2020 | Annual Report
for the year ended 30 September 2020

Continued Excellence

Corporate Social Responsibility

Innovative Farming

Bond with Growers

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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01 COMPANY REVIEW

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

Mr. Muhammad Rafique

Company Secretary

Mr. Maqsood Ahmad Malhi

Audit Committee

Mr. Qasim Hussain Safdar

Chairman / Member

Mrs. Samira Mahmud

Member

Mr. Ijaz Ahmed

Member

HR & R Committee

Mr. Asim Nisar Bajwa

Chairman / Member

Mrs. Samira Mahmud

Member

Mr. Ijaz Ahmed

Member

Nomination Committee

Mr. Jahangir Khan Tareen

Chairman / Member

Mr. Asim Nisar Bajwa

Member

Risk Management Committee

Mr. Jahangir Khan Tareen

Chairman / Member

Mr. Asim Nisar Bajwa

Member

Registrar

Corplink (Pvt.) Limited

Bankers

Conventional

MCB Bank Limited

The Bank of Punjab

Allied Bank Limited

Askari Bank Limited

Habib Bank Limited

Standard Chartered Bank (Pakistan) Limited

National Bank of Pakistan

Pak Oman Investment Company Limited

Soneri Bank Limited

United Bank Limited

Pak Kuwait Investment Company Limited

Pak Brunei Investment Company Limited

JS Bank Limited

Habib Metropolitan Bank Limited

Islamic

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

MCB Islamic Bank Limited

Bank Alfalah Limited

BankIslami (Pakistan) Limited

Meezan Bank Limited

Askari Bank Limited

National Bank of Pakistan

Auditors

Riaz Ahmad, Saqib, Gohar & Co.
Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufti

Web Presence

www.jdw-group.com

Registered Office

17-Abid Majeed Road, Lahore
Cantonment, Lahore, Pakistan

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.

VALUES

Innovating & Improving

Protecting our People & Growers

Acting with Integrity

Working Together

Community Empowerment

HIGH PRESSURE CO-GENERATION POWER PLANTS

2020, was another satisfactory year for the pioneering Co-Generation Power 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

Farming Activities by JDW Sugar Mills Limited

Human resource is undoubtedly the backbone of our industry business. With sound farming knowledge, distinctive agronomic strategies and modern machinery, our people help us building highly efficient and eco-friendly farms with higher yields. Our innovative farming techniques have also led us to build the capacity of existing farmers resulting in improved and reliable cane supply to JDW.

JDW believes in investing in our future by undertaking large scale research and development activities such as:

- Varietal screening and selection;
- Soil and water testing laboratory;
- Bio-laboratory facility;
- Hot water treatment facility;
- Disease free Seed Screening 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

CORPORATE FARMING

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.

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 serious problem among farms. These weeds are 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 is now at final stage.

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 and HWT started in 2016-17. Fixed hot water treatment plants of bigger capacity has been constructed at JDW-I and DSML and started operations from Season 2017-18. Further, HWT at JDW-II has also started operations in the Seson 2019-20.

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 rationing. 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. We have intervened in one hundred eleven (111) union councils and 846 revenue villages within these union councils, 193,026 acres of land and 103,822 households in four (04) tehsils namely 'Rahim Yar Khan', 'Khan Pur', 'Liaqat Pur' 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 111 union councils. The number of active COs grew in 2019-20 up to 9,934 with a membership of 103,822 farmers. The main features of the SPEP includes:

- 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. 2,109.4 million in the year 2019-20 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 maunds/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.

CORPORATE SOCIAL RESPONSIBILITY

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. As far as insect pests are concerned; Pyrilla and Black bug are major sucking pests in our crushing zone and stem and top borers are among the major chewing type insect pests. We are investing huge budget for provision of pesticides to growers for the management of these pests. Field teams consisting of development and cane departments have rigorously followed the crop of every grower to control these pests. Alhamdolillah with coordinated efforts of field staff and with patronage of JDW Group's management we have ideally managed the populations of above mentioned insect pests.

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. 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.

Most important diseases which have destructive impact on sugarcane varieties are "Red Rot" and "White Leaf" disease. Crushing zone of JDW Group Mills are facing problem of both these diseases. To save our crop from these diseases we are fighting on two frontiers:

(i) Promoting disease resistant varieties.

(ii) Snubbing insect vectors responsible for spreading of these diseases.

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.

02 FINANCIAL PERFORMANCE

WE DELIVERED AS COMMITTED 2019-20

Growers' Payment on Group Basis

RS. 31.15 BILLION

Earnings per Share

RS. 23.40

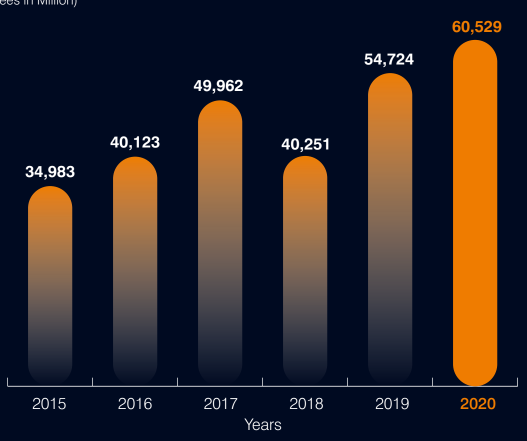
OPERATING HIGHLIGHTS

(Rupees in thousand)

		2020	2019	2018	2017	2016	2015
Gross revenue		**60,529,084**	54,724,042	40,251,476	49,962,325	40,122,718	34,982,617
Revenue from contracts with customers		**52,270,415**	49,119,853	37,264,506	45,431,957	37,287,426	32,663,443
Cost of revenue		**44,867,941**	43,903,668	34,517,475	40,807,425	30,832,944	27,797,896
Administrative and selling expenses		**1,706,550**	1,303,568	1,088,427	1,184,061	1,045,415	928,077
Finance cost		**3,550,397**	3,511,601	2,269,761	1,665,294	1,660,106	2,241,797
Other expenses		**584,371**	754,316	5,238	166,528	1,696,594	680,314
Other income		**(860,184)**	(593,359)	(475,637)	(571,049)	(266,648)	(195,925)
Profit from operations		**5,971,737**	3,751,660	2,129,003	3,844,992	3,979,122	3,453,081
Profit / (loss) before taxation		**2,421,340**	240,060	(140,758)	2,179,698	2,319,016	1,211,285
Profit / (loss) after taxation		**1,398,517**	553,296	(203,441)	1,588,396	2,033,932	1,517,250
Basic earnings / (loss) per share	Rs.	**23.40**	9.26	(3.40)	26.57	34.03	25.38
Interim Dividend - cash	%	**–**	–	–	100	50	30
Final Dividend - cash	%	**–**	100	–	30	150	70
Total Dividend - cash	**%**	**–**	**100**	**–**	**130**	**200**	**100**

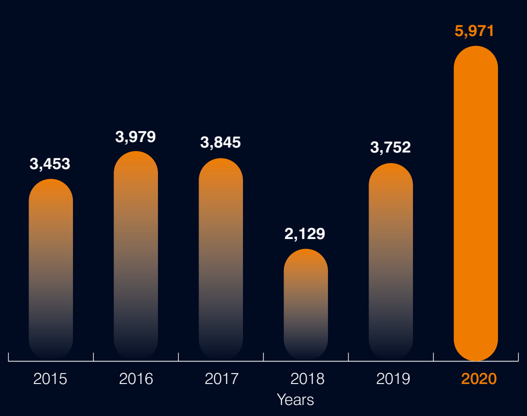
Gross Revenue

(Rupees in Million)



Profit from Operations

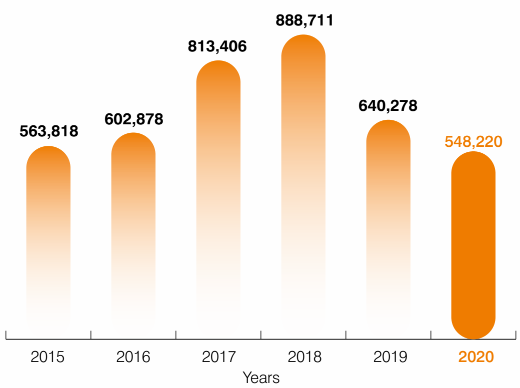
(Rupees in Million)



OPERATING HIGHLIGHTS

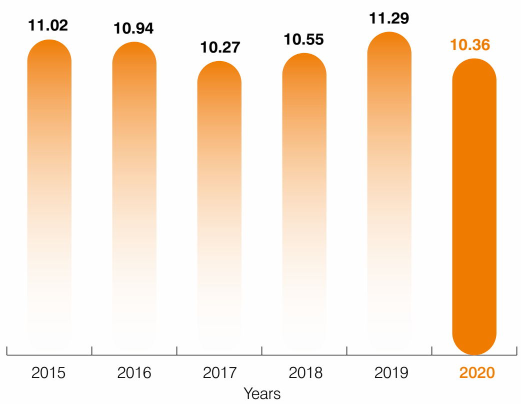
Sugar Production

(M.Tons)



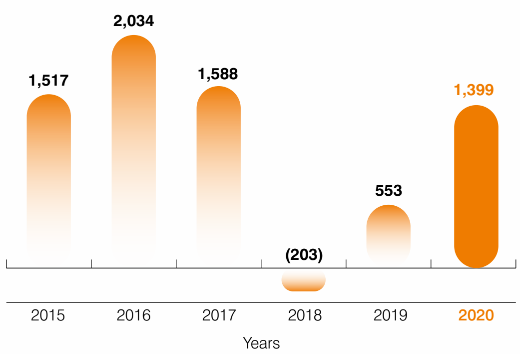
Sucrose Recovery

(%age)



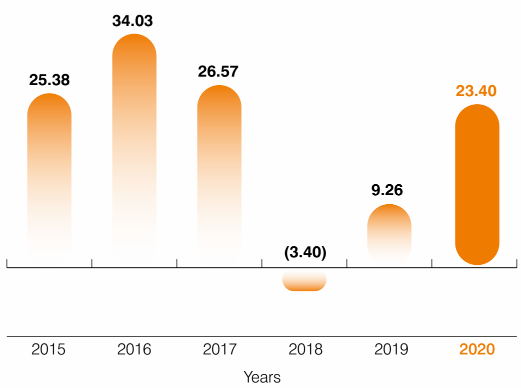
Profit / (Loss) after tax

(Rupees in Million)



Earnings / (Loss) Per Share

(Rupees)



PRODUCTION DATA

		2020	2019	2018	2017	2016	2015
Unit - I							
Sugar production	M.Tons	260,845	287,394	409,507	357,733	280,418	277,155
Sugar recovery	% age	10.58	11.61	10.91	10.14	10.99	11.19
Molasses production	M.Tons	102,835	96,101	175,655	154,437	101,604	97,400
Molasses recovery	% age	4.17	3.88	4.68	4.38	3.98	3.93
Unit - II							
Sugar production	M.Tons	153,173	190,304	255,879	247,926	169,872	135,102
Sugar recovery	% age	10.23	11.40	10.54	10.45	10.99	10.59
Molasses production	M.Tons	68,003	72,354	133,267	110,324	68,207	54,841
Molasses recovery	% age	4.54	4.33	5.49	4.65	4.41	4.30
Unit - III							
Sugar production	M.Tons	134,202	162,580	223,325	207,747	152,588	151,562
Sugar recovery	% age	10.09	10.65	9.97	10.30	10.78	11.10
Molasses production	M.Tons	58,749	62,882	113,728	83,072	55,150	54,093
Molasses recovery	% age	4.42	4.12	5.08	4.12	3.90	3.96
JDW Sugar Mills Limited							
Sugar production	M.Tons	548,220	640,278	888,711	813,406	602,878	563,818
Sugar recovery	% age	10.36	11.29	10.55	10.27	10.94	11.02
Molasses production	M.Tons	229,587	231,337	422,650	347,833	224,961	206,334
Molasses recovery	% age	4.34	4.08	5.02	4.39	4.08	4.03

03 DIRECTORS' REVIEW

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, 2019 (''Regulations'') with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under Regulations, 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, 2020 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 Regulations and by promoting ethical and fair behaviour across the Company.

02 January 2021

Chairman

Lahore

چیئرمین کا جائزہ

JDW شوگر ملز لمیٹڈ اپنی تشکیل، طریقہء کار، بورڈ آف ڈائریکٹرز کی میٹنگز اور اس کی متعلقہ کمیٹیوں کی میٹنگز کے حوالے سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 پر مکمل طور پر کاربند ہے۔ جیسا کہ کارپوریٹ گورننس کے تحت ضروری ہے کہ JDW شوگر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی کارکردگی 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 2020 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 براہِ راست تعلق ہے۔

بورڈ کے تمام اراکین موجودہ اولین مقاصد، 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 سٹیک ہولڈرز (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 حکمتِ 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 رویئے اچھے انتظام وانصرام اور کنٹرول کی بہترین جہتوں کو ظاہر کرتے ہیں۔

۲ جنوری ۲۰۲۱
لاہور

چیئرمین

DIRECTORS' REPORT

We, on behalf of the Board of Directors of JDW Sugar Mills Limited, are pleased to present the Company's 31st Annual Report together with the Audited Accounts for the year ended 30 September 2020.

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.

COVID-19 Pandemic

The COVID-19 pandemic that rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Alhamdulillah, the 1st wave of COVID-19 pandemic situation was effectively controlled in Pakistan. In order to minimize the impact of 2nd wave of COVID-19 pandemic the Government has already taken measures which hopefully will trigger the economic and social activities in the country.

