 | 1,028,502 | 530,212 | 569,398 | 39,186 | - do - | Other party |
| | | 2,856,038 | 2,114,202 | 741,836 | 1,186,065 | 444,229 | | |
| **Motor Vehicles** | | | | | | | | |
| Range Rover | Toyota Royal Motors - RYK | 26,621,250 | 20,877,837 | 5,743,413 | 8,500,000 | 2,756,587 | Negotiation | Other party |
| Toyota Hilux Vigo | JK Sugar Mills (Pvt.) Ltd. | 2,925,000 | 2,307,128 | 617,872 | 2,100,000 | 1,482,128 | - do - | Related Party |
| Toyota Hilux Vigo | Muhammad Arif | 2,450,000 | 2,154,141 | 295,859 | 1,568,182 | 1,272,323 | - do - | Other party |
| Toyota Corolla Altis | EFU General Insurance Ltd. | 2,010,000 | 565,739 | 1,444,261 | 1,960,000 | 515,739 | Insurance Claim | Other party |
| Toyota Land Cruiser | Adnan Hafeez | 1,888,254 | 1,699,429 | 188,825 | 1,350,000 | 1,161,175 | Negotiation | Other party |
| Toyota Corolla Altis | Israr Muhammad Khan | 1,854,700 | 1,336,667 | 518,033 | 556,410 | 38,377 | Company Policy | Employee |
| Toyota Corolla Altis | Safdar Kanjoo | 1,854,700 | 1,345,148 | 509,552 | 556,410 | 46,858 | - do - | Employee |
| Toyota Corolla Altis | Raja Mazhar Hussain | 1,854,700 | 1,373,530 | 481,170 | 556,410 | 75,240 | - do - | Employee |
| Toyota Corolla Altis | Shahid Jamil | 1,802,400 | 1,300,943 | 501,457 | 540,720 | 39,263 | - do - | Employee |
| Toyota Corolla GLI | Moin Khalid | 1,720,000 | 1,157,025 | 562,975 | 1,377,272 | 814,297 | Negotiation | Other party |
| Toyota Corolla GLI | Afnan Arshad | 1,689,500 | 1,196,766 | 492,734 | 675,800 | 183,066 | Company Policy | Employee |
| Toyota Corolla GLI | Muhammad Rafique Gohar | 1,684,700 | 1,179,873 | 504,827 | 505,410 | 583 | - do - | Employee |
| Honda City | Khalid Rashid | 1,629,000 | 1,149,454 | 479,546 | 488,700 | 9,154 | - do - | Employee |
| Toyota Corolla GLI | Tauseef Baig | 1,619,700 | 1,129,838 | 489,862 | 485,910 | (3,952) | - do - | Employee |
| Toyota Corolla GLI | Muhammid Khalid | 1,619,700 | 1,146,486 | 473,214 | 485,910 | 12,696 | - do - | Employee |
| Toyota Corolla GLI | Safdar Ali Farooqi | 1,587,400 | 1,184,008 | 403,392 | 1,250,000 | 846,608 | - do - | Employee |
| Toyota Corolla XLI | Aish Muhammad | 1,549,700 | 1,066,841 | 482,859 | 619,880 | 137,021 | - do - | Employee |
| Toyota Corolla XLI | Syed Jaffar Hussain | 1,549,700 | 1,095,414 | 454,286 | 619,880 | 165,594 | - do - | Employee |
| Toyota Corolla XLI | Mr. Jaffar Iqbal | 1,549,700 | 1,103,635 | 446,065 | 619,880 | 173,815 | - do - | Employee |
| Vehicle | Mr. Shahid Akbar Faruk | 1,444,560 | 1,270,063 | 174,497 | 1,000,000 | 825,503 | Negotiation | Related Party |
| Toyota Corolla XLI | Shabir Jamal | 1,365,016 | 1,183,014 | 182,002 | 619,880 | 437,878 | Company Policy | Employee |
| Toyota Corolla XLI | Khalid aziz | 1,280,575 | 1,109,832 | 170,743 | 582,960 | 412,217 | - do - | Employee |
| Toyota Corolla XLI | Nazeer Ahmed | 1,280,575 | 1,109,832 | 170,743 | 582,960 | 412,217 | - do - | Employee |
| Suzuki Liana | Nadeem Haider | 1,239,000 | 943,958 | 295,042 | 495,600 | 200,558 | - do - | Employee |
| Suzuki Swift | Rafique-ul-Haq | 1,151,000 | 792,369 | 358,631 | 460,400 | 101,769 | - do - | Employee |
| Suzuki Swift | Najam-ud-Din | 1,151,000 | 792,369 | 358,631 | 460,400 | 101,769 | - do - | Employee |
| Suzuki Swift | Rana Zafar Iqbal | 1,151,000 | 878,931 | 272,069 | 460,400 | 188,331 | - do - | Employee |

| Description | Particulars of purchaser | Cost | Accumulated depreciation | Book value | Sales value | Gain / (loss) | Mode of disposal | Relationship with the Group |
|---|---|---|---|---|---|---|---|---|
| | | Rupees | Rupees | Rupees | Rupees | Rupees | | |
| Suzuki Swift DX | Muhammad Iqbal Javed | 1,131,000 | 790,024 | 340,976 | 452,400 | 111,424 | - do - | Employee |
| Suzuki Cultus | Adnan Hafeez | 1,119,000 | 503,550 | 615,450 | 900,000 | 284,550 | - do - | Employee |
| Mitsubishi Pajero | Wasif Khan | 1,110,000 | 1,106,239 | 3,761 | 590,000 | 586,239 | Negotiation | Other party |
| Suzuki Swift | Saif Ullah | 1,096,000 | 770,251 | 325,749 | 438,400 | 112,651 | Company Policy | Ex-Employee |
| Suzuki Swift | Zulfiqar Ali | 1,096,000 | 775,791 | 320,209 | 438,400 | 118,191 | - do - | Employee |
| Suzuki Swift | Muhammad Ajmal Khan | 1,096,000 | 775,791 | 320,209 | 438,400 | 118,191 | - do - | Employee |
| Suzuki Swift | Shahzad Ahmed | 1,096,000 | 775,791 | 320,209 | 438,400 | 118,191 | - do - | Employee |
| Suzuki Swift | Hafiz Farooq Ahmed | 1,096,000 | 812,536 | 283,464 | 438,400 | 154,936 | - do - | Employee |
| Suzuki Cultus | Muhammad Jaffar | 1,010,000 | 753,698 | 256,302 | 404,000 | 147,698 | - do - | Employee |
| Suzuki Cultus | Munawar Zarif | 997,823 | 864,780 | 133,043 | 386,000 | 252,957 | - do - | Employee |
| Suzuki Cultus | Shahid Javed | 990,000 | 681,534 | 308,466 | 396,400 | 87,934 | - do - | Employee |
| Suzuki Cultus | Zulfiqar Ali | 711,515 | 616,646 | 94,869 | 364,400 | 269,531 | - do - | Employee |
| Suzuki Pickup | Khawar Muhammad Butt | 699,000 | 345,859 | 353,141 | 470,000 | 116,859 | Negotiation | Other party |
| Suzuki Bolan | Qurban Ali | 682,000 | 536,420 | 145,580 | 500,000 | 354,420 | - do - | Other party |
| Suzuki Mehran | Niaz Muhammad | 612,000 | 434,231 | 177,769 | 244,800 | 67,031 | Company Policy | Employee |
| Tractor | Hassan Mehmood | 604,967 | 473,891 | 131,076 | 725,000 | 593,924 | Negotiation | Other party |
| Tractor | Muhammad Ilyas | 600,111 | 470,087 | 130,024 | 725,000 | 594,976 | - do - | Other party |
| Tractor | Hassan Mehmood | 464,123 | 363,563 | 100,560 | 725,000 | 624,440 | - do - | Other party |
| Suzuki Mehran | Sheikh Waqas Shahid | 409,800 | 78,064 | 331,736 | 594,545 | 262,809 | - do - | Other party |
| Tractor | Hassan Mehmood | 351,000 | 274,950 | 76,050 | 725,000 | 648,950 | - do - | Other party |
| Tractor | Hassan Mehmood | 351,000 | 274,950 | 76,050 | 725,000 | 648,950 | - do - | Other party |
| Tractor | Hassan Mehmood | 351,000 | 274,950 | 76,050 | 725,000 | 648,950 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Tractor | Hassan Mehmood | 312,000 | 244,400 | 67,600 | 725,000 | 657,400 | - do - | Other party |
| Motorcycle | Muhammad Sabir | 86,000 | 41,721 | 44,279 | 34,000 | (10,279) | Company Policy | Employee |
| Motorcycle | Syed Shehzad Ali | 67,500 | 46,473 | 21,027 | 26,000 | 4,973 | - do - | Employee |
| Motorcycle | Amir Bux | 52,774 | 50,135 | 2,639 | 40,041 | 37,402 | - do - | Employee |
| Motorcycle | Tariq Mehmood | 36,214 | 34,403 | 1,811 | 11,770 | 9,959 | - do - | Employee |
| Vehicle | JK Sugar Mills (Pvt.) Ltd. | 41,500 | 35,860 | 5,640 | 7,500 | 1,860 | Negotiation | Related Party |
| | | 89,041,157 | 66,634,458 | 22,406,699 | 45,068,230 | 22,661,531 | | |
| **Computers** | | | | | | | | |
| Laptop | EFU General Insurance Ltd | 146,500 | 100,226 | 46,274 | 66,500 | 20,226 | Insurance Claim | Other party |
| Laptop | JK Sugar Mills (Pvt.) Ltd. | 85,500 | 28,690 | 56,810 | 65,000 | 8,190 | Negotiation | Related Party |
| | | 232,000 | 128,916 | 103,084 | 131,500 | 28,416 | | |
| **Aircraft** | Lake City Holdings (Pvt.) Ltd. | 71,336,196 | 42,269,635 | 29,066,561 | 59,829,060 | 30,762,499 | Negotiation | Other party |
| **Assets - written off** | | | | | | | | |
| Sugarcane roots | | 293,078,430 | 126,646,318 | 166,432,112 | – | – | Company Policy | – |
| Other assets | | 22,478,857 | 11,284,897 | 11,193,960 | – | – | - do - | – |
| | | 315,557,287 | 137,931,215 | 177,626,072 | – | – | | |
| | **2018** | 963,315,769 | 452,074,869 | 511,240,900 | 556,880,534 | 223,265,706 | | |
| | 2017 - restated | 346,655,671 | 174,073,495 | 172,852,176 | 82,823,382 | 45,407,772 | | |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **19.6** | **Capital work in progress** | | | |
| | As at 1 October | | 2,953,218,912 | 1,968,331,366 |
| | Addition during the year | 19.6.1 | 1,748,873,191 | 2,339,356,215 |
| | Transfer made during the year | | (2,920,116,338) | (1,354,468,669) |
| | **As at 30 September** | | 1,781,975,765 | 2,953,218,912 |
| | **Break-up of closing balances is as follows:** | | | |
| | – Plant and machinery | | 1,152,000,117 | 1,307,887,240 |
| | – Advances to suppliers | | 377,876,534 | 1,158,378,319 |
| | – Building | | 240,296,410 | 291,771,841 |
| | – Roads & boundary walls | | 715,193 | 6,021,815 |
| | – Sugarcane roots | | 11,087,511 | 14,483,645 |
| | – Advances against the purchase of aircraft | | – | 174,676,052 |
| | | | 1,781,975,765 | 2,953,218,912 |