In the COVID-19 pandemic phases, the Company has implemented the various controls at all locations to manage the impact of this pandemic. Mandatory SOPs include, wearing of facemasks for all employees and service providers, maintenance of social distance of 6 feet at all times when they are on Company premises, mandatory temperature checks, routine disinfection of office premises and vehicles, frequent hand washing & sanitizing, limiting face to face meetings and work from home policies during lock down phase. The Company also during the crises has neither retrenched strength of employees and nor cut down any emoluments of any employee. The State Bank of Pakistan's (SBP) supportive policies played vital role in this regard and all financial supports including deferment of long term loans for one year and availing of soft salary loans extended by financial institutions in view of the SBP's policies were availed by the company.

Operating Results

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

Description		2019-20				2018-19			
		JDW-I	JDW-II	JDW-III	JDW	JDW-I	JDW-II	JDW-III	JDW
Sugarcane Crushed	M. Tons	2,464,468	1,497,319	1,329,945	5,291,732	2,475,196	1,669,315	1,526,984	5,671,495
Sugar Production	M. Tons	260,845	153,173	134,202	548,220	287,394	190,304	162,580	640,278
Sucrose Recovery	%age	10.58	10.23	10.09	10.36	11.61	11.40	10.65	11.29
Molasses Production	M. Tons	102,835	68,003	58,749	229,587	96,101	72,354	62,882	231,337
Molasses Recovery	%age	4.17	4.54	4.42	4.34	3.88	4.33	4.12	4.08

The comments on above operating results are as under:

Sugarcane crushed this time by the Company was 7% less than last year whereas reduction in sugar production was 14%. Besides lower sugarcane crushing reduction of 93 bps in the sucrose recovery for all the three units was another reason for drop in sugar production. This has been caused mainly by change in the climate conditions and disease effected sugarcane in the area. Low sucrose recovery, the low yield per acre experienced by the growers due to inadequate & non-availability of adequate water coupled with reduction in area under cultivation were the main reasons for 7% reduction in cane crushing. Further molasses production achieved this time was almost the same which was due to increase in 26 bps in the molasses recovery.

Deharki Sugar Mills being 100 % owned subsidiary of the Company has achieved the following operating results in its 9th year of its operation:

Operating Results – Subsidiary Company

		2019-20	2018-19
Sugarcane Crushed	M. Tons	1,220,644	1,316,226
Sugar Production	M. Tons	122,831	147,213
Sucrose Recovery	%age	10.06	11.18
Molasses Production	M. Tons	55,253	53,137
Molasses Recovery	%age	4.53	4.04

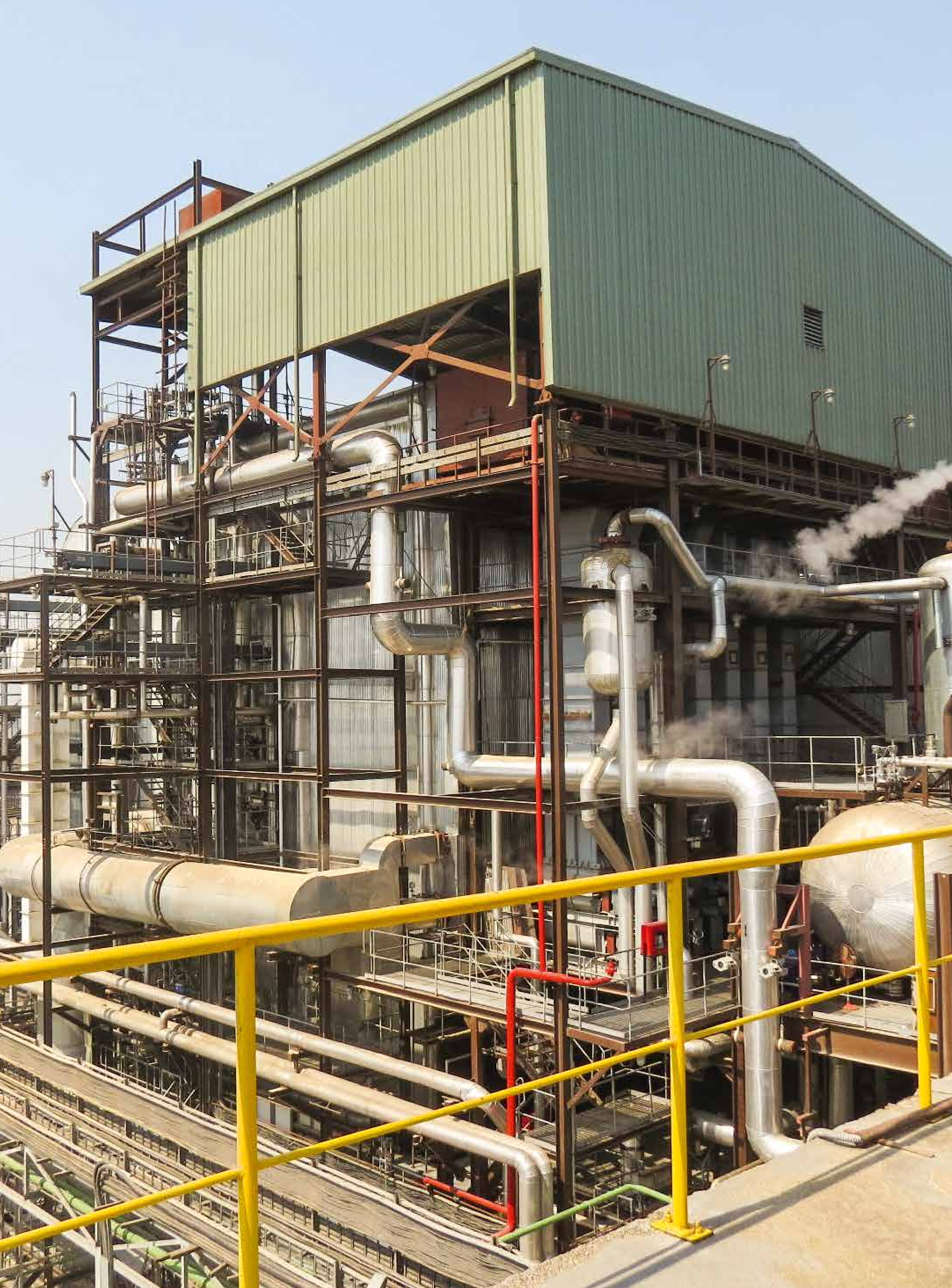
Financial Overview

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

(Rs. in Million)

	2019-20	2018-19
Gross Revenue	60,529	54,724
Revenue from Contracts with Customers	52,270	49,120
Profit from Operation	5,972	3,752
Profit before Tax	2,421	240
Profit after Tax	1,399	553
Earnings per Share	23.40	9.26

- There has been 11% increase in gross turnover of the Company as compared to last year which is attributable to better prices of sugar and molasses and more sale of carryover stocks at comparatively favorable prices. In view of the better prices the gross profit ratio has also improved from 11% to 14%.
- Despite all times heavy financial charges of Rs. 3.6 billion, the Company this year has been able to achieve net profit after tax amounting to Rs. 1,399 million as compared to Rs. 553 million earned in the last year resultantly earnings per share has also improved. Sugar and Co-Gen activities have almost equally contributed in achieving this profitability of the Company.
- Substantial increase in markup rates during last two years i.e., from 7% to 13.25%, huge accumulation of Co-Gen receivables approximately over Rs. 7 billion and more utilization of working capital loans have resulted in more financial charges of the Company which were Rs. 3,550 million this year as compared to Rs. 3,512 million in the last year. Most of the profitability of the Company in the current as well as last year has been eaten up by the higher financial cost.



DIRECTORS' REPORT

- Better financial results have also resulted in improving the key financial covenants as compared to last year. The Company is fulfilling it's all financial obligations on time and enjoys cordial relationship with all the financial institutions it's dealing with.
- In order to reduce the overall debt and improve the financial covenants of the company short term loans amounting to Rs. 3.5 billion were converted into long term loans during the period under review. These converted loans would be fully repaid in a period of 4 to 5 years.
- Slow payments from CPPA-G has resulted in substantial increase in receivables which rose from Rs. 5.2 billion to Rs. 7.3 billion in the current year. This accumulation of receivables has caused increase in the financial charges and put pressure on Company's cash flows.
- The balance sheet size is also stable in this year at Rs. 41 billion and accumulated reserves increased from 13.68 times to 15.01 times of the paid-up capital of the Company.

Other points of your interest are summarized below:

- The minimum notified support price of sugarcane for crushing season 2019-20 was revised in the provinces of Punjab and Sindh at Rs. 190 from Rs. 180 per 40 kg & at Rs. 192 from Rs. 182 per 40 kg respectively. However, actual average price at which sugarcane was procured by us was Rs. 214 per 40 Kg. Since last two years' growers are very happy as they have received better sugarcane prices and timely payments unlike crushing season 2017-18 when they were massively exploited by majority of the sugar mills by paying them much less than the notified prices of sugarcane. Sugarcane crop now has tough competition with other crops such as cotton, rice, wheat and maize so maintaining area under sugarcane cultivation is going to be very challenging for the sugar industry in years to come.
- As usual growers' payment has remained our top priority being one of main keys of our success, this year also on Group basis growers' payments have been fully paid off for the crushing season 2019-20 despite stuck up of huge funds with Government of Sindh and GOP on account of export subsidy & sale of energy respectively. This was the 2nd consecutive crushing season in which all the growers of the Company were successfully paid through their bank accounts throughout the season and thereafter which was very well appreciated by the growers. Company regularly provides financial assistance and technical support to its growers. Due to these policies and preferential treatment with growers, the Company enjoys excellent relationship with them.
- Government allowed import of 325,000 tons of sugar in the period under review to fill the demand supply gap and also to stabilize the sugar prices which have sharply increased from July, 2020 onwards.
- During last few years the Company has invested on steel structured molasses tanks to avoid storing of molasses in the open pits and by virtue of this storage of molasses in the open pits now has almost finished which has resulted in maintaining the quality of molasses and also mitigated the risk of fermentation in the summer. Company is getting better prices for its good quality molasses. Overall molasses prices have also improved from previous years.
- During the year, JDW Sugar Mills Limited (JDW) and the Committee for Negotiations with Independent Private Power Producers (notified by Government of Pakistan) have executed a Memorandum of Understanding ("MoU") connected to outstanding energy payments of the Company's two bagasse-based Co-Gen Power Projects of 26.35 MW each from Central Power Purchasing Agency ("CPPA-G") and revision in tariff components. JDW & IPP Negotiations Committee had several rounds of discussions and have agreed to amend their existing contractual arrangements to the extent of, and strictly with respect to, the matters listed under the Memorandum of Understanding ("MoU"). JDW has, in the larger National Interest, voluntarily agreed to provide certain concessions. Presently Company is fully engaged with the negotiation committee to enter into a legal binding agreement to reflect the amendments needed in the tariff and relevant agreements.

- After detailed annual review by the VIS Credit Rating Company Limited (VIS) on 27 April 2020 has reaffirmed entity ratings of the Company at 'A/A-2' (Single A/Single A-Two). The long-term rating signifies good credit quality with adequate protection factors. Risk factors are considered variable if changes occur in the economy. Short term rating of 'A-2' depicts good certainty of timely payment. Liquidity factors and company fundamentals are sound with good access to capital markets. Risk factors are small. Outlook on the assigned rating is 'Stable'.
- Faruki Pulp Mills Limited ("the Subsidiary Company") has been, for the considerable number of years, unable to commence its commercial operations and considering this fact management has principally decided not to inject further funds in the Company as significant capital expenditure are required. Moreover, keeping in view commercial viability of the plant as well as the substantial accumulated losses the management has determined that the Company might not be able to realize its assets and discharge its liabilities in the normal course of business. During the year, the FPML through a special resolution passed in its Extraordinary General Meeting held on March 25, 2020 resolved to dispose of its property, plant and equipment either in parts or in their entirety to prospective buyers after due process.
- During period under review a Joint Investigation Team (JIT) comprising of officials from eight different Government departments was formed by the Government of Pakistan for the purposes of finding out reasons for hike in the sugar prices and determination of cost of sugar per kg. For this purpose, ten (10) sugar units from all overall Pakistan were selected for Forensic Audit based on criteria well known to the JIT only of which three units were of our Company. This Forensic Audit was started in March 2020 and completed in the month of May 2020 thereafter an inquiry report was made public which resulted in massive media trial of the sugar industry especially those units which were selected for audit and its sponsors were carried out. Our Company gone through this difficult process for many months. After such a detailed inquiry and media trial nation is still curious to know the reasons for hike in the sugar prices in 2020 and correct cost of sugar per kg?

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 & by arranging loans for them from banks and also through different financial schemes of National Rural Support Programme (NRSP). During period under review, huge amount of agri loans were advanced to growers in the form of cash, seeds, agricultural implements, turbines & tube wells, fertilizers and pesticides.
- Procure and provide latest agricultural equipment on subsidized rates to growers on easy installment basis.
- Enhance technical skills through various extension and advisory programs.
- Provide better quality and better yield varieties of sugarcane resulting in increased productivity in sugarcane yield per acre.

Future Outlook

- The crushing season 2020-21 was started on 10th November, 2020 and on Group basis up to 1st January 2021 sugar produced by the Company was 253,933 tons with average sucrose recovery of 9.19% which is lower than the last crushing season.
- The crop size for ongoing crushing season estimated to be approximately 10% higher than last year but we are experiencing low yield per acre and reduction in sucrose recovery so the sugar production this year will either be the same as last year or may be slightly less which is very alarming for the country which wants to bring the sugar prices down. The country may again face shortfall in the supply of sugar which will result in import of sugar again. At present international prices of raw sugar and refined sugar are very high. In view of all this it is expected that sugar and molasses prices in the country would remain favorable. Sugarcane prices would play a major role in the determination of sugar prices in the ongoing crushing season.

DIRECTORS' REPORT

- For ongoing crushing season 2020-21, notified support prices of sugarcane have been revised to Rs. 200 per 40 kgs in Punjab and Rs. 202 per 40 kgs in the Province of Sindh whereas actual sugarcane prices at which industry is procuring cane are much higher and range between Rs. 275 to Rs. 325 per 40 kgs. It is estimated that around Rs. 100 billion additional amounts would go to the growers this season too which will result in increasing the production cost of the sugar consequently sugar prices in the market would naturally remain on the higher side.
- Sales tax evasion and undocumented sugar trade are two major challenges being faced by the sugar industry. These two issues are the root causes of instability both in the prices of sugarcane and sugar. Both these major issued come under the purview of FBR. FBR from time to time has taken various measures to address these problems but has not be able to succeed. Recently it has directed sugar industry to install "Video Analytics for Electronic Monitoring of Sugar Production" during the season 2020-21 through its SRO 889(I)/2020 dated 21 September 2020 of video analytics rules, 2020. Finalization of vendors and implementation of Video Analytics under the supervision of FBR is still in process.
- Further, 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 seven (07) years.
- An amount of Rs. 405 million is also due from the Government of Sindh on account of subsidy for sugar exports made in the year 2017-18 on group basis.
- Financial year 2020-2021 seems to be more challenging where growers are not willing to supply sugarcane at prices less than Rs. 300 per 40 kgs as against the support prices of around Rs. 200 and Government wants the sugar industry to sell sugar at lower prices which may again put the industry in crisis like situation. We are maintaining continued good performance and want to focus more on reduction of debt to bring down the financial charges. Reduction in the markup rates by SBP will certainly help us to achieve this goal.

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, 2019 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;
- 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 9 Board meetings were held. The minutes of the meetings were appropriately recorded and circulated Attendance was as under:

Sr. No.	Name of Directors	Designation	Meetings Attended
1	Mr. Jahangir Khan Tareen	Executive Director	7
2	Mukhdoom Syed Ahmed Mahmud	Chairman / Non-Executive Director	7
3	Mr. Raheal Masud	CEO / Executive Director	9
4	Mrs. Samira Mahmud	Female / Non-Executive Director	7
5	Mr. Ijaz Ahmed	Non-Executive Director	9
6	Mr. Asim Nisar Bajwa	Independent Director	9
7	Mr. Qasim Hussain Safdar	Independent Director	9

Subsequent to the year-end, Mr. Jahangir Khan Tareen resigned as Chief Executive Officer on 16 November 2020, however, he continues as Director of the Company and Mr. Raheal Masud was appointed as Chief Executive Officer of the Company for the remaining term of Chief Executive Officer.

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 Code of Corporate Governance.

Nomination Committee

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

Risk Management Committee

The Board has constituted a Risk Management Committee in compliance with the Code of Corporate Governance.

Director's Remuneration

The Company has formal policy and transparent procedure for determining the remuneration of Executive Directors, Non-Executive and Independent Directors. Executive & Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully while Independent Directors are entitled for the fee for attending the meetings. For information on remuneration of Directors and CEO, please refer relevant note to the financial statements.

Directors' Training Program

As required by the Code, 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:

Sr. No.	Name of Directors	Designation
(i)	Independent Directors	Mr. Asim Nisar Bajwa Mr. Qasim Hussain Safdar
(ii)	Executive Directors	Mr. Jahangir Khan Tareen Mr. Raheal Masud
(iii)	Non-Executive Directors	Mukhdoom Syed Ahmed Mahmud Mr. Ijaz Ahmed
(iv)	Female Director (Non-Executive)	Mrs. Samira Mahmud

Subsequent Events / Material Changes

Except as disclosed above, there were no other 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.

DIRECTORS' 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.

Dividend

Due to COVID-19 Pandemic, the State Bank of Pakistan Vide BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 allowed deferment of principal repayments to financial institutions for one year and we undertake the financial institutions that no Dividend shall be declared by the Company for the deferred period. Keeping in view the above said undertaking, the Board of Directors of the Company has recommended a final cash dividend @ Rs. nil per share for the year ended 30 September 2020. If you look at the track record of dividend payouts of the Company, you will find that except for three years the Company has been making regular payments of dividend since year 2000-01.

Pattern of Shareholding

There were 1,202 shareholders of the Company as of 30 September 2020. 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 faces by the Company;

- Low Sugarcane Crop
- Higher Sugarcane Prices
- Foreign Currency Fluctuations
- Delay in Co-Cogen Receipts
- Delay in Payments of 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 2020 is aggregating to Rs. 668 million (2019: Rs. 481 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 2020 is aggregating to Rs. 87 million (2019: Rs. 84 million).

National Exchequer

The Company contributed a sum of Rs. 8,750 million (2019: Rs. 6,098 Million) approximately to the national exchequer in the form of taxes & duties during the year under review.

Corporate Social Responsibility Activities

The Company undertook the Corporate Social Responsibility Activities which are discussed in detail on pages from 16 to 19 during the period under review.

Auditors

The casual vacancy created upon the resignation of M/s KPMG Taseer Hadi & Co., Chartered Accountants, was filled by M/s. Riaz Ahmad, Saqib, Gohar & Co., Chartered Accountants to conduct the Audit for the year ending 30 September 2020.

The newly appointed Auditors have now also offered themselves for appointment for the Audit of the year ending 30 September 2021.

Acknowledgement

The Directors would like to express their appreciation for the dedication, hard work of the workers, staff and members of the management team for achieving better financial results in the current year. Growers are the key element of our industry and we thank them for their continued co-operation. The Directors of the Company are also thankful to the financial institutions for their financial assistance and co-operation they have extended in providing timely finances to the Company.

Chief Executive **Director**

02 January 2021
Lahore

بورڈ کی تشکیل مندرجہ ذیل ہے:

کیٹگری	نام
خودمختار ڈائریکٹرز	جناب عاصم نثار باجوہ جناب قاسم حسین صفدر
ایگزیکٹو ڈائریکٹرز	جناب جہانگیر خان ترین جناب راحیل مسعود
نان ایگزیکٹو ڈائریکٹرز	جناب مخدوم سید احمد محمود جناب اعجاز احمد
خاتون۔نان ایگزیکٹو ڈائریکٹر	محترمہ سمیرا محمود

دیگر واقعات/نمایاں تبدیلی

اوپر بیان کردہ تبدیلیوں کے علاوہ مالی سال کے اختتام اور رپورٹ کی تاریخ تک کسی قسم کی اور 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۔

منافع کی ادائیگی

وبائی مرض کوویڈ 19 کی وجہ سے سٹیٹ بینک آف پاکستان نے اپنے سرکلر لیٹر نمبر 13/2020 مورخہ 26 مارچ 2020 کے ذریعے مالیاتی اداروں کو اجازت دی کہ قرضوں کے پرنسپل کی وصولی کو ایک سال کیلئے موخر کر دیا جائے ۔ان ہدایات کے تناظر میں ہم نے مالیاتی اداروں کو اس امر کی یقین دہانی کروائی کہ اس سال کمپنی حصص پر منافع کا اعلان نہیں کرے گی۔ مذکورہ بالا اقدام کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز کے 30 ستمبر 2020 کو ختم ہونے والے سال کیلئے کمپنی نے حصص پر منافع کی سفارش نہیں کی ہے۔ اگرآپ کمپنی کے منافع کی ادائیگیون کے ٹریک ریکارڈ پر نظر ڈالیں تو آپ کو معلوم ہوگا کہ 01-2000 سے لے کر اب تک سوائے تین سال کے ہر سال حصص پر منافع کی باقاعدہ ادائیگی کرتی رہی ہے۔

پیٹرن آف شیر ہولڈنگ

30 ستمبر 2020 میں 1,202 حصہ داران موجود تھے ۔ جن کی علیحدہ سے تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹر CEO، CFO اور کمپنی سیکرٹری اور اُن کی بیویاں ، نابالغ 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 و ضوابط پر مکمل کاربند رہا جائے۔

بنیادی خدشات

کمپنی کو درج ذیل بنیادی خدشات کا سامنا ہے:

- گرتی ہوئی کی گنے کی پیداوار
- بڑھتی ہوئی گنے کی قیمت خرید
- غیر ملکی کرنسی کا اتار چڑھاؤ
- فروخت شدہ بجلی کی ادائیگیوں میں تاخیر
- حکومتی مراعات کی ادائیگی میں تاخیر

پراویڈنٹ فنڈ اور گریجوٹی 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 30 جون 2020 میں 668 ملین روپے ہے۔ جبکہ سال 2019 میں یہ رقم 481 ملین تھی۔

اس کے علاوہ کمپنی ایک گریجوٹی فنڈ سکیم چلا رہی ہے جس میں اس کے اہل اور مستقل ملازمین شامل ہیں۔ اسکی سرمایہ کاری کا حجم رواں سال 30 جون 2020 تک 87 ملین روپے تھا، جبکہ 2019 میں یہ حجم 84 ملین روپے تھا۔

نیشنل ایکس چیکر

کمپنی نے رواں سال میں ٹیکسز اور ڈیوٹی کی مد میں 8,750 ملین روپے جمع کروائے جبکہ پچھلے سال یہ رقم 6,098 ملین روپے تھی۔

ادارتی سماجی ذمہ داری

کمپنی نے اپنی رواں سال کی سماجی ذمہ داریوں کا تذکرہ صفحہ نمبر 16 تا 19 صفحات نمبر میں کیا ہے۔

آڈیٹرز

مورخہ 30 ستمبر 2020ء کو اختتام پذیر ہونے والے سال کے آڈٹ کیلئے ریٹائرڈ میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹس، کے مستعفی ہونے کے بعد میسرز ریاض احمد، ثاقب، گوہر اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کو تعینات کر دیا گیا تھا۔

نئے تعینات شدہ آڈیٹرز نے مورخہ 30 ستمبر 2021ء کے اختتام کیلئے اپنی خدمات کی دوبارہ پیشکش کی ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرا اپنے تمام ورکر اور انتظامی سٹاف کی لگن اور انتھک محنت کا اعتراف کرتے ہیں۔ اور شکریہ ادا کرتے ہیں۔ کاشتکار ہماری انڈسٹری کا اہم عنصر ہیں اُن کی لگاتار تعاون کے شکر گذار ہیں اس کے علاوہ تمام مالیاتی ادارے، بنک، لیزنگ کمپنیوں کی مالی معاونت فراہم کرنے پر شکریہ ادا کرتے ہیں۔

۲ جنوری ۲۰۲۱	چیف ایگزیکٹو	ڈائریکٹر
لاہور		

- سیلز ٹیکس کی چوری اور غیر دستاویزی چینی کی تجارت شوگر انڈسٹری کے دو بڑے چیلنج ہیں۔ یہ دونوں امور گنے اور چینی کی قیمتوں میں عدم استحکام کی بنیادی وجوہات ہیں۔ یہ دونوں بڑے مسائل ایف بی آر کے دائرہ کار میں آتے ہیں۔ ایف بی آر نے وقتاً فوقتاً ان مسائل کو دور کرنے کے لئے مختلف اقدامات کیے لیکن وہ کامیاب نہیں ہو سکے۔ حال ہی میں اس نے اپنے ایس آر او 2020/(I)889 مورخہ 21 ستمبر 2020 شوگر انڈسٹری کو ہدایت کی ہے کہ وہ 2020-21 کے سیزن "Video Analytics for Electronic Monitoring of Sugar Production" کو انسٹال کرے۔ اس ضمن میں متعلقہ خدمات فراہم کرنے والے ادارے کو ایف بی آر کی نگرانی میں فائنل کیا جا رہا ہے۔
- Inland Freight Subsidy کی مد میں TDAP, کے جے ڈی ڈبلیو شوگر ملز اور ڈہر کی شوگر ملز کو واجب الادا 306 ملین روپے کی سبسڈی میں تا حال کوئی پیش رفت نہیں ہوئی۔ کمپنی نے اس ضمن میں تمام کاغذی کارروائی مکمل کر رکھی ہے، کچھ مواقع پر TDAP نے بینکوں کو رقم کی ادائیگی کے احکامات بھی دیئے لیکن تا حال کوئی بھی ادائیگی وصول نہیں ہوئی۔ صنعتی سطح پر 2.6 ارب روپے کی رقم گزشتہ سات سال سے واجب الادا ہے۔
- سال 2017-18 کے دوران چینی کی برآمد کی مد میں حکومت سندھ کی طرف 405 ملین روپے کی سبسڈی تا حال واجب الادا ہے۔
- رواں سال 2020-21 زیادہ مشکل معلوم ہوتا ہے کیونکہ کاشتکار فی من گنا 300 سے کم پر بیچنے کو تیار نہیں جبکہ حکومت کی مقرر کردہ قیمت تقریباً 200 روپے فی من ہے اور حکومت انڈسٹری سے اس بات کی متقاضی ہے کہ چینی کو کم قیمت پر بیچا جائے جو اس صنعت کو دوبارہ بحران جیسی صورتحال میں ڈال سکتی ہے۔ ہم اپنی بہتر کارکردگی کو برقرار رکھے ہوئے ہیں مالیاتی اخراجات کو کم کرنے کیلئے قرضوں میں کمی لانے پر توجہ مرکوز کئے ہوئے ہیں۔ سٹیٹ بینک کی جانب سے شرح سود میں کمی ہمیں اپنے ہدف تک پہنچنے میں یقینی طور پر مدد دے گی۔

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 طریقہ 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 قابل اطلاق ہیں کو مالیاتی گوشواروں کی تیاری کے لیے لاگو کیا گیا ہے اور ان سے کسی قسم کے انحراف کو مناسب طور پر افشا اور اس کی وضاحت کی گئی ہے۔ کمپنی ایکٹ 2017 کی تمام شرائط وضوابط کو مدِ نظر رکھا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابل بھروسہ ہے اور مؤثر طور پر نافذ العمل اور زیر نگرانی ہے۔
- کمپنی کے آگے بڑھتے رہنے کی اہلیت میں کوئی خاطر خواہ شک وشبہ نہیں ہے۔
- کارپوریٹ گورننس 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 ہیں۔
- ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے بارے میں کسی بھی تاخیر کی ادائیگی یا ادائیگی سے گریز کا کوئی امکان نہیں ہے۔
- سال رواں کے دوران 09 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	7
2	جناب مخدوم سید احمد محمود	7
3	محترمہ سمیرا محمود	7
4	جناب اعجاز احمد	9
5	جناب راحیل مسعود	9
6	جناب عاصم نثار باجوہ	9
7	جناب قاسم حسین صفدر	9