**19.6.1** Additions to capital work in progress also include borrowing costs of Rs. 62.50 million (2017: Rs. 28.47 million) relating to specific borrowings at the rates ranging from 6.65% to 9.43% per annum (2017: 6.65% to 7.14% per annum).

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **20** | **INVESTMENT PROPERTY** | | |
| | Balance as at 01 October | 218,599,597 | 196,467,698 |
| | Transferred from operating fixed assets | – | 38,288,435 |
| | Disposal of investment property | – | (16,156,536) |
| | **Balance as at 30 September** | 218,599,597 | 218,599,597 |

**20.1** Investment property represents agricultural land given on operating lease, the fair value of the investment property is Rs. 530 million (2017: Rs. 374 million). The fair value of investment property was determined by internal assessment and was arrived at by reference to market evidence of transaction prices for similar properties.

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Less than one year | 12,430,800 | 7,625,300 |

| | | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **21** | **INTANGIBLES** | | | |
| | Goodwill | 21.1 | 1,063,350,995 | 1,063,350,995 |
| | Oracle computer software | 21.2 | 10,596,847 | 12,665,266 |
| | | | 1,073,947,842 | 1,076,016,261 |

**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 14.49% 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 | 2018 Rupees | 2017 Rupees |
|---|---|---|---|---|
| **21.2** | **Oracle computer software** | | | |
| | | | | |
| | **Cost** | | 22,747,279 | 22,747,279 |
| | Acquired during the year | | – | – |
| | | | 22,747,279 | 22,747,279 |
| | **Accumulated amortization** | | | |
| | As at 01 October | | 10,082,013 | 7,999,463 |
| | Amortization for the year | 33 | 2,068,419 | 2,082,550 |
| | | | 12,150,432 | 10,082,013 |
| | **As at 30 September** | | 10,596,847 | 12,665,266 |
| | | | | |
| | Rate of amortization | | 10.00% | 10.00% |

## 22 LONG TERM INVESTMENT

This represents investment of the Holding Company of 47.37% in the equity of JDW Power (Private) Limited "JDWPL", 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 (2017: 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 Multan Electric Power Company ("MEPCO") to meet 100 % expenses of grid interconnection Unit II of the Holding Company for Co-Generation Power. The loan is recoverable in 36 equal monthly instalments started after eighteen months from the commercial operation date i.e. 12 June 2014 for Unit II.

## 24 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed.
This also includes an advance amounting to Rs. 4.54 million (2017: Rs. 4.54 million) due from JDW Aviation (Pvt.) Limited. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 4.54 million.

## 25 BIOLOGICAL ASSETS

| | Note | 30 September 2018 | | | | |
|---|---|---|---|---|---|---|
| | | Growing cane | Wheat | Guar | Cotton | Total |
| | | | | Rupees | | |
| At the beginning of the year | | | | | | |
| at fair value | | 2,282,737,798 | – | – | – | 2,282,737,798 |
| Fair value recorded | | | | | | |
| in profit or loss | 35.1 | 1,983,490,606 | 38,110,114 | 3,106,308 | – | 2,024,707,028 |
| Transfer to cost of sales | 32.1.1 | (2,282,737,798) | – | – | – | (2,282,737,798) |
| **At the end of the year** | | | | | | |
| **at fair value** | | 1,983,490,606 | 38,110,114 | 3,106,308 | – | 2,024,707,028 |

| | Note | 30 September 2017 | | | | |
|---|---|---|---|---|---|---|
| | | Growing cane | Wheat | Guar | Cotton | Total |
| | | | | Rupees | | |
| At the beginning of the year | | | | | | |
| at fair value | | 2,229,977,882 | – | – | 10,988,225 | 2,240,966,107 |
| Fair value recorded | | | | | | |
| in profit or loss | 35.1 | 2,282,737,798 | – | – | – | 2,282,737,798 |
| Transfer to cost of sales | 32.1.1 | (2,229,977,882) | – | – | (10,988,225) | (2,240,966,107) |
| **At the end of the year** | | | | | | |
| **at fair value** | | 2,282,737,798 | – | – | – | 2,282,737,798 |

### 25.1 Measurement of fair values

### 25.1.1 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.

### 25.1.2 Level 3 fair values

The following table shows a break down of the total gains recognized in respect of Level 3 fair values:

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| Net fair value (loss) / gain recognized in other income | 35 | (108,958,903) | 241,293,644 |

### 25.1.3 Valuation techniques and significant unobservable inputs

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

| | Unit | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| Valued plantations (Actual) | | | |
| - Punjab Zone | Acres | 12,055 | 12,473 |
| - Sindh Zone | Acres | 11,245 | 11,327 |
| | | | |
| Estimated yield per acre | | | |
| - Punjab Zone | Maunds | 883 | 950 |
| - Sindh Zone | Maunds | 878 | 922 |
| | | | |
| 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 | 1.15% | 0.85% |

Cost of Rs. 38 million is considered to approximate their respective fair values less point of harvest 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.

### 25.2 Sensitivity analysis

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

| | Increase / (Decrease) 2018 Rupees | Increase / (Decrease) 2017 Rupees Restated |
|---|---|---|
| Decrease of 10% in expected average yield per acre | (228,365,170) | (279,160,673) |
| Decrease of 10% in expected average selling price per maund | (330,048,781) | (382,083,844) |
| Increase of 10% in discount rate | (8,642,588) | (9,780,846) |

### 25.3 Risk management strategy related to agricultural activities

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

**Regulatory and environmental risks**

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

**Climate and other risks**

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

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

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

The Holding Company is principally dependent upon the Government's measures for flood control. The Holding Company follows an effective preventive pesticide / insecticide / fungicide program and regularly monitors the crops 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.

## 26 STORES, SPARE PARTS AND LOOSE TOOLS

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Stores | | |
| - Sugar | 751,784,481 | 773,107,446 |
| - Co-Generation Power | 74,458,884 | 99,173,556 |
| - Corporate farms | 289,409,796 | 258,111,983 |
| | 1,115,653,161 | 1,130,392,985 |
| Spares parts | | |
| - Sugar | 501,107,086 | 613,682,772 |
| - Co-Generation Power | 80,717,676 | 67,151,836 |
| | 581,824,762 | 680,834,608 |
| Loose tools | | |
| - Sugar | 39,233,770 | 35,601,660 |
| - Co-Generation Power | 12,293,655 | 11,902,009 |
| | 51,527,425 | 47,503,669 |
| | 1,749,005,348 | 1,858,731,262 |
| Less: Provision for obsolescence | (169,291,712) | (146,318,585) |
| | 1,579,713,636 | 1,712,412,677 |

## 27 STOCK-IN-TRADE

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Sugar | 22,919,216,684 | 10,787,855,518 |
| Bagasse | 1,333,717,228 | 530,172,587 |
| Molasses | – | 13,762,764 |
| | 24,252,933,912 | 11,331,790,869 |

**27.1** Stock-in-trade upto a maximum amount of Rs. 20,071 million (2017: Rs. 9,129 million) are under hypothecation of commercial banks as security for short term borrowings.

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **28 TRADE DEBTS - UNSECURED** | | | |
| Considered good | | | |
| Local | 28.1 | 5,684,669,588 | 3,294,827,101 |
| Exports | 28.2 | 433,847,528 | – |
| | | 6,118,517,116 | 3,294,827,101 |
| Considered doubtful - local | | 39,203,083 | 39,203,083 |
| | | 6,157,720,199 | 3,334,030,184 |
| Less: Provision for doubtful debts | | (39,203,083) | (39,203,083) |
| | | 6,118,517,116 | 3,294,827,101 |

**28.1** This includes Rs. 3,241.66 million (2017: Rs. 1,321.04 million) receivable from Central Power Purchasing Agency (Guarantee) Limited on account of sale of electricity under EPA.

**28.2** This includes Rs. 433.84 million (2017: Rs. nil) receivable from foreign debtors in Asia. These are secured against confirmed letter of credit.

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **29 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** | | | |
| Advances to growers | | | |
| Unsecured - considered good | | 240,578,877 | 377,151,161 |
| Unsecured - considered doubtful | | 4,937,966 | 4,937,966 |
| | | 245,516,843 | 382,089,127 |
| Less: Provision for doubtful advances | | (4,937,966) | (4,937,966) |
| | | 240,578,877 | 377,151,161 |
| Advances to suppliers and contractors | | | |
| Unsecured - considered good | | 531,819,641 | 412,115,175 |
| Unsecured - considered doubtful | | 27,421,419 | 24,619,246 |
| | | 559,241,060 | 436,734,421 |
| Less: Provision for doubtful advances | | (27,421,419) | (24,619,246) |
| | | 531,819,641 | 412,115,175 |
| | | | |
| Advances to staff - unsecured, considered good | | | |
| - against salaries | 29.1 & 29.2 | 10,845,725 | 11,727,993 |
| - against expenses | | 4,663,254 | 7,504,071 |
| Sugar export subsidy | | 1,975,978,100 | 43,800,000 |
| Due from director - unsecured, considered good | 29.3 | 22,372,086 | – |
| Due from related party | 29.4 | 503,097,083 | – |
| Sales tax | | 197,135,371 | 792,010,998 |
| Prepaid expenses | | 32,316,344 | 37,302,856 |
| Current maturity of long term advances | 23 | 5,166,670 | 19,088,890 |
| Deposits | | 39,684,976 | 5,175,000 |
| Receivables from provident fund | | – | 10,162,266 |
| Other receivables | | 19,955,252 | 18,575,626 |
| | | 3,583,613,379 | 1,734,614,036 |

**29.1** Advances given to staff are in accordance with the Holding Company's policy. These advances are secured against provident fund. These includes an amount of Rs. 6.01 million (2017: Rs. 6.32 million) receivable from executives of the Holding Company.

**29.2** These include advances made to employees of the Holding Company namely Safdar Kanjoo, Ghazanfar Ali Syed and Zulfiqar Ali exceeding Rs. 1 million each.

**29.3** This represents amount receivable on account of aircraft expenses amounting to Rs. 22.37 million (2017: Rs. nil) due from Jahangir Khan Tareen, the director of the Group. The maximum aggregate amount outstanding during the year with respect to month end balances amounts to Rs. 22.37 million.

**29.4** This amount includes receivables from JK Sugar Mills (Pvt.) Ltd., JK Dairies (Pvt.) Ltd. and ATF Mango Farms (Pvt.) Ltd. of Rs. 466.157 million (2017: Rs. nil), Rs. 11.23 million (2017: Rs. nil) and Rs. 25.72 million (2017: Rs. nil) respectively.

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **30 CASH AND BANK BALANCES** | | | |
| At banks: | | | |
| - Current accounts | | | |
| - Balance with islamic banks | | 23,343,340 | 16,576,446 |
| - Balance with conventional banks | | 96,288,517 | 146,274,759 |
| | | 119,631,857 | 162,851,205 |
| - Saving accounts | | | |
| - Deposits with conventional banks | 30.1 | 1,553,584 | 3,740,446 |
| | | 121,185,441 | 166,591,651 |
| Cash in hand | | 4,444,576 | 4,113,245 |
| | | 125,630,017 | 170,704,896 |

**30.1** The balances in saving accounts carry mark-up ranging from 3.75% to 5.5% per annum (2017: 3.75% per annum).

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| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **31** | **SALES - NET** | | | |
| | Sugar | 31.1 | 37,863,173,647 | 47,156,386,780 |
| | Agriculture produce | 31.2 | 173,923,951 | 149,419,264 |
| | Electricity | 31.3 | 4,775,322,653 | 4,523,028,533 |
| | Molasses - by product | 31.4 | 3,158,894,485 | 3,222,800,417 |
| | Agri inputs | | 2,060,737,790 | 1,864,762,693 |
| | Bagasse - by product | | 433,025,114 | 137,317,872 |
| | | | 48,465,077,640 | 57,053,715,559 |
| | Less: | | | |
| | - Sales tax on sugar | | (3,429,356,070) | (4,753,534,137) |
| | - Sales tax on electricity, bagasse, agri inputs and molasses | | (486,652,439) | (651,866,076) |
| | - Commission and others | | (18,375,081) | (17,013,034) |
| | | | (3,934,383,590) | (5,422,413,247) |
| | | | 44,530,694,050 | 51,631,302,312 |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **31.1** | **Sugar** | | | |
| | Local | | 27,701,904,069 | 43,008,505,478 |
| | Export | 31.1.1 | 10,161,269,578 | 4,147,881,302 |
| | | | 37,863,173,647 | 47,156,386,780 |

**31.1.1** This includes sugar export subsidy of Rs. 2,541.95 million (2017: Rs. nil).

| | | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **31.2** | **Agriculture produce** | | |
| | Sugarcane seed and others | 173,923,951 | 149,419,264 |
| **31.3** | **Electricity** | | |
| | Captive Power | – | 141,957,423 |
| | Co-Generation Power | | |
| | - variable energy price | 2,872,566,392 | 2,769,747,989 |
| | - fixed energy price | 1,902,756,261 | 1,611,323,121 |
| | | 4,775,322,653 | 4,381,071,110 |
| | | 4,775,322,653 | 4,523,028,533 |
| **31.4** | **Molasses - by product** | | |
| | Sales under DTRE (Duty & Tax Remission for Exporters) | 2,872,615,560 | 2,621,409,376 |
| | Others | 286,278,925 | 601,391,041 |
| | | 3,158,894,485 | 3,222,800,417 |

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **32 COST OF SALES** | | | |
| Opening stock-in-trade | | 11,331,790,869 | 5,287,410,535 |
| Add: Cost of goods manufactured | 32.1 | 54,165,750,251 | 52,571,265,346 |
| | | 65,497,541,120 | 57,858,675,881 |
| Less: Closing stock | | | |
| - Sugar | | (22,919,216,684) | (10,787,855,518) |
| - Bagasse | | (1,333,717,228) | (530,172,587) |
| - Molasses | | – | (13,762,764) |
| | | (24,252,933,912) | (11,331,790,869) |
| | | 41,244,607,208 | 46,526,885,012 |