16 نومبر 2020 کو جناب راحیل مسعود کو کمپنی کا چیف ایگزیکٹو آفیسر تعینات کر دیا گیا جبکہ جہانگیر خان ترین بطور ڈائریکٹر رہیں گے۔

آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو کمیٹی چیئر مین 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 گورننس کے ضمن میں انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔

نامزدگی کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں نامزدگی کمیٹی تشکیل دی ہے۔

رسک مینجمنٹ کمیٹی

بورڈ نے کارپوریٹ گورننس کے ضمن میں رسک مینجمنٹ کمیٹی تشکیل دی ہے۔

ڈائریکٹرز کے معاوضہ جات

بورڈ ممبران کے معاوضہ جات کو بورڈ کے ذریعے منظور کیا جاتا ہے تاہم کارپوریٹ گورننس 2019 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 خودمختاری 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 پچھلے کئی سالوں میں 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

- مندرجہ بالا بہتر مالیاتی نتائج کی بدولت کمپنی گزشتہ سال کے اسی دورانئے سے مقابلتاً بہتر مالیاتی نتائج فراہم کرسکی ہے۔ کمپنی اپنی تمام مالیاتی ذمہ داریوں سے بروقت عہدہ برآ ہورہی ہے اور تمام مالیاتی اداروں سے بہترین تعلقات قائم کیئے ہوئے ہے۔
- مالیاتی امور کی بہتری اور مجموعی قرضوں کی کمی کیلئے ادارے نے اس سال 3.5 ارب روپے کے قلیل مدتی قرضوں کو طویل مدتی قرضوں میں تبدیل کیا ہے، جن کی مکمل ادائیگی 4 سے 5 سال میں کردی جائے گی۔
- CPPA-G کی طرف سے ادائیگیوں میں سست روی کی بدولت قابل حصول رقوم 5.2 ارب روپے سے بڑھ کر 7.3 ارب روپے تک جا پہنچی ہیں۔ قابل حصول رقوم کے اس حجم نے مالیاتی اخراجات میں اضافہ کیا ہے اور کمپنی کے نقد بہاؤ پر دباؤ ڈالا ہے۔
- اس سال بیلنس شیٹ کا حجم بھی 41 ارب روپے کی سطح پر مستحکم ہے۔ جمع شدہ ذخائر کمپنی کے ادائیگی شدہ سرمائے کے 13.68 گنا سے بڑھ کر 15.01 گنا ہوگئے ہیں۔

دیگر اُمور کا خلاصہ

- کرشنگ سیزن 20-2019 کیلئے صوبہ پنجاب میں فی 40 کلوگرام گنے کی مقرر کردہ کم از کم قیمت 180 روپے سے بڑھا کر 190 فی من رہی جبکہ صوبہ سندھ میں گنے کی قیمت 182 سے بڑھا کر 192 روپے فی من مقرر کی گئی۔ تاہم جس اوسط قیمت پر ہمیں گنے کی خریداری کرنی پڑی وہ 214 روپے فی من رہی۔ گزشتہ دو سال سے کسان بہت خوش ہیں کہ کیونکہ انہیں گنے کی مناسب اور بروقت قیمت ادا کی گئی جبکہ سال 18-2017 میں بہت سی شوگر ملوں کی جانب سے گنے کی خریداری مقرر کردہ قیمتوں سے کم کرکے کسانوں کا استحصال کیا گیا۔ اب گنے کی فصل کا دوسری فصلوں جیسے کپاس، چاول، گندم اور مکئی سے سخت مقابلہ ہے لہذا گنے کی کاشت کے تحت رقبے کو برقرار رکھنا آئندہ برسوں میں چینی کی صنعت کیلئے ایک بہت بڑا چیلنج ہوگا۔
- ہمیشہ کی طرح سال 20-2019 کے دوران بھی کسانوں کو گنے کی قیمت کی بروقت ادائیگی ہماری اولین ترجیح رہی۔ حکومت سندھ اور وفاقی حکومت سے بالترتیب برآمدی سبسڈی اور بجلی کی فروخت کی مد میں حاصل ہونے والی رقوم کی عدم ادائیگی کے باوجود اس سال کی مکمل ادائیگی کردی گئی ہے۔ یہ دوسرا سیزن تھا کہ جس کے دوران کمپنی کے تمام کاشتکاروں کو بنک کے ذریعے ادائیگی کی گئی جسے کسانوں کی طرف سے بہت سراہا گیا کیونکہ وہ بینکنگ کے وسیلے سے رقوم کی وصولی کو زیادہ آرام دہ تصور کرتے ہیں۔ کمپنی نے اس کے علاوہ امداد کی صورت میں کسانوں کو مالیاتی قرضے، بیج، ادویات اور زرعی آلات بھی فراہم کیے۔
- جولائی 2020 کے بعد چینی کی قیمتوں میں بیش بہا اضافہ ہوا۔ چینی کی قیمتوں میں استحکام اور طلب کی فراہمی کے فرق کو پورا کرنے کیلئے حکومت نے زیر جائزہ دورانئے میں 325,000 ٹن چینی کی درآمد کی اجازت دی۔
- گزشتہ چند سال میں کمپنی نے راب کے ذخیرے کو کھلے تالاب میں ذخیرہ کرنے کی بجائے راب کے ذخائر کو سٹیل کے بنے ہوئے ٹینک میں رکھنے کیلئے سرمایہ کاری کی ہے۔ اس کی بدولت راب کی کوالٹی اور قیمت فروخت میں بہتری آئی ہے۔ اس امر کا ذکر کرنا ضروری ہے کہ راب کی قیمت فروخت میں گزشتہ سال کی اوسط کے مقابلے میں اضافہ ہوا ہے۔
- رواں سال حکومت نے خودمختار اور نجی بجلی پروڈیوسرز کے ساتھ گفت وشنید کیلئے ایک کمیٹی کو نامزد کیا۔ اس کمیٹی نے جے ڈی ڈبلیو شوگر ملز کے ساتھ مل کر ایک مفاہمتی یادداشت پر عمل درآمد کیا۔ یہ مفاہمتی یادداشت CPPA-G کی ذمہ واجب الادا، 26.35 میگاواٹ بجلی بنانے والے دو یونٹس کے واجبات اور بجلی کی قیمت خرید کے اجزاء پر مشتمل تھی۔ متعدد ملاقاتوں کے بعد کمیٹی اور جے ڈی ڈبلیو کے مابین موجودہ معاہدہ میں ترمیم اور مفاہمتی یادداشت پر سختی سے عملدرآمد پر اتفاق رائے کیا گیا۔ جے ڈی ڈبلیو نے قومی مفاد میں رضا کارانہ طور پر کچھ مراعات دینے پر اتفاق کیا۔ اس وقت کمپنی ٹیرف اور متعلقہ معائدوں میں ترمیم کی غرض سے قانونی معائدوں کی جانچ پڑتال میں کمیٹی سے ساتھ مکمل طور پر مصروف عمل ہے۔
- 27 اپریل 2020 کو VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (VIS) نے سالانہ تفصیلی جائزے کے بعد کمپنی کی درجہ بندی "A/A-2" سنگل اے اور سنگل اے ٹو کے طور پر جاری کی۔ طویل مدتی درجہ بندی مناسب حفاظتی عوامل کے ساتھ اچھے کریڈٹ کے معیار کی نشاندہی کرتی ہے۔ اگر معیشت میں تبدیلیاں آتی ہیں تو رسک کے عوامل کو متغیر سمجھا جاتا ہے۔ A-2 کی قلیل مدتی درجہ بندی میں بروقت ادائیگیوں کی عکاسی کی گئی ہے۔ لیکویڈیٹی کے عوامل اور کمپنی کی موجودہ حالت مالیاتی اداروں تک موزوں رسائی کی بدولت مستحکم ہے۔

- 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۔ کمپنی اب تک کاروباری سرگرمی شروع نہیں کرسکی ہے۔ اس ذیلی کمپنی کے 57.67 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔ رواں مالی سال میں کمپنی کی ناقص کاروباری حالت کو مدنظر رکھتے ہوئے مینجمنٹ نے خاص قرارداد اپنی غیر معمولی اجلاس عام منعقدہ 25 مارچ 2020 کو منظور کی۔ جس میں کمپنی کے اثاثے فروخت کرنے کی منظوری دی گئی۔ اثاثوں کی فروخت کا طریقہ کار تمام ضروری اقدامات مکمل کرنے کے بعد یکمشت یا حصوں میں ہوگا۔
- حالیہ جائزے کے دورانئے میں حکومت پاکستان کی طرف سے ایک مشترکہ تحقیقاتی ٹیم (جے آئی ٹی) جس میں آٹھ مختلف حکومتی اداروں کے عہدیدار شامل تھے۔ شوگر کی قیمتوں میں اضافے کی وجوہات معلوم کرنے اور چینی کے فی کلوگرام کی قیمت کے تعین کے مقاصد کے لئے حکومت پاکستان نے محکمہ تشکیل دیا تھا۔ اس مقصد کے لئے، پورے پاکستان سے دس (10) چینی یونٹوں کا انتخاب فارنزک آڈٹ کے لئے جے آئی ٹی کی طرف سے کیا گیا تھا، جن میں سے تین یونٹ ہماری کمپنی کے تھے۔ یہ فارنزک آڈٹ مارچ 2020 میں شروع کیا گیا تھا اور مئی 2020 کے مہینے میں مکمل ہوا اس کے بعد ایک انکوائری رپورٹ منظر عام پر لائی گئی جس کے نتیجے میں شوگر انڈسٹری خاص طور پر ان یونٹس اور ان سے وابستہ افراد کا بڑے پیمانے پر میڈیا ٹرائل ہوا جن کو آڈٹ کے لئے منتخب کیا گیا تھا۔ ہماری کمپنی کئی مہینوں تک اس مشکل عمل سے گزر رہی ہے۔ اتنی تفصیلی تحقیقات اور میڈیا ٹرائل کے بعد بھی قوم 2020 میں چینی کی قیمتوں میں اضافے کی وجوہات اور چینی کی فی کلوگرام کی درست قیمت جاننے کے لئے بے چین ہے۔

کاشتکاروں کے ساتھ تعلقات

- کمپنی کاشتکاروں کے ساتھ خوشگوار تعلقات قائم رکھتی ہے اور کسانوں کو اپنی ریڑھ کی ہڈی تصور کرتی ہے۔ ان تعلقات کو مزید مضبوط کرنے کے لیئے مندرجہ ذیل ترجیحات اختیار کی گئیں۔
- متواتر طور پر گنے کی خرید کی بروقت ادائیگی کی پالیسی پر قائم رہنا۔
- کسانوں کی مالی ضروریات پورا کرنے کے لیئے کمپنی کی طرف سے زرعی قرض کی مد میں نقد رقم، بیج، ٹربائن، کھاد اور کرم کش ادویات مہیا کرنے کے علاوہ قومی و دیہی حمایتی پروگرام شامل ہوتے ہیں۔ زیر جائزہ مدت کے دوران، زرعی قرضوں کی بھاری رقم کاشتکاروں کو نقد، بیج، زرعی آلات، ٹربائنز اور ٹیوب ویلوں، کھادوں اور کیڑے مار ادویات کی شکل میں پیش کی گئیں۔
- تکنیکی مہارت میں بڑھوتری کے لیئے مختلف مشاورتی پروگرام ہیں
- نیز کوالٹی اور بہتر پیداواری صلاحیت سے فی ایکڑ پیداوار میں اضافہ شامل ہے۔

مستقبل کا منظر نامہ

- کرشنگ سیزن 21-2020 کا آغاز 10 نومبر 2020 کو کیا گیا تھا اور گروپ کی بنیاد پر یکم جنوری 2021 تک کمپنی کی تیار کردہ چینی 253,933 ٹن تھی جس کی اوسط سکروز ریکوری 9.19 فیصد تھی جو گذشتہ کرشنگ سیزن سے کم ہے۔

رواں کرشنگ سیزن کے لئے فصل۔ پچھلے سال کے مقابلے میں 10% زیادہ ہے لیکن ہم فی ایکڑ کم پیداوار اور سکروز وصولی میں کمی کا سامنا کررہے ہیں لہذا اس سال چینی کی پیداوار پچھلے سال کی طرح ہوگی یا قدرے کم ہوسکتی ہے جو ملک کے لئے انتہائی تشویشناک ہے۔ چینی کی کمی کی بدولت ملک کو ایک بار پھر چینی کی فراہمی میں شارٹ فال کا سامنا کرنا پڑسکتا ہے جس کے نتیجے میں دوبارہ چینی کی درآمد ہوگی۔ اس وقت خام چینی اور بہتر چینی کی بین الاقوامی قیمتیں بہت زیادہ ہیں۔ اس سب کے پیش نظر توقع کی جارہی ہے کہ ملک میں چینی اور گڑ کی قیمتیں سازگار رہیں گی۔ گنے کی قیمتیں جاری کرشنگ سیزن میں شوگر کی قیمتوں کے تعین میں اہم کردار ادا کریں گی۔