**32.1 Cost of goods manufactured**

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| Cost of crops consumed (including procurement and other costs) | 32.1.1 | 45,913,608,365 | 45,237,306,865 |
| Salaries, wages and other benefits | 32.1.2 | 2,098,561,709 | 2,145,531,378 |
| Cost of agri inputs | | 1,735,002,744 | 1,424,342,557 |
| Depreciation | 19.4 | 1,263,224,108 | 1,137,429,513 |
| Store and spares consumed | | 1,186,552,336 | 859,909,650 |
| Packing materials consumed | | 445,575,591 | 386,692,688 |
| Chemicals consumed | | 316,468,557 | 265,469,467 |
| Operation and maintenance costs | 32.1.3 | 220,935,421 | 211,527,800 |
| Sugarcane roots written off | | 166,432,112 | 121,028,651 |
| Cost of bagasse consumed | | 152,288,185 | 100,181,711 |
| Vehicle running expenses | | 152,182,135 | 123,239,856 |
| Insurance | | 87,312,229 | 90,134,075 |
| Oil, lubricants and fuel consumed | | 85,684,090 | 86,595,739 |
| Electricity and power | | 77,818,667 | 62,291,300 |
| Repairs and maintenance | | 58,309,232 | 45,069,053 |
| Handling and storage | | 50,871,093 | 35,732,370 |
| Mud and bagasse shifting expenses | | 39,423,325 | 71,844,648 |
| Freight and octroi | | 24,136,598 | 28,388,643 |
| Provision for obsolescence | | 22,973,126 | 22,385,801 |
| Printing and stationery | | 11,808,257 | 12,612,888 |
| Assets written off | | 10,837,173 | 14,137,913 |
| Telephone and fax | | 8,409,738 | 8,569,325 |
| Initial land preparation | | 3,482,786 | 20,979,798 |
| Travelling and conveyance | | 3,001,315 | 4,003,401 |
| Operating lease rentals | | 1,632,519 | 23,831,824 |
| Other expenses | | 29,218,840 | 32,028,432 |
| | | 54,165,750,251 | 52,571,265,346 |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **32.1.1** | **Cost of crops consumed** | | | |
| | Sugarcane purchased | | 42,281,946,655 | 41,798,463,215 |
| | | | | |
| | **Cost of harvested crops:** | | | |
| | - Fair value of growing crops transferred | | | |
| | to profit or loss | 35.1 | 2,282,737,798 | 2,240,966,107 |
| | - Further cost charged | 32.1.1.1 | 1,348,923,912 | 1,197,877,543 |
| | | | 3,631,661,710 | 3,438,843,650 |
| | | | 45,913,608,365 | 45,237,306,865 |
| | | | | |
| **32.1.1.1** | **Further cost charged** | | | |
| | Transportation expenses | | 473,830,266 | 462,313,172 |
| | Salaries, wages and other benefits | 32.1.1.1.1 | 292,152,412 | 246,397,670 |
| | Repairs and maintenance | | 271,336,831 | 212,641,358 |
| | Depreciation expense | 19.4 | 168,354,652 | 142,607,236 |
| | Irrigation expenses | | 59,825,428 | 57,128,131 |
| | Harvesting expenses | | 56,654,312 | 89,820,021 |
| | Fuel expenses | | 31,388,152 | 31,512,481 |
| | Fertilizer expenses | | 19,297,536 | 20,734,671 |
| | Vehicle running expenses | | 18,756,029 | 13,059,358 |
| | Bio-laboratory expenses | | 13,084,490 | 11,070,383 |
| | Road cess | | 11,229,324 | 8,844,141 |
| | Insurance | | 9,647,598 | 7,701,258 |
| | Seed expenses | | 6,349,729 | 8,898,236 |
| | Land rentals | | 5,191,531 | 3,133,350 |
| | Pesticide and herbicide expenses | | 3,225,129 | 2,879,069 |
| | Others | | 15,845,676 | 17,073,966 |
| | | | 1,456,169,095 | 1,335,814,501 |
| | Less: Own seed consumption | | (107,245,183) | (137,936,958) |
| | | | 1,348,923,912 | 1,197,877,543 |

**32.1.1.1.1** Salaries, wages and other benefits include Rs. 6.4 million (2017: Rs. 5.3 million) in respect of provident fund.

**32.1.2** Salaries, wages and other benefits include Rs. 53.99 million (2017: Rs. 49.52 million) in respect of provident fund and Rs. 11.87 million (2017: Rs. 12.53 million) in respect of staff gratuity.

| | | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **32.1.3** | **Operation and maintenance costs** | | |
| | Reimbursable cost | 179,327,387 | 169,329,531 |
| | Operating fee | 41,608,034 | 42,198,269 |
| | | 220,935,421 | 211,527,800 |

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **33 ADMINISTRATIVE EXPENSES** | | | |
| Salaries, wages and other benefits | 33.1 | 777,898,684 | 750,253,773 |
| Charity and donations | 33.2 | 76,372,530 | 161,148,270 |
| Depreciation | 19.4 | 69,719,521 | 54,603,750 |
| Legal and professional services | | 47,905,319 | 73,092,853 |
| Office rent and renovation | | 45,148,524 | 45,004,372 |
| Travelling and conveyance | | 37,297,275 | 42,529,880 |
| Vehicle running and maintenance | | 25,998,820 | 22,830,103 |
| Repairs and maintenance | | 23,495,619 | 20,819,763 |
| Fee and taxes | | 14,741,853 | 16,657,967 |
| Subscription and renewals | | 13,608,823 | 6,334,696 |
| Telephone, fax and postage | | 12,642,684 | 11,169,590 |
| Insurance | | 11,957,973 | 11,172,537 |
| Electricity and power | | 11,105,113 | 10,637,289 |
| Printing and stationery | | 10,216,838 | 7,311,348 |
| Auditors' remuneration | 33.3 | 6,677,800 | 6,475,350 |
| Entertainment | | 4,415,485 | 4,096,377 |
| Amortization | 21.2 | 2,068,419 | 2,082,550 |
| Advertisement | | 1,428,579 | 2,145,600 |
| Assets written off | | 356,787 | 183,382 |
| Arms and ammunition | | 258,900 | – |
| Newspapers, books and periodicals | | 178,213 | 203,422 |
| Consultancy and advisory | | 35,676 | 4,613,299 |
| Operating lease rentals | | – | 3,863,095 |
| Other expenses | | 2,149,867 | 16,315,758 |
| | | 1,195,679,302 | 1,273,545,024 |

**33.1** Salaries, wages and other benefits include Rs. 20.07 million (2017: Rs. 18.68 million) in respect of provident fund and Rs. 9.54 million (2017: Rs. 7.12 million) in respect of staff gratuity.

**33.2 Donations for the year have been given to:**

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| - Tareen Education Foundation | | 73,500,000 | 99,000,000 |
| - National Rural Support Programme | | 1,372,530 | 6,348,270 |
| - Lahore Race Club | | 850,000 | – |
| - Special Education and Training Centre | | – | 1,000,000 |
| - Shaukat Khanum Memorial Cancer Hospital and Research Centre | | – | 20,000,000 |
| - Lodhran Pilot Project | | – | 29,000,000 |
| - The Citizen Foundation | | – | 5,000,000 |
| - Others | 33.2.1 | 650,000 | 800,000 |
| | | 76,372,530 | 161,148,270 |

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.

**33.2.1** Others include donations paid to various institutions. The aggregate amount paid to a single institution is less than Rs. 0.5 million.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **33.3 Auditors' remuneration** | | |
| **KPMG Taseer Hadi & Co. - Auditors' of Holding Company** | | |
| Statutory audit | 3,500,000 | 2,750,000 |
| Half yearly review | 500,000 | 500,000 |
| Other certificates | 740,000 | 198,500 |
| Out of pocket expenses | 250,000 | 285,000 |
| **Riaz Ahmed Saqib Gohar & Co. - Auditors' of DSML, SPL & GPL** | | |
| Statutory audit | 677,500 | 697,500 |
| Tax certificates | – | 928,350 |
| Other certificates | 465,300 | 388,000 |
| Out of pocket expenses | 25,000 | – |
| **A.F. Ferguson & Co. - Auditors' of FPML** | | |
| Statutory audit | 500,000 | 700,000 |
| Out of pocket expenses | 20,000 | 28,000 |
| | 6,677,800 | 6,475,350 |

## 34 SELLING EXPENSES

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| Freight outwards and port charges | | 368,339,976 | 33,275,046 |
| Salaries, wages and other benefits | 34.1 | 38,167,656 | 35,363,483 |
| Other selling expenses | | 32,679,924 | 21,882,146 |
| | | 439,187,556 | 90,520,675 |

**34.1** Salaries, wages and other benefits include Rs. 0.53 million (2017: Rs. 0.64 million) in respect of provident fund.

## 35 OTHER INCOME

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **Income from financial assets** | | | |
| Foreign exchange gain | | 166,170,145 | 10,465,107 |
| Mark-up on delayed payment from Central Power Purchasing Agency (Guarantee) Limited | | 44,305,469 | 32,133,474 |
| Interest income on bank deposits | | 737,696 | 1,131,772 |
| | | 211,213,310 | 43,730,353 |
| **Income from non-financial assets** | | | |
| Gain on sale of operating fixed assets | | 223,888,762 | 45,407,772 |
| Sale of mud | | 161,479,471 | 107,374,023 |
| Scrap sales | | 30,790,862 | 91,738,177 |
| Rental income from investment property | | 12,430,800 | 7,625,300 |
| Net fair value (loss) / gain on biological assets | 25.1.2 & 35.1 | (108,958,903) | 241,293,644 |
| Gain on sale of investment property | | – | 21,280,886 |
| Reversal of prior year provision of Workers' Welfare Fund | | – | 37,681,810 |
| Others | | 3,392,287 | 2,766,374 |
| | | 323,023,279 | 555,167,986 |
| | | 534,236,589 | 598,898,339 |

| | | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|---|
| **35.1** | **Fair value (loss) / gain on biological assets** | | | |
| | - Fair value of growing crops | | 2,024,707,028 | 2,282,737,798 |
| | - Cost of growing crops | 35.1.1 | (2,133,665,931) | (2,041,444,154) |
| | | | (108,958,903) | 241,293,644 |
| | | | | |
| **35.1.1** | **Cost of growing crops** | | | |
| | Land rentals | | 726,608,788 | 758,259,225 |
| | Irrigation expenses | | 317,981,533 | 247,612,968 |
| | Fertilizer expenses | | 274,164,272 | 230,703,159 |
| | Depreciation expense | 19.4 | 255,743,882 | 249,092,623 |
| | Salaries, wages and other benefits | 35.1.1.1 | 224,696,329 | 273,588,344 |
| | Repairs and maintenance | | 143,060,220 | 116,336,278 |
| | Pesticide and herbicide expenses | | 109,799,466 | 79,674,850 |
| | Fuel expenses | | 38,874,570 | 32,343,176 |
| | Vehicle running expenses | | 16,685,108 | 19,693,746 |
| | Bio-laboratory expenses | | 13,268,970 | 14,558,992 |
| | Insurance | | 3,892,070 | 12,695,863 |
| | Others | | 8,890,723 | 6,884,930 |
| | | | 2,133,665,931 | 2,041,444,154 |

**35.1.1.1** Salaries, wages and other benefits include Rs. 6.3 million (2017: Rs. 6.8 million) in respect of provident fund.

## 36 OTHER EXPENSES

| | Note | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| Prior year adjustment of | | | |
| Workers' Profit Participation Fund | 16.2 | 5,237,703 | – |
| Loss on disposal of operating fixed asset | | 623,056 | – |
| Workers' Profit Participation Fund | 16.2 | – | 118,829,804 |
| Workers' Welfare Fund | 16.3 | – | 18,510,840 |
| Provision for doubtful trade debts / advances | | – | 26,909,293 |
| Others | | 1,719,837 | 5,136,698 |
| | | 7,580,596 | 169,386,635 |

| | Note | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **37 FINANCE COST** | | | |
| Mark-up based loans from conventional banks | | | |
| - short term borrowings - secured | | 1,126,277,956 | 728,319,164 |
| - long term finances - secured | | 737,347,545 | 795,524,941 |
| - redeemable capital - secured | | 1,495,987 | 8,867,880 |
| - finance leases | | 17,037,141 | 42,304,481 |
| | | 1,882,158,629 | 1,575,016,466 |
| Islamic mode of financing | | | |
| - short term borrowings - secured | | 435,592,614 | 210,977,571 |
| - long term finances - secured | | 345,756,831 | 85,621,985 |
| | | 781,349,445 | 296,599,556 |
| Workers' Profit Participation Fund | 16.2 | 61,966,668 | 71,221,712 |
| Bank charges and commission | | 59,040,146 | 42,271,339 |
| | | 121,006,814 | 113,493,051 |
| Less: Borrowing costs capitalized | | (62,496,476) | (28,471,915) |
| | | 2,722,018,412 | 1,956,637,158 |

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|
| **38 Taxation** | | |
| Income tax | | |
| - current year | 231,108,589 | 444,737,947 |
| - change in estimate related to prior years | 45,309,573 | 61,332,787 |
| | 276,418,162 | 506,070,734 |
| Deferred tax | (60,372,273) | (121,126,327) |
| | 216,045,889 | 384,944,407 |
| **38.1 Tax Charge Reconciliation** | | |
| Numerical reconciliation between tax expense and accounting profit: | | |
| (Loss) / profit before taxation | (544,142,435) | 2,213,226,147 |
| Tax at 29% (2017: 30%) | (157,801,306) | 663,967,844 |
| Tax effect of: | | |
| - tax credits | (278,312,616) | (183,935,631) |
| - permanent differences & not adjustable for tax purposes | (306,183,027) | (119,385,471) |
| - income under final tax regime (FTR) | 104,919,399 | 14,069,978 |
| - minimum tax | 402,199,799 | – |
| - change in estimate related to prior years | 45,309,573 | 52,632,880 |
| - asset not recognised on tax losses | 146,983,767 | – |
| - deferred tax asset recognized on tax losses | 255,226,838 | – |
| - others | 3,703,462 | (42,405,193) |
| | 216,045,889 | 384,944,407 |

**38.2** As per management's assessment, the provision for tax made in the consolidated financial statements is sufficient. A comparison of last two years of income tax provisions with tax assessment is presented below:

| | Tax provision as per financial statements Rupees | Tax as per assessment / return Rupees |
|---|---|---|
| **Tax Years** | | |
| 2017 | 138,419,011 | 160,350,460 |
| **2018** | 444,737,947 | 506,582,737 |

**38.3** 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 Central Power Purchasing Agency (Guarantee) Limited is exempt from income tax including turnover tax and withholding tax on imports, and for this purpose the new power generation units of the Holding Company shall be treated as separate entities.

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

**38.4** For tax contingencies, refer note 18.1.

| | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|
| **39 CASH GENERATED FROM OPERATIONS** | | |
| **(Loss) / profit before taxation** | (544,142,435) | 2,213,226,147 |
| Adjustments for non-cash and other items: | | |
| Finance cost | 2,714,652,728 | 1,956,637,158 |
| Depreciation | 1,750,390,905 | 1,482,961,864 |
| Assets written off | 177,283,482 | 135,349,946 |
| Staff retirement benefits | 123,412,006 | 101,250,458 |
| Fair value loss / (gain) on biological assets | 108,958,903 | (241,293,644) |
| Provision for obsolescence | 22,973,127 | 22,385,801 |
| Prior year adjustment of Workers' Profit Participation Fund | 5,237,703 | – |
| Amortization of intangibles | 2,068,419 | 2,082,550 |
| Gain on disposal of operating fixed assets | (222,781,047) | (45,407,772) |
| Workers' Profit Participation Fund | – | 118,829,804 |
| Workers' Welfare Fund | – | 18,510,840 |
| Provision for doubtful trade debts / advances | – | 27,091,115 |
| Gain on disposal of investment property | – | (21,280,886) |
| Reversal of prior year provision of Workers' Welfare Fund | – | (37,681,810) |
| | 4,682,196,226 | 3,519,435,424 |
| **Operating profit before working capital changes** | 4,138,053,791 | 5,732,661,571 |
| **(Increase) / decrease in current assets** | | |
| Stock-in-trade | (12,921,143,043) | (6,044,380,334) |
| Biological assets | 149,071,867 | 199,521,953 |
| Trade debts | (2,823,772,171) | (2,428,720,434) |
| Stores, spare parts and loose tools | 109,725,914 | (399,764,666) |
| Advances, deposits, prepayments and other receivables | (1,857,749,624) | (215,549,715) |
| | (17,343,867,057) | (8,888,893,196) |
| **Increase in current liabilities** | | |
| Trade and other payables | 2,541,628,357 | 1,436,151,994 |
| **Cash used in operations** | (10,664,184,909) | (1,720,079,631) |

## 40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | Directors | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive | | Executive | | Non - Executives | | Executives | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| Managerial remuneration | 840,000 | 840,000 | 80,000,000 | 85,000,000 | 54,200,000 | 56,500,000 | 306,865,560 | 264,557,571 |
| House allowance | 336,000 | 336,000 | 32,000,000 | 34,000,000 | 21,680,000 | 22,600,000 | 122,746,224 | 105,823,028 |
| Utilities | 84,000 | 84,000 | 8,000,000 | 8,500,000 | 5,420,000 | 5,650,000 | 30,686,556 | 26,455,757 |
| Bonus | - | - | 33,333,335 | 46,666,669 | 22,500,000 | 31,500,000 | 175,865,337 | 291,540,700 |
| Group's contribution towards provident fund | - | - | - | - | - | - | 28,595,124 | 26,495,018 |
| Staff retirement benefit - gratuity | - | - | - | - | - | - | 2,230,502 | 2,824,587 |
| | 1,260,000 | 1,260,000 | 153,333,335 | 174,166,669 | 103,800,000 | 116,250,000 | 666,989,303 | 717,696,661 |
| Number of persons | 1 | 1 | 1 | 1 | 2 | 2 | 69 | 58 |

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

No meeting fee was paid to directors during the year (2017: Rs. nil).

Director is permitted to use the Holding Company maintained aircraft for private trips, subject to availability, for which the proportionate share of expenses is reimbursed to the Holding Company. During the year, the Director was charged Rs. 78.81 million (2017: Rs. 62.61 million) for the use of aircraft.

## 41 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

### 41.1 Risk management framework

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

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

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

### 41.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties are regularly monitored and assessed.

#### 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 statement of financial position date was:

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Long term advances | – | 3,272,223 |
| Long term deposits | 37,552,439 | 55,042,065 |
| Trade debts | 6,118,517,116 | 3,294,827,101 |
| Advances, deposits and other receivables | 601,121,792 | 54,567,509 |
| Bank balances | 121,185,441 | 166,591,651 |
| | 6,878,376,788 | 3,574,300,549 |

#### 41.2.2 Concentration of credit risk

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Customers | 6,118,517,116 | 3,294,827,101 |
| Banking companies | 121,185,441 | 166,591,651 |
| Others | 638,674,231 | 112,881,797 |
| | 6,878,376,788 | 3,574,300,549 |

#### 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.

#### 41.2.3.1 Trade debts - considered good

Majority of the Group's sales are on advance basis and trade debts mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited a Government owned entity. Hence the management believes that no impairment allowance is necessary in respect of these trade debts.