- کرشنگ سیزن 21-2020 کے لئے، گنے کی مطلع شدہ قیمت پنجاب میں 200 روپے فی 40 کلوگرام اور صوبہ سندھ میں 202 روپے فی 40 کلوگرام مقرر کی گئی جبکہ گنے کی اصل قیمتیں جس پر گنے کی خریداری کی جارہی ہے وہ اس سے کہیں زیادہ ہے اور اس کی قیمت 275 روپے سے لے کر 325 روپے فی 40 کلوگرام ہے۔ ایک اندازے کے مطابق اس سیزن میں بھی لگ بھگ 100 ارب روپے کی اضافی رقم کاشتکاروں کے پاس جائے گی جس کے نتیجے میں چینی کی پیداواری لاگت میں اضافہ ہوگا جس کے نتیجے میں مارکیٹ میں چینی کی قیمتیں قدرتی طور پر اونچی طرف رہیں گی۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 31 ویں رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2020 پیش کرتے ہیں۔

جائزہ

JDW شوگر ملز 31 مئی 1990 میں بطور پرائیوٹ لمیٹڈ کمپنی پاکستان میں 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 رجسٹرڈ شدہ دفتر 17 عابد مجید روڈ، لاہور کینٹ میں واقع ہے۔ کمپنی کا بنیادی کام چینی اور بجلی کی پیداوار وفروخت اور کارپوریٹ فارمنگ ہے۔

دنیا بھر میں تیزی سے پھیل جانے والی COVID-19 وبائی بیماری نے نہ صرف انسانی جانوں کو خطرات میں ڈال دیا ہے بلکہ عالمی معیشت پر بھی اس کے منفی اثرات مرتب کیے ہیں۔ الحمداللہ، کوویڈ 19 وبائی صورتحال کی پہلی لہر پر پاکستان میں موثر انداز میں قابو پالیا گیا ہے۔ COVID-19 وبائی امراض کی دوسری لہر کے اثرات کو کم کرنے کے لئے حکومت نے پہلے ہی اقدامات اٹھائے ہیں جن سے امید ہے کہ ملک میں معاشی اور معاشرتی سرگرمیاں متحرک ہو جائیں گی۔

COVID-19 وبائی مراحل میں، کمپنی نے اس وبائی مرض کے اثرات سے نمٹنے کے لئے تمام مقامات پر مختلف کنٹرول نافذ کیے ہیں۔ لازمی ایس او پیز میں، تمام ملازمین اور خدمات فراہم کرنے والوں کے لئے فیس ماسک پہننا، کمپنی کے احاطے میں ہر وقت 6 فٹ کے سماجی فاصلے کی پابندی، لازمی درجہ حرارت کے چیک، دفتر کے احاطے اور گاڑیوں کی معمول کی جراثیم کشی، بار بار ہاتھ دھونا اور جراثیم کش محلول سے ہاتھ صاف کرنا شامل ہیں۔ لاک ڈاؤن مرحلے کے دوران ملاقاتوں کو کم کر کے گھر سے کام کرنے کی پالیسی پر عملدرآمد کیا گیا۔ کمپنی نے بحران کے دوران نہ تو ملازمین کی تعداد میں کمی کی اور نہ ہی کسی ملازم کی تنخواہ کو کم کیا۔ سٹیٹ بینک آف پاکستان کی معاون پالیسیوں نے اس سلسلے میں اہم کردار ادا کیا اور کمپنی نے اسٹیٹ بینک کی پالیسیوں کو مدنظر رکھتے ہوئے مالی اداروں کی طرف سے ایک سال کے لئے طویل مدتی قرضوں کا التوا اور تنخواہوں کی ادائیگی کیلئے نرم شرائط پر دیا جانے والا قرض بھی حاصل کیا۔

آپریٹنگ نتائج

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

		2019-2020				2018-2019			
		یونٹ-I	یونٹ-II	یونٹ-III	جے ڈی ڈبلیو	یونٹ-I	یونٹ-II	یونٹ-III	جے ڈی ڈبلیو
گنے کی کرشنگ (پسائی)	میٹرک ٹن	2,464,468	1,497,319	1,329,945	5,291,732	2,475,196	1,669,315	1,526,984	5,671,495
چینی کی پیداوار	میٹرک ٹن	260,845	153,173	134,202	548,220	287,394	190,304	162,580	640,278
چینی کا پیداواری تناسب	فیصد%	10.58	10.23	10.09	10.36	11.61	11.40	10.65	11.29
راب کی پیداوار	میٹرک ٹن	102,835	68,003	58,749	229,587	96,101	72,354	62,882	231,337
راب کا پیداواری تناسب	فیصد%	4.17	4.54	4.42	4.34	3.88	4.33	4.12	4.08

اوپر موجود نتائج کا جائزہ حسب ذیل ہے:

گزشتہ سال کے مقابلے میں گنے کی پسائی کا تناسب 7 فیصد کم تھا جبکہ سکروس کی بہتر وصولی کی بدولت چینی کی پیداوار میں کمی کی شرح 14 فیصد رہی۔ گنے کی کم پسائی کے علاوہ تینوں یونٹوں میں سکروز ریکوری میں 93 بی پی ایس کی کمی بھی چینی کی کم پیداوار کی ایک وجہ تھی۔ مزید برآں آب وہوا میں تبدیلی اور علاقے میں گنے کی فصل کا بیماری سے متاثر ہونا قابل ذکر امور ہے۔ سکروز کی کم ریکوری کی بنیادی وجوہات میں زیر کاشت رقبے میں پانی کی ناکافی اور عدم فراہمی کی وجہ سے گنے کی فی ایکڑ پیداوار میں کمی اور اس دورانئے میں گنے کی پسائی میں %7 کمی شامل ہے۔ اس بار حاصل کی جانے والی راب کی پیداوار تقریباً وہی تھی جو راب کی ریکوری میں 26 بی پی ایس میں اضافے کی وجہ تھی۔

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

ذیلی کمپنی کے آپریٹنگ نتائج

		2019-20	2018-19
گنے کی پسائی	میٹرک ٹن	1,220,644	1,316,226
چینی کی پیداوار	میٹرک ٹن	122,831	147,213
چینی کا پیداواری تناسب	فیصد%	10.06	11.18
راب کی پیداوار	میٹرک ٹن	55,253	53,137
راب کا پیداواری تناسب	فیصد%	4.53	4.04

مالیاتی جائزہ

کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں

	2019-20	2018-19
مجموعی فروخت	60,529	54,724
خالص فروخت	52,270	49,120
کارکردگی منافع	5,972	3,752
قبل از ٹیکس منافع	2,421	240
بعد از ٹیکس منافع	1,399	553
فی حصہ آمدنی	23.40	9.26

- چینی اور راب کی قیمتِ فروخت میں اضافے کی وجہ سے گزشتہ سال کی نسبت کمپنی کی مجموعی فروخت میں %11 اضافہ گزشتہ سال بچ جانے والی چینی کے ذخائر میں سے بیچی جانے والی چینی کی وجہ سے ہوا اور خام منافع بھی %11 سے بہتر ہو کر %14 ہو گیا۔
- اپنی تاریخ کے بلند ترین 3.6 ارب روپے کے مالیاتی اخراجات کے باوجود گزشتہ سال کے 553 ملین کے مقابلے میں کمپنی نے اس سال 1,399 ملین روپے کا بعد از ٹیکس خالص منافع کمایا۔ جس کے نتیجے میں فی حصص آمدن میں اضافہ ہوا۔ چینی اور توانائی کے دونوں شعبوں نے منافع کے حصول میں اپنا مساوی حصہ ڈالا۔
- گزشتہ دو برسوں میں شرح سود میں خاطر خواہ اضافہ ہوا جو کہ %7 سے بڑھ کر %13.25 تک جا پہنچا۔ مزید برآں بجلی کی فروخت کی مد میں قابل حصول رقوم 7 ارب تک جا پہنچی اور گردشی سرمائے کیلئے مزید قرضوں کے حصول سے مالیاتی اخراجات 3,550 ملین تک جا پہنچے جو کہ گزشتہ سال 3,512 ملین تھے۔ اس سال اور گزشتہ سال، کمپنی کے منافع کا ایک بڑا حصہ ان مالیاتی اخراجات کی نذر ہو گیا۔

04 UNCONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S 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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations'), prepared by the Board of Directors of JDW Sugar Mills Limited for the year ended September 30, 2020 in accordance with the requirements of Regulation 36 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. 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.

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 September 30, 2020.

Riaz Ahmad, Saqib, Gohar & Co.

02 January 2021
Lahore

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

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STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019

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

Year Ended: **30 September 2020**

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the **"Regulations"**) 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 seven (07) as per the following:

   a) Male: Six (06)
   b) Female: One (01)

2. The composition of the Board is as follows:

Sr. #	Category	Names
(i)	Independent Directors*	Mr. Asim Nisar Bajwa Mr. Qasim Hussain Safdar
(ii)	Executive Directors	Mr. Jahangir Khan Tareen Mr. Raheal Masud
(iii)	Non-Executive Directors	Mukhdoom Syed Ahmed Mahmud Mr. Ijaz Ahmed
(iv)	Female Director (Non-Executive)	Mrs. Samira Mahmud

   *Fraction (0.33) related to the requirement for number of Independent Directors is less than 0.5 and therefore, has not rounded up as one.

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

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. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;

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

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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. The Board remained fully compliant with the provision in respect to their directors' training program. Out of seven (07) directors, three (03) directors have attended the Director's Training program in prior years and the remaining four (04) directors are exempted from training program;

10. All appointments (including remuneration, terms and conditions of employment) of Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit have been duly approved by the Board as per the requirements of applicable provisions of the Act and the Regulations;

    Subsequent to the year-end, Mr. Jahangir Khan Tareen resigned as Chief Executive Officer on 16th November 2020, however, he continues as Director of the Company and Mr. Raheal Masud was appointed as Chief Executive Officer of the Company for the remaining term of Chief Executive Officer.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed Committees comprising of members given below:

Sr. #	Name of Committee	Composition	
		Name	**Designation**
1.	Audit Committee	Mr. Qasim Hussain Safdar	Chairman/Member
		Mrs. Samira Mahmud	Member
		Mr. Ijaz Ahmed	Member
2.	Human Resource and Remuneration Committee	Mr. Asim Nisar Bajwa	Chairman / Member
		Mrs. Samira Mahmud	Member
		Mr. Ijaz Ahmed	Member
3.	Nomination Committee	Mr. Jahangir Khan Tareen	Chairman / Member
		Mr. Asim Nisar Bajwa	Member
4.	Risk Management Committee	Mr. Jahangir Khan Tareen	Chairman / Member
		Mr. Asim Nisar Bajwa	Member

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

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

Sr. #	Name of Committee	Frequency of Meetings
1.	Audit Committee	04
2.	Human Resource and Remuneration Committee	02

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firms involved in the audit are not a close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or any Director of the Company;

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

18. We confirm that all other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG/Regulations have been complied with.

02 January 2021
Lahore

Mukhdoom Syed Ahmed Mahmud
Chairman

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 2020, 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, unconsolidated statement of profit or loss, 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 2020 and of the profit and other 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 Auditor's 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.

Emphasis of Matters

We draw attention to following matters:

– Refer to note 18.1.10 to these unconsolidated financial statements, which describes the Commission of Inquiry has highlighted discrepancies with respect to crushing capacity of the Company and standard business practice of Pakistan sugar industry.

– Refer to note 28.1.1 to these unconsolidated financial statements, which describes the matter relating to litigations with Central Power Purchasing Agency (Guarantee) Limited on account of recoverability of fixed energy revenue.

Our opinion is not modified in respect of above matters.

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.

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

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Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	Revenue recognition Refer to notes 4.13 and 31 to these unconsolidated financial statements. The Company principally generates revenue from sale of crystalline sugar, agriculture produce and electricity. 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: • obtained an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue; • assessed the appropriateness of the Company's accounting policy for recording of revenue and compliance of the policy with International Financial Reporting Standard 15 (IFRS 15); • reviewed the management procedures carried out for evaluation of contractual arrangements with customers (oral and written) with respect to identification of each party's rights regarding the goods to be transferred and revenue has been recognized after meeting the conditions of IFRS 15; • reviewed a sample of contractual arrangement entered into by the Company with its customers and checking the Company's obligation to transfer goods to a customer; for which the Company has received consideration, has been satisfied before recognition of revenue; • compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents; • compared a sample of sale transactions recorded before and after reporting period and near the year end with relevant underlying documentation to assess whether revenue has been recorded in the appropriate accounting period; • compared a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assess whether the revenue has been recorded in the appropriate accounting period; • for a sample of invoices, recalculated the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA); • scanned 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; and • assessed the adequacy of disclosures in the unconsolidated financial statements to be in accordance with the applicable accounting standards.
2	First time adoption of IFRS 16 Referred to note 4.1 to these unconsolidated financial statements, the Company has adopted IFRS 16 'Leases' (the standard) with effect from 01 October 2019.	Our audit procedures to review the application of IFRS 16, amongst others, included the following: • evaluated the appropriateness of the new accounting policies for recognition, measurement, presentation and disclosure of lease contracts in these unconsolidated financial statements;

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>The standard has introduced a new accounting model for operating lease contracts for lessee. As per the new requirements, the Company is required to recognise right-to-use assets for leased assets and lease liabilities for the lease payments over the lease term.

The application of the new standard requires management to make significant estimates and judgments such as determination of lease term and appropriate discount rate for measurement of lease liability.

We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgments in respect of the application of the new standard.</td><td>• obtained an understanding of the process and controls in place for identification of lease contracts;
• corroborated the completeness of leases identified by the management by reviewing and analyzing the existing lease arrangements as of the date of initial application and reviewing the rent expense ledgers for the year;
• performed independent checks of lease accounting computations for lease contracts through re-performance of such computations and traced the terms with relevant contracts;
• evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease terms; and
• assessed the adequacy and appropriateness of disclosures in these unconsolidated financial statements as required under the standard and applicable financial reporting framework.</td></tr>
<tr><td>3</td><td>Valuation of biological assets (standing sugarcane)

Refer to notes 4.7 & 25 to these unconsolidated financial statements.