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Gross carrying amount Rupees | Accumulated impairment Rupees | Gross carrying amount Rupees | Accumulated impairment Rupees |
| *The aging of trade receivables at the reporting date is:* | | | | |
| Neither past due nor impaired | 6,118,517,116 | – | 3,294,827,101 | – |
| Past due more than 365 days | 39,203,083 | 39,203,083 | 39,203,083 | 39,203,083 |
| | 6,157,720,199 | 39,203,083 | 3,334,030,184 | 39,203,083 |

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:

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| At banks: | | |
| Current accounts | 119,631,857 | 162,851,205 |
| Saving accounts | 1,553,584 | 3,740,446 |
| | 121,185,441 | 166,591,651 |

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

| | Rating | | Rating | 2018 | 2017 |
|---|---|---|---|---|---|
| Banks | Long term | Short term | Agency | Rupees | Rupees |
| Al-Baraka Bank (Pakistan) Limited | A | A1 | PACRA | 84,167 | 64,502 |
| Allied Bank Limited | AAA | A1+ | PACRA | 946,450 | 9,167,236 |
| Askari Bank Limited | AA+ | A1+ | PACRA | 915,060 | 185,206 |
| Askari Bank Islamic Limited | AA+ | A1+ | PACRA | 8,365,715 | 34,475 |
| Bank Al Habib Limited | AA+ | A1+ | PACRA | 76,815 | 17,691 |
| Bank Alfalah Limited | AA+ | A1+ | PACRA | 635,561 | 2,793,911 |
| Bank Alfalah Islamic Limited | AA+ | A1+ | PACRA | 3,189,309 | 9,748,089 |
| Bank Islami Pakistan Limited | A+ | A1 | PACRA | 213,399 | 245,618 |
| Dubai Islamic Bank Pakistan Limited | AA- | A-1 | JCR-VIS | 31,504 | 27,802 |
| Faysal Bank Limited | AA | A1+ | PACRA | 181,086 | 20,196,877 |
| Faysal Bank Limited (Islamic) | AA | A1+ | PACRA | 27,945 | - |
| Habib Bank Limited | AAA | A-1+ | JCR-VIS | 2,064,551 | 7,015,523 |
| Habib Metropolitan Bank Limited | AA+ | A1+ | PACRA | 1,412,328 | 1,461,676 |
| JS Bank Limited | AA- | A1+ | PACRA | 796,333 | 434,370 |
| MCB Bank Limited | AAA | A1+ | PACRA | 37,353,253 | 33,811,773 |
| MCB Islamic Bank Limited | A | A1 | PACRA | 3,035,674 | 3,534,295 |
| Meezan Bank Limited | AA+ | A-1+ | JCR-VIS | 6,862,374 | 2,623,414 |
| National Bank of Pakistan | AAA | A1+ | PACRA | 15,214,992 | 57,574,575 |
| National Bank of Pakistan (Islamic) | AAA | A1+ | PACRA | 1,184,425 | 295,399 |
| Silk Bank Limited | A- | A-2 | JCR-VIS | 28,420 | 20,571 |
| Sindh Bank Limited | AA | A-1+ | JCR-VIS | 29,478 | 17,071 |
| Soneri Bank Limited | AA- | A1+ | PACRA | 25,470 | 4,925,125 |
| Summit Bank Limited | A- | A-1 | JCR-VIS | 10,251,810 | 2,562,677 |
| The Bank of Khyber | A | A1 | PACRA | 92,747 | 24,030 |
| The Bank of Punjab | AA | A1+ | PACRA | 26,347,356 | 9,397,725 |
| The First Micro Finance Bank Limited | A+ | A-1 | JCR-VIS | 50,464 | 10,907 |
| Tameer Bank Limited | A+ | A1 | PACRA | 38,458 | 38,905 |
| United Bank Limited | AAA | A-1+ | JCR-VIS | 1,730,297 | 266,602 |
| Standard Chartered Bank (Pakistan) Limited | AAA | A1+ | PACRA | – | 95,606 |
| | | | | 121,185,441 | 166,591,651 |

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 counterparties on their obligations to the Group. Accordingly, the credit risk is minimal.

### 41.3 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.

### 41.3.1 Exposure to liquidity risk

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

| | 2018 | | | | |
|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | One year or less | One to five years | More than five years |
| | Rupees | | | | |
| **Non-derivative financial liabilities** | | | | | |
| Long term finances - secured | 15,656,462,987 | 19,084,281,474 | 6,236,952,774 | 12,847,328,700 | – |
| Short term borrowings - secured | 27,855,950,339 | 28,319,840,819 | 28,319,840,819 | – | – |
| Liabilities against assets subject to finance lease - secured | 249,959,511 | 267,992,731 | 115,129,719 | 152,863,012 | – |
| Accrued profit / interest / mark-up | 642,496,578 | 642,496,578 | 642,496,578 | – | – |
| Trade and other payables | 2,747,399,496 | 2,747,399,496 | 2,747,399,496 | – | – |
| | 47,152,268,911 | 51,062,011,098 | 38,061,819,386 | 13,000,191,712 | – |

| | 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 | – |

### 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 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### 41.4.1 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.

### 41.4.2 Interest rate risk

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

| | | 2018 | | 2017 | |
|---|---|---|---|---|---|
| | | Financial asset | Financial liability | Financial asset | Financial liability |
| **Non-derivative financial instruments** | **Note** | **Rupees** | **Rupees** | **Rupees** | **Rupees** |
| Redeemable capital - secured | 9 | – | – | – | 83,333,333 |
| Long term finances - secured | 10 | – | 15,656,462,987 | – | 13,532,285,027 |
| Liabilities against assets subject to | | | | | |
| finance lease - secured | 11 | – | 249,959,511 | – | 306,472,177 |
| Short term borrowings - secured | 14 | – | 27,855,950,339 | – | 13,783,388,645 |
| Cash at bank | 30.1 | 1,553,584 | – | 3,740,446 | – |
| Variable rate instruments | | 1,553,584 | 43,762,372,837 | 3,740,446 | 27,705,479,182 |

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

**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 2018.

| Profit or loss 100 bps | | | |
|---|---|---|---|
| 2018 | | 2017 | |
| Increase | Decrease | Increase | Decrease |
| Rupees | | | |
| (437,608,193) | 437,608,193 | (277,017,387) | 277,017,387 |

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

### 41.4.3 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.

### 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 Group 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 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).

### 41.4.5.1 Fair value measurement of financial instruments

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:

| | | 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 2018** | | | | | | | |
| **Financial assets measured at fair value** | | – | – | – | – | – | – |
| **Financial assets not measured at fair value** | | | | | | | |
| Long term advances | | – | – | – | – | – | – |
| Long term deposits | | 37,552,439 | – | 37,552,439 | – | – | – |
| Trade debts - unsecured considered good | | 6,118,517,116 | – | 6,118,517,116 | – | – | – |
| Advances, deposits and other receivables | | 601,121,792 | – | 601,121,792 | – | – | – |
| Cash and bank balances | | 125,630,017 | – | 125,630,017 | – | – | – |
| | 41.4.5.2 | 6,882,821,364 | – | 6,882,821,364 | – | – | – |
| | | | | | | | |
| **Financial liabilities measured at fair value** | | – | – | – | – | – | – |
| **Financial liabilities not measured at fair value** | | | | | | | |
| Redeemable capital - secured | | – | – | – | – | – | – |
| Long term finances - secured | | – | 15,656,462,987 | 15,656,462,987 | – | – | – |
| Short term borrowings - secured | | – | 27,855,950,339 | 27,855,950,339 | – | – | – |
| Liabilities against assets | | | | | | | |
| subject to finance lease - secured | | – | 249,959,511 | 249,959,511 | – | – | – |
| Accrued profit / interest / mark-up | | – | 642,496,578 | 642,496,578 | – | – | – |
| Trade and other payables | | – | 2,747,399,496 | 2,747,399,496 | – | – | – |
| | 41.4.5.2 | – | 47,152,268,911 | 47,152,268,911 | – | – | – |

| | 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 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 | | 3,294,827,101 | – | 3,294,827,101 | – | – | – |
| Advances, deposits and other receivables | | 54,567,509 | – | 54,567,509 | – | – | – |
| Cash and bank balances | | 170,704,896 | – | 170,704,896 | – | – | – |
| | 42.4.5.2 | 3,578,413,794 | – | 3,578,413,794 | – | – | – |
| **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 | – | – | – |
| | 42.4.5.2 | – | 29,886,307,639 | 29,886,307,639 | – | – | – |

### 41.4.5.2 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.

## 42 CAPITAL MANAGEMENT

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

The Group's objectives when managing capital are:

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

b) to provide an adequate return to shareholders.

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

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| Total Debt | 44,404,869,415 | 27,982,720,813 |
| Less: Cash and bank balances | (125,630,017) | (170,704,896) |
| Net Debt | 44,279,239,398 | 27,812,015,917 |
| Total Equity | 8,829,313,675 | 9,776,016,698 |
| Total Capital Employed | 53,108,553,073 | 37,588,032,615 |
| Gearing | 83% | 74% |

Total debt comprises of long term loans from banking companies, liabilities against assets subject to finance lease, short term borrowings and accrued mark-up.

Total equity includes issued, subscribed and paid-up share capital, share premium reserves and accumulated profits.

| | 2018 Rupees | 2017 Rupees |
|---|---|---|

## 43 NON-CONTROLLING INTEREST (NCI)

| | 2018 Rupees | 2017 Rupees |
|---|---|---|
| **NCI percentage** | **41.10%** | **41.10%** |
| Non-current assets | 1,108,304,542 | 1,118,283,814 |
| Current assets | 104,339,007 | 103,251,395 |
| Non-current liabilities | – | (6,754,179) |
| Current liabilities | (42,335,367) | (38,881,941) |
| Net assets | 1,170,308,182 | 1,175,899,089 |
| Net assets attributable to NCI | 480,996,663 | 483,294,526 |
| | | |
| Revenue | – | – |
| Loss | (5,302,875) | (8,360,225) |
| Other comprehensive income (OCI) | – | 442,940 |
| Total comprehensive income | (5,302,875) | (7,917,285) |
| Loss allocated to NCI | (2,179,482) | (3,436,052) |
| OCI allocated to NCI | – | 182,048 |
| | | |
| Cash flows from operating activities | (6,604,972) | (11,193,237) |
| Cash flows from investment activities | 7,564,130 | 10,482,500 |
| Net increase in cash and cash equivalents | 959,158 | (710,737) |

## 44 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 | 2018 Rupees | 2017 Rupees |
|---|---|---|---|
| **Associated Company** | | | |
| **(Common directorship)** | | | |
| | | | |
| **- JDW Aviation (Pvt.) Limited** | Reimbursement of expenses | 13,580,726 | 15,435,344 |
| **- ATF Mango Farms (Pvt.) Limited** | Sale of property plant and equipment | 27,400 | – |
| | | | |
| **Other Related Parties** | | | |
| | | | |
| **- Post Employment Benefit Plans** | Provident fund contribution | 178,976,571 | 164,813,441 |
| | Payment to recognised gratuity fund | 10,417,866 | 103,648,576 |
| **- Key Management Personnel** | Consultancy services | 11,495,496 | 13,091,751 |

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

## 45 CAPACITY AND PRODUCTION

| | | 2018 Tonnes | 2017 Tonnes |
|---|---|---|---|
| **Sugar** | | | |
| **Holding Company:** | | | |
| **a)** | **Unit I** | | |
| | - Crushing capacity | 3,000,000 | 3,000,000 |
| | - Sugar production | 409,507 | 357,733 |
| | | | |
| **b)** | **Unit II** | | |
| | - Crushing capacity | 1,500,000 | 1,500,000 |
| | - Sugar production | 255,879 | 247,926 |

| | | 2018 Tonnes | 2017 Tonnes |
|---|---|---|---|
| **c)** | **Unit III** | | |
| | - Crushing capacity | 2,100,000 | 2,100,000 |
| | - Sugar production | 223,325 | 207,747 |
| | | | |
| **Subsidiary Company - DSML:** | | | |
| - Crushing capacity | | 1,950,000 | 1,950,000 |
| - Sugar production | | 205,788 | 205,041 |

The crushing capacity is based on 150 days (2017: 150 days).

| | | 2018 MWh | 2017 MWh |
|---|---|---|---|
| **Co - Generation Power:** | | | |
| **a)** | **Unit II** | | |
| | - Installed capacity (based on 8,760 hours) | 233,016 | 233,016 |
| | - Energy generated / produced | 211,109 | 210,593 |
| | - Energy delivered to Central Power Purchasing Agency (Guarantee) Limited | 176,740 | 176,561 |
| | | | |
| **b)** | **Unit III** | | |
| | - Installed capacity (based on 8,760 hours) | 235,031 | 235,031 |
| | - Energy generated / produced | 210,533 | 199,005 |
| | - Energy delivered to Central Power Purchasing Agency (Guarantee) Limited | 187,007 | 169,778 |

| | 2018 | | 2017 | |
|---|---|---|---|---|
| **Corporate Farms** | **Area** | **Acres** | **Area** | **Acres** |
| Land | Punjab & Sindh | 30,590 | Punjab & Sindh | 32,287 |
| Land under cultivation | Punjab & Sindh | 23,300 | Punjab & Sindh | 22,208 |

| | Capacity Metric Tonnes | | Actual production Metric Tonnes | |
|---|---|---|---|---|
| **Paper Pulp** | **2018** | **2017** | **2018** | **2017** |
| Subsidiary Company - FPML | 47,600 | 47,600 | – | – |

## 46 BUSINESS SEGMENT INFORMATION

**46.1** 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 Central Power Purchasing Agency (Guarantee) Limited |
| Corporate farms | Managing corporate farms for cultivation of sugarcane and the small quantity of cotton, guar and wheat. |
| Others | Project under construction for manufacture / generation and sale of wood pulp and electricity. |

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

| | Sugar | | Co-Generation | | Corporate farms | | Other | | Inter segment reconciliation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated |
| **46.2.1 Segment revenue and results** | | | | | | | | | | | | |
| Net external revenue | 39,999,345,222 | 47,502,737,618 | 4,357,424,877 | 3,979,145,429 | 173,923,951 | 149,419,265 | – | – | – | – | 44,530,694,050 | 51,631,302,312 |
| Inter–segment revenue | 2,406,509,698 | 2,343,071,077 | 1,217,396,127 | 1,489,115,301 | 3,085,405,721 | 3,485,968,113 | – | – | (6,709,311,546) | (7,318,154,491) | – | – |
| Reportable segment revenue | 42,405,854,920 | 49,845,808,695 | 5,574,821,004 | 5,468,260,730 | 3,259,329,672 | 3,635,387,378 | – | – | (6,709,311,546) | (7,318,154,491) | 44,530,694,050 | 51,631,302,312 |
| Depreciation | 1,035,481,079 | 878,186,975 | 293,496,200 | 312,948,859 | 425,150,942 | 392,597,288 | 2,913,942 | – | – | – | 1,757,042,163 | 1,583,733,122 |
| Finance cost | 2,134,685,589 | 1,430,553,985 | 398,204,643 | 336,255,441 | 188,904,266 | 189,761,000 | 223,914 | 66,732 | – | – | 2,722,018,412 | 1,956,637,158 |
| Segment (loss) / profit before tax | (1,593,367,027) | 115,818,436 | 1,910,423,319 | 2,039,658,102 | (848,625,935) | 83,834,253 | (12,572,792) | (26,084,644) | – | – | (544,142,435) | 2,213,226,147 |

**46.2.2 Inter-segment sales and purchases**

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

**46.2.3 Basis of inter-segment pricing**

Inter-segment pricing is determined on an arm's length basis.

**46.2.4 Segment assets & liabilities**

| | Sugar | | Co-Generation | | Corporate farms | | Other | | Inter segment reconciliation | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated | 2018 Rupees | 2017 Rupees Restated |
| Total assets for reportable segment | 54,605,374,888 | 37,997,110,168 | 9,591,957,432 | 8,190,623,644 | 7,548,035,384 | 8,331,080,544 | 2,170,441,103 | 2,171,065,710 | (6,709,311,546) | (7,318,154,491) | 67,206,497,261 | 49,371,725,575 |
| Total liabilities for reportable segment | 57,937,838,310 | 39,897,381,650 | 5,918,811,096 | 5,733,769,719 | 706,192,037 | 753,899,735 | 42,657,027 | 45,636,120 | (6,709,311,546) | (7,318,154,491) | 57,896,186,924 | 39,112,532,733 |
| Capital expenditure | 3,496,410,942 | 2,302,881,168 | 3,132,752 | 9,241,885 | 457,319,644 | 583,974,450 | – | – | – | – | 3,956,863,338 | 2,896,097,503 |

| | | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **46.3** | **Reconciliation of reportable segment profit or loss** | | |
| | Total (loss) / profit before tax for reportable segments | (544,142,435) | 2,213,226,147 |
| | Unallocated corporate expenses | (216,045,889) | (384,944,407) |
| | (Loss) / profit after taxation | (760,188,324) | 1,828,281,740 |

**46.4 Geographical information**

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

| | | 2018 Rupees | 2017 Rupees Restated |
|---|---|---|---|
| **46.4.1** | **Revenue** | | |
| | **Foreign revenue** | | |
| | Asia and Africa | 10,161,269,578 | 4,147,881,302 |
| | **Local revenue** | | |
| | Pakistan | 38,303,808,062 | 52,905,834,257 |
| | | 48,465,077,640 | 57,053,715,559 |

**46.4.2 Non-current assets**

All non-current assets of the Group as at 30 September 2018 are located in Pakistan.