Significant judgement and estimates are used in determining the fair value of biological assets. At 30 September 2020, the fair value of the standing sugarcane is Rs. 1,816 million which constitutes a significant balance on the unconsolidated statement of financial position.

The value of standing sugarcane is based on the current estimated cane price for the following season and sucrose content less the estimated cost of harvesting, transport and other related cost.

Significant judgement is required in estimating the expected cane yield, the maturity of the cane and the estimated sucrose content for the various operating locations and is also considered subjective since it is based on executive management, its experience, expectations and relevant current external factors.

Given the value of the biological assets, together with the significant judgement and estimates that are required in determining the fair value, the valuation of biological assets is considered a key audit matter.</td><td>Our procedures performed in considering the appropriateness of the valuation of standing sugarcane included the following:
• management's representation with regards to the valuation techniques and fair presentation of the biological assets were obtained and evaluated;
• critically evaluated the fair value methodology against criteria in IAS 41 'Agriculture' and IFRS 13 'Fair Value Measurement', measurements and key assumptions applied by management in determining the fair value of the standing sugarcane;
• examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;
• performed sensitivities to assess the impact of changes in the significant inputs;
• reviewed the principles used in the valuation of standing sugarcane and analysed the key assumptions used in the valuation model;
• detailed testing on the key inputs into the standing sugarcane valuation model including estimated yields, estimated sucrose content and forecast price to confirm the validity, accuracy and completeness of the data by comparing the data to market and other external data where applicable;
• compared the prior year's estimated yields, estimated sucrose content and forecast price to the current year actuals attained to assess the reasonableness and accuracy of management' estimates;
• reviewed the formula as per the model and recalculating for mathematical accuracy; and
• evaluated the adequacy of these unconsolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities to ensure that they are in compliance with the IAS 41 and IFRS 13.</td></tr>
</table>

Sr. No.	Key audit matters	How the matter was addressed in our audit
4	Recognition of deferred tax asset relating to minimum turnover tax (tax credits) Refer to notes 4.10.2 & 10 to these unconsolidated financial statements. Under International Accounting Standard 12 "Income Taxes", the Company is required to review recoverability of the deferred tax assets recognized in the unconsolidated statement of financial position at each reporting period. Recognition of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward unused tax credits can be utilized. The future taxable profits are based on approved projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversal of unused tax credits. As at 30 September 2020, the Company has recognized deferred tax asset amounting to Rs. 1,430 million mainly on account of unused tax credits. We considered this as a key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of deductible temporary differences and management judgement regarding assumptions used in this area.	Our audit procedures amongst others included the following: • obtained understanding of management process of preparation of taxable income and liability forecast and deferred tax calculation; • tested management's computation of unused tax credits for which deferred tax asset has been recognized; • analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considered the ageing analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our internal tax professionals; • assessed the reasonableness of assumptions such as growth rate, future revenue and costs and other relevant information for assessing the quality of Company's forecasting process in determining the future taxable profits; • tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and • assessed the appropriateness of management's accounting for deferred taxes and the accuracy of related disclosures in accordance with the accounting and reporting standards.
5	Valuation of stock-in-trade Refer to note 27 to these unconsolidated financial statements. Stock-in-trade at the reporting date mainly included bagasse and finished goods (sugar bags). The value of stock-in-trade at the reporting date aggregated to Rs. 3,985 million representing 23% of the Company's total current assets. The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods and estimating the stock of bagasse. We identified this matter as key in our audit due to the judgment and assumptions applied by the Company in determining the cost and net realisable value of stock-in-trade at the reporting date.	We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps: • assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards; • attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; • assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; • re-calculated the value of stock in trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology; • performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices; and • assessed the adequacy of disclosures in these financial statements to be in accordance with the applicable accounting standards.

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>6</td><td>Financing obligations and compliance with related covenant requirements

Refer notes 8 & 13 to these unconsolidated financial statements.

At the reporting date, the Company has outstanding financing facilities (both long and short term) aggregating Rs. 23,611 million which constitutes 75% of total liabilities of the Company.

The Company's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with.

The significance of new financing obtained during the year along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</td><td>Our audit procedures in relation to verification of long and short term financing mainly included the following:
• reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions;
• obtained direct balance confirmations from banks and financial institutions and verified outstanding obligations and certain other information from such confirmations;
• reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities;
• assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants;
• assessed the adequacy of disclosures made in respect of the long and short term financing / borrowings in these unconsolidated financial statements; and
• checked on test basis the calculations of finance cost recognised in these unconsolidated statement of profit or loss.</td></tr>
<tr><td>7</td><td>Contingencies

Refer to note 18.1 to these unconsolidated financial statements.

The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk.

Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the unconsolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses. For such reasons, we have considered the contingencies as a key audit matter.</td><td>Our audit procedures in this area included, amongst others, the following:
• Obtained an understanding of the Company's processes and controls over litigations through meeting with the management, review of the minutes of the Board of Directors;
• Reviewing the correspondence of the Company with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities;
• Obtained and reviewed direct confirmations from the Company's external advisors for their views on the legal position of the Company in relation to the contingent matters;
• Involved our internal tax professionals to assess management's conclusions on contingent tax matters; and
• Evaluated the adequacy of disclosures made in respect of these contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.</td></tr>
</table>

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2020, but does not include the consolidated and unconsolidated financial statements and our auditor's 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 is 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 year 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.

Other Matter

The unconsolidated financial statements of the Company for the year ended 30 September 2019 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 02 January 2020.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali Rafique.

Riaz Ahmad / Saqib Gohar & Co.

02 January 2021	Riaz Ahmad, Saqib, Gohar & Company
Lahore	Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		8,296,557,525	7,496,780,938
		9,572,641,063	8,772,864,476
NON-CURRENT LIABILITIES			
Long term finances - secured	8	11,482,527,333	4,962,121,804
Lease liabilities	9	766,591,223	151,728,045
Deferred taxation	10	994,001,202	721,985,832
Retirement benefits	11	104,616,023	75,116,648
Deferred income - Government grant	12	18,022,964	–
		13,365,758,745	5,910,952,329
CURRENT LIABILITIES			
Short term borrowings	13	9,307,988,486	16,513,317,010
Current portion of non-current liabilities	14	3,560,121,140	4,146,556,265
Trade and other payables	15	2,251,687,573	3,050,564,167
Advances from customers	16	2,678,183,171	9,091,672,650
Unclaimed dividend		33,943,018	31,620,357
Accrued profit / interest / mark-up	17	322,559,265	742,677,623
		18,154,482,653	33,576,408,072
CONTINGENCIES AND COMMITMENTS	18		
		41,092,882,461	48,260,224,877

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

Chief Financial Officer

As at 30 September 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	20,772,422,620	21,958,943,693
Right-of-use assets	20	1,157,421,198	–
Investment property	21	185,854,012	219,015,262
Intangibles	22	614,769,832	616,809,560
Long term investments	23	1,083,252,500	1,651,603,405
Long term deposits	24	57,116,542	50,913,227
		23,870,836,704	24,497,285,147
CURRENT ASSETS			
Right-of-use assets	20	19,040,329	–
Short term investments	23	570,053,405	–
Biological assets	25	1,820,115,980	2,018,952,863
Stores, spare parts and loose tools	26	1,540,502,239	1,527,111,297
Stock-in-trade	27	3,985,441,491	11,505,748,375
Trade receivables	28	8,451,790,699	7,254,991,500
Advances, deposits, prepayments and other receivables	29	513,874,445	844,332,030
Advance tax - net		192,647,995	519,761,421
Cash and bank balances	30	128,579,174	92,042,244
		17,222,045,757	23,762,939,730
		41,092,882,461	48,260,224,877

Chief Executive

Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 September 2020

	Note	2020 Rupees	2019 Rupees
Gross revenue		60,529,083,931	54,724,042,194
Sales tax and commission		(8,258,668,811)	(5,604,189,026)
Revenue from contracts with customers	31	52,270,415,120	49,119,853,168
Cost of revenue	32	(44,867,940,832)	(43,903,667,735)
Gross profit		7,402,474,288	5,216,185,433
Administrative expenses	33	(1,646,151,637)	(1,241,560,050)
Selling expenses	34	(60,398,619)	(62,008,119)
Other income	35	860,183,841	593,359,062
Other expenses	36	(584,371,084)	(754,315,845)
		(1,430,737,499)	(1,464,524,952)
Profit from operations		5,971,736,789	3,751,660,481
Finance cost	37	(3,550,396,765)	(3,511,600,842)
Profit before taxation		2,421,340,024	240,059,639
Taxation	38	(1,022,823,378)	313,236,784
Profit for the year		1,398,516,646	553,296,423
Earnings per share - basic and diluted	39	23.40	9.26

The annexed notes from 1 to 49 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 2020

	Note	2020 Rupees	2019 Rupees
Profit for the year		1,398,516,646	553,296,423
Other comprehensive loss			
Items that will not be subsequently reclassified to profit or loss:			
Re-measurement of defined benefit liability	11.4	(1,371,055)	(11,152,967)
Related tax	10.2	397,606	3,234,360
		(973,449)	(7,918,607)
Total comprehensive income for the year		1,397,543,197	545,377,816

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

Chief Financial Officer Chief Executive Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 September 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	8,120,332,792	16,039,294,024
Taxes paid		(423,296,976)	(150,767,566)
Staff retirement benefits paid		(100,912,916)	(92,912,814)
Interest income received		4,501,434	663,760
Long term deposits		(6,203,315)	(13,424,788)
Workers' Profit Participation Fund paid	15.2	(15,542,434)	–
Workers' Welfare Fund paid	15.3	–	(20,442,242)
		(541,454,207)	(276,883,650)
Net cash generated from operating activities		7,578,878,585	15,762,410,374
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(447,885,080)	(1,548,914,145)
Advances for future issuance of shares		(1,700,000)	(4,450,000)
Investment in associate		(2,500)	–
Right-of-use assets		(7,489,445)	–
Acquisition of investment property		(5,542,850)	–
Proceeds from disposal of operating fixed assets		35,152,356	48,902,822
Long term advances		–	5,166,670
Net cash used in investing activities		(427,467,519)	(1,499,294,653)
CASH FLOWS FROM FINANCING ACTIVITIES	46		
Long term finances - net		5,326,321,714	(3,750,653,622)
Short term borrowings - net		(6,927,103,361)	(5,982,349,260)
Financial charges paid as:			
- finance cost		(3,779,567,349)	(3,304,620,059)
- interest on lease liability		(190,947,774)	(16,786,609)
Principal portion of lease liability paid		(669,908,254)	(162,106,672)
Dividend paid		(595,443,949)	(2,452,458)
Net cash used in financing activities		(6,836,648,973)	(13,218,968,680)
Net increase in cash and cash equivalents		314,762,093	1,044,147,041
Cash and cash equivalents at beginning of the year		(3,539,932,772)	(4,584,079,813)
Cash and cash equivalents at end of the year		(3,225,170,679)	(3,539,932,772)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances	30	128,579,174	92,042,244
- Running / Morabaha / Karobar / Musharakah finances	13.2 & 13.6	(3,353,749,853)	(3,631,975,016)
		(3,225,170,679)	(3,539,932,772)

The annexed notes from 1 to 49 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 2020

	Share capital	Reserves			Total equity
		Capital	Revenue		
		Share premium	Accumulated profit	Total reserves	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 October 2018	597,766,610	678,316,928	6,951,403,122	7,629,720,050	8,227,486,660
Total comprehensive income for the year					
Profit for the year	–	–	553,296,423	553,296,423	553,296,423
Other comprehensive loss for the year	–	–	(7,918,607)	(7,918,607)	(7,918,607)
	–	–	545,377,816	545,377,816	545,377,816
Balance as at 30 September 2019	597,766,610	678,316,928	7,496,780,938	8,175,097,866	8,772,864,476
Total comprehensive income for the year					
Profit for the year	–	–	1,398,516,646	1,398,516,646	1,398,516,646
Other comprehensive loss for the year	–	–	(973,449)	(973,449)	(973,449)
	–	–	1,397,543,197	1,397,543,197	1,397,543,197
Transactions with owners of the Company					
Final cash dividend for the year ended 30 September 2019 @ Rs. 10.00 per share	–	–	(597,766,610)	(597,766,610)	(597,766,610)
Balance as at 30 September 2020	597,766,610	678,316,928	8,296,557,525	8,974,874,453	9,572,641,063

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

Chief Financial Officer | Chief Executive | Director

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal status and operations

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, Pakstan
- 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

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 Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and 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 commenced supplying renewable electricity to the national grid. Further, the Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

1.2 Impact of COVID-19 on the unconsolidated financial statements

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Due to the effects of COVID-19 pandemic, as stated above, the State Bank of Pakistan (SBP) took various measures to support the economy. As a part of it, SBP introduced a refinance scheme (as detailed in note 8.2) and relief package for deferment of principal payments of the long-term loans and finances (as detailed in note 8.3). Other than above, the management has evaluated and concluded that presently this outbreak does not have any significant impact on the amounts being reported in these Company's unconsolidated financial statements.

2 BASIS OF PREPARATION

2.1 Separate financial statements

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

The Company has following investments:

Name of company	Country of incorporation	Shareholding
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
Associates		
- JDW Power (Private) Limited ("JDWPL")	Pakistan	47.37%
- Kathai-II Hydro (Private) Limited ("KHL")	Pakistan	20%

2.2 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) 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 IFRSs or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

2.4 Functional and presentation currency

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

3 KEY JUDGMENTS AND ESTIMATES

The preparation of these 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. The revisions to accounting estimates (if any) are recognised in the period in which the estimate is 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 involving a high degree of judgments or complexity, or areas where assumptions and estimates are significant to these unconsolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets – note 4.2
- Useful lives, residual values and amortization method of intangible assets – note 4.5
- Fair value of biological assets - note 4.7 & 25
- Provision for impairment of inventories - note 4.8
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses & tax credits) - note 4.10
- Obligation of defined benefit obligation - note 4.11 & 11
- Estimation of provisions - note 4.15
- Estimation of contingent liabilities - note 4.16

– Expected credit losses of certain financial assets under IFRS 9– note 4.18

– Impairment loss of non-financial assets other than inventories and deferred tax assets – note 4.18.7

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these unconsolidated financial statements, except as disclosed in note 4.1.