## 47 PROVIDENT FUND TRUST

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

| | Unit | 30 June 2018 | 30 June 2017 |
|---|---|---|---|
| Size of fund - total assets | Rupees | 568,589,261 | 588,111,988 |
| Cost of investments made | Rupees | 532,508,176 | 530,052,024 |
| Percentage of investments made | Percentage | 93.65% | 90.13% |
| Fair value of investment | Rupees | 536,805,343 | 564,976,492 |

The breakup of cost of investments is as follows:

| | 30 June 2018 | | 30 June 2017 | |
|---|---|---|---|---|
| | Rupees | Percentage | Rupees | Percentage |
| Investments in mutual funds | 119,500,000 | 22.44% | 265,500,000 | 50.09% |
| Certificate of investment and | | | | |
| term deposits receipts | 175,733,562 | 33.00% | 137,068,994 | 25.86% |
| Shares in listed companies | 17,465,713 | 3.28% | 16,286,227 | 3.07% |
| Cash at bank | 219,808,901 | 41.28% | 111,196,803 | 20.98% |
| | 532,508,176 | 100% | 530,052,024 | 100% |

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.

## 48 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| | 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Equity | | Liabilities | | | | | |
| | Issued, subscribed and paid - up capital | Share premium | Unclaimed Dividend | Redeemable capital - secured | Long term finances - secured | Liabilities against assets subject to financial lease - secured | Short term borrowings - secured | Accrued profit / interest / mark-up |
| | Rupees | | | | | | | |
| **Balance as at 01 October 2017** | 597,766,610 | 678,316,928 | 64,248,402 | 83,333,333 | 13,532,285,027 | 306,472,177 | 13,783,388,645 | 277,241,631 |
| **Changes from financing cash flows** | | | | | | | | |
| Loans received during the year | – | – | – | – | 5,494,149,322 | – | 42,702,700,657 | – |
| Dividends paid | – | – | (209,505,570) | – | – | – | – | – |
| Loan repaid during the year | – | – | – | (83,333,333) | (3,369,971,362) | (167,527,210) | (30,803,402,213) | – |
| | – | – | (209,505,570) | (83,333,333) | 2,124,177,960 | (167,527,210) | 11,899,298,444 | – |
| **Other changes - Liability related** | | | | | | | | |
| Interest expense for the year | – | – | – | – | – | – | – | 2,697,059,943 |
| Interest paid during the year | – | – | – | – | – | – | – | (2,331,804,996) |
| Dividend approved | – | – | 179,329,983 | – | – | – | – | – |
| Net change in cash and cash equivalent | – | – | – | – | – | – | 2,173,263,250 | – |
| Assets acquired on finance lease | – | – | – | – | – | 111,014,544 | – | – |
| **Total liability-related other changes** | – | – | 179,329,983 | – | – | 111,014,544 | 2,173,263,250 | 365,254,947 |
| | | | | | | | | |
| **Balance as at 30 September 2018** | 597,766,610 | 678,316,928 | 34,072,815 | – | 15,656,462,987 | 249,959,511 | 27,855,950,339 | 642,496,578 |

## 49 IMPACT OF RESTATEMENTS ON FINANCIAL STATEMENTS

The impact of the application of the revised standards as stated in note 5.2 and the impact of rate revision by NEPRA as stated in 5.9 on the Group's financial results and financial position is disclosed below:

| | Effects of restatement on financial statements as at 30 September 2016 | | |
|---|---|---|---|
| | As per audited financial statements | Effect of restatements | Restated amount |
| | | Rupees | |
| **Statement of financial position** | | | |
| Accumulated profit | 7,957,485,567 | 214,828,442 | 8,172,314,009 |
| Trade debts - unsecured | 1,046,012,899 | (155,189,290) | 890,823,609 |
| Biological assets - non-current assets | 7,279,311 | (7,279,311) | – |
| Property, plant and equipment | 24,203,769,418 | 377,297,043 | 24,581,066,461 |

| | Effects of restatement on financial statements for the year ended 30 September 2017 | | |
|---|---|---|---|
| | As per audited financial statements | Effect of restatements | Restated amount |
| | | Rupees | |
| **Statement of financial position** | | | |
| Accumulated profit | 8,309,276,127 | 190,657,033 | 8,499,933,160 |
| Property, plant and equipment | 26,248,589,291 | 417,771,278 | 26,666,360,569 |
| Trade debts - unsecured | 3,588,040,356 | (293,213,255) | 3,294,827,101 |
| Biological assets - non-current assets | 14,595,399 | (14,595,399) | – |
| Advance tax - net | 818,893,090 | 6,454,393 | 825,347,483 |
| Deferred taxation | 1,808,456,552 | (64,483,630) | 1,743,972,922 |
| Trade and other payables | 9,294,974,047 | (9,756,386) | 9,285,217,661 |
| **Statement of Profit or loss** | | | |
| Gross sales | 57,191,739,524 | (138,023,965) | 57,053,715,559 |
| Cost of sales | (46,396,148,583) | (130,736,429) | (46,526,885,012) |
| Other expenses | (152,233,728) | (17,152,907) | (169,386,635) |
| Other income | 435,003,763 | 163,894,576 | 598,898,339 |
| Taxation | (455,882,430) | 70,938,023 | (384,944,407) |
| **Statement of Cash flow** | | | |
| Profit before taxation | 2,308,335,579 | (95,109,432) | 2,213,226,147 |
| Adjustments for non-cash and other items | 3,572,078,330 | (52,642,906) | 3,519,435,424 |
| (Increase) / decrease in current assets | (9,198,127,825) | 309,234,629 | (8,888,893,196) |
| Cash flows from investing activities | (3,295,819,928) | (161,482,291) | (3,457,302,219) |

## 50 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

| | Total employees | |
|---|---|---|
| | 2018 | 2017 |
| Average number of employees during the year | 8,249 | 9,351 |
| Total number of employees as at 30 September | 6,968 | 7,590 |

| | Factory employees | |
|---|---|---|
| | 2018 | 2017 |
| Average number of employees during the year | 7,985 | 9,091 |
| Total number of employees as at 30 September | 6,707 | 7,322 |

## 51 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 07 January 2019 by the Board of Directors of the Group.

## 52 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework however, no significant re-arrangements have been made, except for as required by additional requirements of Companies Act, 2017.

Chief Financial Officer | Chief Executive | Director

# Other **Information**

# 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

## 29th 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 29th Annual General Meeting of the Company to be held on the Monday, January 28, 2019 at 9:30 a.m., at Qasr-e-Zauk, 1E-3, Main Boulevard (Next to UC Hospital), Gulberg III, Lahore and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this ______________ day of January, 2019.

______________

(Member's Signature)

| Affix Revenue stamp of Rs. 5/- |
|---|

Witnesses:

| | 1. | 2. |
|---|---|---|
| Signature: | ______________ | ______________ |
| 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 Cantonment, Lahore Pakistan.

# پراکسی فارم

## جے ڈی ڈبلیو شوگر ملز لمیٹڈ کا 29 واں (انتیسواں) سالانہ اجلاسِ عام

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: ____________

میں / ہم ____________ ساکن ____________
ضلع ____________ بحیثیت رُکن جے ڈی ڈبلیو شوگر ملز لمیٹڈ حامل ____________ عام حصص مبلغ 10 روپے ہر ایک شیئر ،
مسٹی / مسماۃ ____________ ساکن ____________
یا اُس کی عدم موجودگی میں ____________ کو بطور مختار (پراکسی) مقرر کرتا / کرتے ہیں تاکہ وہ میری / ہماری طرف سے کمپنی کے 29 ویں سالانہ اجلاسِ عام بتاریخ 28 جنوری 2019 بروز سوموار بوقت صبح 9:30 بجے بمقام قصرِ ذوق، E-3-1 گلبرگ III (نزد یونائیٹڈ کرسچن ہسپتال)، مین بلیوارڈ، لاہور منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ جنوری ____________ 2019 کو میرے دستخط سے جاری ہوا۔

| |
|---|
| پانچ روپے کی<br>ریوینیو ٹکٹ<br>چسپاں کریں |

ممبر کے دستخط ____________

گواہان:

| | 1- | 2- |
|---|---|---|
| دستخط: | ____________ | ____________ |
| نام: | ____________ | ____________ |
| شناختی کارڈ نمبر: | ____________ | ____________ |
| پتہ: | ____________ | ____________ |

نوٹ:

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

AFFIX
CORRECT
POSTAGE

The Company Secretary

JDW Sugar Mills Limited

Registered Office: 17– Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.

Farmers' **First Choice**

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JDW Sugar Mills Limited

Head Office: 17-Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.

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