4.1 Change in significant accounting policies

IFRS 16 'Leases'

The Company has adopted IFRS 16 'Leases' with effect from 01 October 2019 which replaces existing guidance on accounting for leases, including IAS 17 'Leases' along with three Interpretations (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-of-use of the underlying asset and a lease liability representing its obligations to make lease payments in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has adopted IFRS 16 retrospectively, effective from 01 October 2019, but has not restated comparatives for prior reporting period, as permitted under the specific transitional provisions in the standard. The cumulative impact of adoption of this standard is, therefore, recognized in current year in the unconsolidated statement of financial position with effect from 01 October 2019.

In the previous year, the Company only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 'Leases'. The leased assets were presented in property, plant and equipment and the lease liabilities as part of the Company's liabilities. On adoption of IFRS 16, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For such leases, the Company recognizes right-of-use asset and the lease liability applying this Standard from the date of initial application.

On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 14.9%.

On transition to IFRS 16, the Company has elected to use the following practical expedients under IFRS 16 to leases previously classified as operating leases under IAS 17:

– a single discount rate has been applied to portfolio of leases with reasonably similar characteristics; and

– the use of hindsight in determining the lease term where contract contains option to extend or terminate the lease.

The following is a reconciliation of the unconsolidated financial statement line items from IAS 17 to IFRS 16 as at 01 October 2019:

	Note	Carrying amount as at 30 September 2019	Impact of IFRS 16	Carrying amount as at 01 October 2019
			Rupees	
Non-current assets:				
Property, plant and equipment				
- Operating fixed assets - Leased		230,182,809	(230,182,809)	–
Right-of-use assets	20	–	1,266,948,393	1,266,948,393
Current assets				
Prepaid expense		10,855,455	(10,855,455)	–
Non-current liabilities				
Lease liabilities		(151,728,045)	(1,508,973,262)	(1,660,701,307)
Current liabilities				
Lease liabilities		(72,868,704)	–	(72,868,704)
Trade and other creditors		(483,063,133)	483,063,133	–
		(466,621,618)	–	(466,621,618)

The following is a reconciliation of total operating lease commitments at 30 September 2019 (as disclosed in the audited unconsolidated financial statements to 30 September 2019) to the lease liabilities recognised as at 01 October 2019:

Impact of IFRS 16	Rupees
Total operating lease commitments disclosed at 30 September 2019	1,126,648,922
Discounted using incremental borrowing rate	(318,755,918)
Other adjustments*	228,872,580
Land lease rental payable - net as at 30 September 2019	472,207,678
Total lease liabilities recognised under IFRS 16 at 01 October 2019	1,508,973,262

* This includes Rs. 147 million and 82 million pertaining to future lease rentals commitments on account of buildings and land respectively.

Of which are:	
Current lease liabilities	758,144,797
Non-current lease liabilities	750,828,465
	1,508,973,262

At 01 October 2019, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The key changes to the accounting policies of the Company on account of adoption of IFRS 16 have been summarised in note 4.3.

4.2 Property, plant and equipment

Operating fixed assets, 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, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.14.

Major stores, spare parts and loose tools held for capital expenditure qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

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

Depreciation is charged to the unconsolidated 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.

Sugarcane roots (bearer plant) are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalized to cane 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 unconsolidated 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. Estimated useful lives of the bearer plants has been determined to be 6 years.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged when an asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as referred in note 4.18.7.

Gains or losses arising on derecognition of an item of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the unconsolidated statement of profit or loss within other income or other expenses. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.3 Lease liability and right-of-use asset

4.3.1 The Company is the lessee:

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions. The Company has lease contracts for agricultural land (for cultivation of sugarcane), vehicles and office buildings.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the unconsolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to the unconsolidated statement of profit or loss as incurred.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

4.3.2 The Company is the lessor:

The Company's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor, the Company classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. However, all leases of the Company are treated as operating leases and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The Company also earns rental income from operating leases of its investment properties (see note 4.4). Rental income is recognised on a straight-line basis over the term of the lease.

4.4 Investment property

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

The Company's investment property comprises of land which is carried at cost, including transaction cost, less identified impairment loss, if any. The Company assesses at each the unconsolidated 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 unconsolidated 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.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in the unconsolidated statement of profit or loss as an income or expense in the period of derecognition.

4.5 Intangibles

4.5.1 Goodwill

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses (for impairment testing refer to note 4.18.7).

4.5.2 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. In addition, they are subject to impairment testing as described in note 4.18.7.

Intangible assets with finite useful life are amortized using straight-line method over its useful period as specified in note 22 to these unconsolidated financial statements. Amortization on additions to intangible assets is charged from the date when an asset is put to use till the asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the unconsolidated statement of profit or loss within other income or other expenses.

4.6 Investments

4.6.1 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.

4.6.2 Investments in equity instruments of associated companies

Associates are all entities over which the Company has significant influence but has no control. Investments in associates are measured at cost less any identified impairment loss if any in the Company's separate financial statements. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense.

4.7 Biological assets

The Company recognises a biological asset or agricultural produce when, and only when the Company controls the asset as a result of past events; and it is probable that future economic benefits associated with the asset will flow to the Company; and the fair value or cost of the asset can be measured reliably.

Consumable biological assets, comprising of standing sugarcane and other crops are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using the 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 sugarcane and other crops are accounted for as biological assets until the point of harvest. Sugarcane and other crops are transferred to inventory at fair value less costs to sell when harvested. A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in the unconsolidated statement of profit or loss for the period in which it arises. However, during the previous year, fair value loss on initial recognition of agriculture produce had not been recognized because effect of its recognition was not considered to be material.

Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

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 adjustments might affect valuation of biological assets and accordingly charge to the unconsolidated statement of profit or loss.

4.8 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.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, that have been incurred in bringing the inventories to their present location and condition.

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 respective items of stores, spare parts and loose tools with a corresponding effect on provision.

4.9 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 unconsolidated 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

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

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.

4.10 Taxation

Taxation for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Income tax expense comprises current and deferred tax.

4.10.1 Current tax

Income tax

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 tax rates (and laws) that have been 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.

Agriculture tax

According to Section 41 of the Income Tax Ordinance, 2001, agriculture income of the Company is exempt from tax under Federal Board of Revenue. Provision for current tax is based on the taxable agriculture income for the year determined in accordance with the Punjab Agriculture Income Tax Act, 1997. The charge for current tax is calculated using prevailing tax rates.

4.10.2 Deferred tax

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 Company 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.11 Employee benefits

4.11.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan is recognized as an employee benefit expense in the unconsolidated statement of profit or loss when they are due.

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

4.11.2 Defined benefit plan

A defined benefit plan provides an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the unconsolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The Company operates approved funded gratuity fund covering eligible full time permanent employees who have completed the minimum qualifying period of service as defined under the respective fund. The gratuity fund is managed by the 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 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 the unconsolidated 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 the unconsolidated statement of profit or loss.

4.12 Deferred Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the unconsolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Amortization of deferred grant is presented as reduction of related interest expense.

4.13 Revenue from contracts with customers

4.13.1 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Company's ordinary activities. The Company is engaged in the sale of crystalline sugar, its by-products, sale of electricity and agricultural produce.

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

b) Sale of electricity

Revenue from sale of energy is recognized over time as electricity is delivered and based on the rates determined under the mechanism laid down in the EPA. The delivered electricity units represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Company has a right to bill the customer corresponds directly with the value of the completed performance to the customer. As a result, the Company applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Payments to customers are recorded as a reduction in revenue when the payments relate to the Company's performance obligations under the contract (e.g. liquidated damages penalties).

c) Other income

The Company also generates revenue from following other sources which are enumerated below:

- income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return;
- foreign currency gains and losses are reported on a net basis;
- rental income is recognized on accrual basis and is disclosed under other income in the unconsolidated 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 unconsolidated statement of profit or loss as part of other income;
- delayed mark-up on due payments by the CPPA-G is recognized only when the Company has fully received the amount of relevant invoice due.
- interest income is recognized as and when accrued on effective interest method. Interest income is disclosed under other income in the unconsolidated 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.

4.13.2 Contract balances

a) Contract liabilities/advances from customers

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the unconsolidated statement of financial position (refer to note 16). Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a trade receivable in its unconsolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due (refer to note 28).

b) Trade receivables

Trade receivables are amounts due from customers for goods that are delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 4.18.5 for a description of the Company's impairment policies.

4.14 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 the unconsolidated statement of profit or loss as incurred.

4.15 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. 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 / consultants for the estimated financial outcome, an 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 unconsolidated statement of financial position date.

4.16 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.17 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realisation become virtually certain.

4.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.18.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component or for which the Company has applied the practical expedient) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

4.18.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI), FVTPL and in case of an equity instrument it is classified as FVTOCI or FVTPL. Currently, the Company does not have any financial assets categorised as FVTPL and FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognized in unconsolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade and other receivables.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in unconsolidated statement of profit or loss.

The Company's financial liabilities comprise of trade and other payables, long and short term financing / borrowings, accrued markup and unclaimed dividend payable.

4.18.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its unconsolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated statement of profit or loss.

4.18.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

4.18.5 Impairment of financial assets

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost; and
- Trade receivables and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs:

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Company has elected to measure loss allowances for trade receivables other than due from 'Government of Pakistan' (see note 4.18.6) using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company reviews the recoverability of its trade receivables, deposits, advances and other receivables to assess the impairment allowances required there against on an annual basis.

4.18.6 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade receivables due from CPPA-G under the EPA that also includes accrued amounts of mark-up. SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The Company assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset 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 that can be reliably estimated.

Evidence of impairment may include indications that the debtor 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 indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. 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 unconsolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the unconsolidated statement of profit or loss. 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 recognised in the unconsolidated statement of profit or loss.

4.18.7 Non - Financial assets

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

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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. In case of goodwill, formal estimates of recoverable amount is made on annual basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in the unconsolidated statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.19 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 charged directly in the unconsolidated statement of profit or loss.

4.20 Foreign currency transactions

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

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

Foreign currency differences arising on retranslation are generally recognized in the unconsolidated statement of profit or loss.

4.21 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 unconsolidated financial statements in the year in which it is declared by the Board of Directors.

4.22 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.

5 NEW STANDARDS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS

5.1 Standards and amendments to published approved accounting standards that are effective but not relevant

There are new and amended standards that are mandatory for accounting years beginning 01 October, 2019, other than those disclosed in Note 4.1 are considered not to be relevant or do not have any significant effect on the Company's unconsolidated financial statements and are therefore not stated in these unconsolidated financial statements.

5.2 New accounting standards and amendments to standards not yet effective

The following Standards and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them:

		Effective for the period beginning on or after
IAS-1 **IAS-8**	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Error IAS 8 – Amendments regarding the definition of “material”	January 01, 2020
IAS-1	Presentation of Financial Statements & Accounting Policies – Amendments regarding the classification of liabilities	January 01, 2022
IAS-16	Property, Plant and Equipment – Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS-41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-3	Business Combinations – Definition of a business	January 01, 2020
IFRS-3	Business Combinations – Amendments regarding Investments in Associates and Joint Ventures resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements	January 01, 2020
IFRS-4	Insurance Contracts – Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS-9	Financial Instruments – Amendments regarding pre-replacement issues in the context of the IBOR reform Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities)	January 01, 2020
IFRS-7	Financial Instruments: Disclosures – Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS-16	Leases – Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	June 01, 2020
	Revised Conceptual Framework	January 01, 2020

5.3 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP:

		Effective for the period beginning on or after
IFRS-1	First Time Adoption of IFRS	January 01, 2004
IFRS-17	Insurance Contracts	January 01, 2021

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

As mentioned in note 4.1, adoption of IFRS 16 'Leases' with effect from 01 October 2019 which replaces existing guidance on accounting for leases, including IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease'. However, the SECP through S.R.O. 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) before January 1, 2019. The Company's arrangement with CPPA-G covered under respective EPAs are exempt under the aforesaid S.R.O.

Consequently, IFRS 16 will not have any impact on the Company's unconsolidated financial statements to the extent of its EPA during the current year.

	2020 Rupees	2019 Rupees
De-recognition of property, plant and equipment	–	(4,628,548,635)
Recognition of lease debtor	–	6,175,402,871
Increase in deferred tax liability	–	448,587,728
Increase in un-appropriated profit at beginning of the year	–	492,428,725
Decrease in profit for the year - net of tax	–	(256,519,066)
Increase in un-appropriated profit at end of the year	–	235,909,659

6 SHARE CAPITAL

	2020 Rupees	2019 Rupees
6.1 Authorized share capital		
75,000,000 (2019: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2019: 25,000,000) preference shares of Rs. 10 each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
6.2 Issued, subscribed and paid up share capital		
32,145,725 (2019: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2019: 27,630,936) voting bonus shares of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

6.2.1 Mr. Jahangir Khan Tareen (Chief Executive Officer & Executive Director) holds 9,552,293 (2019: 9,802,293) and Mukhdoom Syed Ahmed Mahmud (Non Executive Director) holds 16,493,932 (2019: 15,843,932) ordinary shares of Rs. 10 each representing 15.98% (2019: 16.40%) and 27.59% (2019: 26.51%) of the paid up capital of the Company respectively.

6.2.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry one vote per share without restriction. The Company may not pay dividend until certain financial requirements of lenders are satisfied.

7 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.

8 LONG TERM FINANCES - SECURED

	Note	2020 Rupees	2019 Rupees
Mark-up bearing finances from conventional banks / financial institutions	8.1.1	13,626,959,838	6,326,126,662
Islamic mode of financing	8.1.2	717,756,419	2,709,682,703
	8.1 & 8.4	14,344,716,257	9,035,809,365
Current maturity presented under current liabilities:			
Mark-up bearing finances from conventional banks / financial institutions		(2,685,652,808)	(3,179,668,326)
Islamic mode of financing		(135,217,950)	(894,019,235)
	14	(2,820,870,758)	(4,073,687,561)
Less: Transaction cost		(45,975,000)	–
Add: Amortization of transaction cost	37	4,656,834	–
		(41,318,166)	–
		11,482,527,333	4,962,121,804

8.1 Long term finances - secured

	Mark-up / Interest basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2020	Principal outstanding 2019
		Rupees	Years	Years		Rupees	Rupees
8.1.1 Mark-up bearing finances from conventional banks / financial institutions							
The Bank of Punjab - Led Syndicate							
The Bank of Punjab	*3mk + 1.10	2,036,641,666	06 Years	–	2027	2,036,641,666	–
National Bank of Pakistan	3mk + 1.10	1,225,000,000	06 Years	–	2027	1,225,000,000	–
Askari Bank Limited	3mk + 1.10	975,000,000	06 Years	–	2027	975,000,000	–
MCB Bank Limited	3mk + 1.10	816,666,667	06 Years	–	2027	816,666,667	–
Dubai Islamic Bank Limited	3mk + 1.10	816,666,667	06 Years	–	2027	816,666,667	–
Pak Kuwait Investment Company (Pvt.) Limited	3mk + 1.10	612,500,000	06 Years	–	2027	612,500,000	–
MCB Islamic Bank Limited	3mk + 1.10	612,525,000	06 Years	–	2027	612,525,000	–
Askari Bank Limited (Islamic)	3mk + 1.10	255,000,000	06 Years	–	2027	255,000,000	–
		7,350,000,000				7,350,000,000	–
MCB Bank Limited - Led Syndicate							
MCB Bank Limited	3mk + 1.00	1,000,000,000	07 Years	1.5 Years	2021	90,909,087	181,818,179
Allied Bank Limited	3mk + 1.00	940,000,000	07 Years	1.5 Years	2021	85,454,541	170,909,087
The Bank of Punjab	3mk + 1.00	800,000,000	07 Years	1.5 Years	2021	72,727,273	145,454,544
United Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	2021	45,454,539	90,909,086
Askari Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	2021	45,454,539	90,909,086
Meezan Bank Limited	3mk + 1.00	350,000,000	07 Years	1.5 Years	2021	31,789,071	63,578,144
JS Bank Limited	3mk + 1.00	150,000,000	07 Years	1.5 Years	2021	13,636,370	27,272,733
Habib Metropolitan Bank Limited	3mk + 1.00	100,000,000	07 Years	1.5 Years	2021	9,090,909	18,181,818
		4,340,000,000				394,516,329	789,032,677
Habib Bank Limited - SBP Refinance Scheme	**SBP Rate + 1.50	1,000,000,000	2.5 Years	0.5 Year	2022	769,943,509	–
MCB Bank Limited (I)	3mk + 1.00	1,000,000,000	05 Years	02 Years	2021	–	422,916,668
MCB Bank Limited (II)	3mk + 1.00	2,000,000,000	03 Years	0.5 Year	2023	2,000,000,000	–
Allied Bank Limited (I)	3mk + 0.50	1,000,000,000	1.5 Years	–	2021	1,000,000,000	–
Pak Brunei Investment Company Limited	3mk + 1.00	500,000,000	06 Years	01 Year	2024	450,000,000	500,000,000
Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	2022	250,000,000	350,000,000
Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	2021	250,000,000	312,500,000
Soneri Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2022	90,000,000	120,000,000
Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2023	312,500,000	375,000,000
Pak Oman Investment Company Limited (I)	3mk + 1.00	500,000,000	06 Years	01 Year	2021	25,000,000	75,000,000
Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2023	225,000,000	275,000,000
Askari Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2021	–	105,000,000
Askari Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	–	406,250,000
Askari Bank Limited (III)	3mk + 1.00	175,000,000	05 Years	01 Year	2023	–	175,000,000
Askari Bank Limited (IV)	3mk + 1.25	500,000,000	04 Years	0.25 Year	2024	500,000,000	–
Pak Libya Holding Company Limited	3mk + 1.00	100,000,000	05 Years	–	2021	10,000,000	25,000,000
The Bank of Punjab (I)	3mk + 1.00	300,000,000	06 Years	01 Year	2020	–	59,985,680
The Bank of Punjab (II)	3mk + 1.00	700,000,000	06 Years	01 Year	2020	–	140,000,000
The Bank of Punjab (III)	3mk + 1.00	500,000,000	05 Years	01 Year	2021	–	250,000,000
The Bank of Punjab (IV)	3mk + 1.00	750,000,000	05 Years	01 Year	2023	–	750,000,000
MCB Bank Limited (NIB)	3mk + 1.00	500,000,000	05 Years	–	2020	–	51,691,630
National Bank of Pakistan Limited (I)	3mk + 1.00	1,000,000,000	05 Years	01 Year	2020	–	312,500,000
National Bank of Pakistan Limited (II)	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	–	750,000,000
Faysal Bank Limited	3mk + 1.00	650,000,000	06 Years	–	2020	–	81,250,007
		15,775,000,000				5,882,443,509	5,537,093,985
		27,465,000,000				13,626,959,838	6,326,126,662

		Mark-up / Interest basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2020	Principal outstanding 2019
			Rupees	Years	Years		Rupees	Rupees
8.1.2	**Islamic mode of financing**							
	Bank Alfalah Limited	3mk + 0.90	500,000,000	05 Years	01 Year	2023	311,506,419	373,807,703
	National Bank of Pakistan (I)	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	–	750,000,000
	National Bank of Pakistan (II)	3mk + 1.00	250,000,000	05 Years	01 Year	2024	250,000,000	250,000,000
	Dubai Islamic Bank (Pakistan) Limited (I)	3mk + 1.00	500,000,000	5.5 Years	0.5 Year	2020	–	34,000,000
	Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	156,250,000	218,750,000
	Askari Bank Limited (I)	6mk + 1.00	300,000,000	06 Years	01 Year	2020	–	60,000,000
	Askari Bank Limited (II)	3mk + 1.00	200,000,000	05 Years	–	2021	–	70,000,000
	Askari Bank Limited (III)	3mk + 1.00	250,000,000	05 Years	01 Year	2023	–	250,000,000
	Faysal Bank Limited	3mk + 1.00	750,000,000	05 Years	01 Year	2023	–	703,125,000
			4,250,000,000				717,756,419	2,709,682,703
			31,715,000,000				14,344,716,257	9,035,809,365

* 3 mk i.e. 3 months KIBOR

** SBP rate i.e. 0%

8.2 The Company has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in five tranches on various dates, earmarked from running and cash finance limit, which is repayable in 8 quarterly installments to a commercial bank under the SBP Refinance Scheme. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has measured as difference between subsidized rate i.e. 0% KIBOR plus 150 bps per annum and prevailing market rate i.e. three months KIBOR plus 150 bps per annum which has been recognised as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (see note 12 to these unconsolidated financial statements) and will be amortised to interest income in line with the recognition of interest expense the grant is compensating. The grant is conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme.

8.3 Due to evolution of COVID-19 pandemic, the State Bank of Pakistan vide BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 allowed deferment of principal repayments for one year on loan obligations due to banks by a period of one year. The Company has availed this opportunity and deferred the loan repayments for one year of long term financing accumulating to Rupees 10,075 million, accordingly, banks have approved the deferment / grace period of loan repayments as requested by the Company.

8.4 Long term finances are secured against ranking / joint parri passu charge over all present and future fixed assets including land, building and plant and machinery of the Company amounting to Rs. 19,439 million (2019: Rs. 21,515 million) and personal guarantees of sponsor directors of the Company.

	Note	2020 Rupees	2019 Rupees
9 LEASE LIABILITIES			
Balance at beginning of the year		224,596,749	249,959,511
Impact of initial application of IFRS 16	4.1	1,508,973,262	–
Adjusted balance as at 01 October		1,733,570,011	249,959,511
Additions during the year		398,032,110	119,957,301
Early termination / remeasurment of lease liabilities		(1,219,120)	–
Finance cost regarding lease arrangement		165,857,652	–
Lease payments / adjustments		(835,765,906)	(145,320,063)
		1,460,474,747	224,596,749
Less: Current maturity presented under current liabilities	14	(693,883,524)	(72,868,704)
Balance at end of the year	9.1	766,591,223	151,728,045

9.1 This includes Rs. 194.97 million and Rs. 56.80 million (2019: Rs. 148.34 million and Rs. 76.26 million) outstanding under Diminishing Musharakah financing arrangement and conventional banks respectively.

9.2 Implicit borrowing rate against lease liabilities toward financial institutions is six month KIBOR plus 100 bps per annum (2019: six month KIBOR plus 100 bps per annum). The Company has the option to purchase the leased assets upon completion of lease period and has the intention to exercise such option.

Leases from commercial banks / Islamic financial institution are secured against charge on the leased assets and security deposits (refer to note 20 and 24).

9.3 The maturity analysis of lease liabilities is presented in note 42.1.2 to these unconsolidated financial statements.

	Note	2020 Rupees	2019 Rupees
10 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences			
arising in respect of:			
- accelerated tax depreciation on operating fixed assets		2,929,274,457	3,068,573,261
- right-of-use assets		305,636,276	–
- leased assets		–	66,753,015
		3,234,910,733	3,135,326,276
Deferred tax asset on deductible temporary differences			
arising in respect of:			
- lease liabilities against right-of-use assets		(382,484,192)	–
- provisions for doubtful debts and obsolescence		(65,671,946)	(43,285,233)
- impairment of investment in associate		–	(26,100,000)
- provision for Workers' Profit Participation Fund		(35,185,979)	(3,664,068)
- provision for Workers' Welfare Fund		(13,370,672)	–
- tax losses		(281,207,335)	(644,466,589)
- staff retirement benefits		(32,773,410)	(25,923,961)
- tax credits	10.1	(1,430,215,997)	(1,604,767,536)
- liabilities against assets subject to finance lease		–	(65,133,057)
		(2,240,909,531)	(2,413,340,444)
	10.2	994,001,202	721,985,832

10.1 As of reporting date, the Company has not recognised deferred tax assets on tax credits of Rs. 224.87 million having expiry upto tax year 2022 in line with accounting policies of the Company as stated in note 4.10 to these unconsolidated financial statements.

		Note	2020 Rupees	2019 Rupees
10.2	**Movement in deferred tax balances is as follows:**			
	As at 01 October		721,985,832	1,617,167,472
	Recognized in statement of profit or loss:			
	- accelerated tax depreciation on operating fixed assets		(139,298,804)	231,932,843
	- right-of-use assets		305,636,276	–
	- leased assets		(66,753,015)	(91,427,408)
	- lease liabilities against right-of-use assets		(382,484,192)	–
	- liabilities against assets subject to finance lease		65,133,057	7,355,201
	- provisions for doubtful debts and obsolescence		(22,386,713)	(18,931,151)
	- impairment of investment in associate		26,100,000	–
	- provision for Workers' Profit Participation Fund		(31,521,911)	(3,664,068)
	- provision for Workers' Welfare Fund		(13,370,672)	–
	- staff retirement benefits		(6,451,843)	(3,450,737)
	- tax losses		363,259,254	(124,896,790)
	- origination and reversal of tax credits		174,551,539	(888,865,170)
		38	272,412,976	(891,947,280)
	Recognized in other comprehensive income:			
	- staff retirement benefits		(397,606)	(3,234,360)
		10	994,001,202	721,985,832

11 RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2020 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

		Note	2020 Rupees	2019 Rupees
11.1	**Statement of financial position reconciliation**			
	Present value of defined benefit obligation	11.2	189,817,372	158,380,380
	Fair value of plan assets	11.3	(85,201,349)	(83,263,732)
	Net liability at end of the year		104,616,023	75,116,648
11.2	**Movement in liability for funded defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		158,380,380	142,649,329
	Current service cost for the year		19,955,012	17,121,658
	Interest cost for the year		19,194,455	12,709,977
	Benefit paid during the year		(7,802,123)	(13,224,592)
	Remeasurement on obligation		89,648	(875,992)
	Present value of defined benefit obligation at end of the year	11.1	189,817,372	158,380,380

		Note	2020 Rupees	2019 Rupees
11.3	**Movement in fair value of plan assets**			
	Balance at beginning of the year		83,263,732	88,865,210
	Return on plan assets excluding interest income		9,985,088	8,769,424
	Contributions made during the year		1,036,059	10,882,649
	Remeasurement on plan assets		(1,281,407)	(12,028,959)
	Benefits paid during the year		(7,802,123)	(13,224,592)
	Fair value of plan assets at end of the year	11.1	85,201,349	83,263,732
11.4	**Charge for the year**			
	Statement of profit or loss			
	Current service cost		19,955,012	17,121,658
	Interest cost for the year		19,194,455	12,709,977
	Return on plan assets excluding interest income		(9,985,088)	(8,769,424)
			29,164,379	21,062,211
	Other comprehensive income			
	Remeasurement on obligation		89,648	(875,992)
	Remeasurement on plan assets		1,281,407	12,028,959
			1,371,055	11,152,967
			30,535,434	32,215,178
11.5	**Movement in experience losses**			
	Opening experience losses		–	–
	Experience losses		(1,371,055)	(11,152,967)
	Charge to other comprehensive income		1,371,055	11,152,967
	Closing experience losses		–	–

	2020		2019	
Break up of plan assets	**Rupees**	**%**	**Rupees**	**%**
Units of mutual funds	58,257,557	68%	82,818,819	99%
Cash at bank	26,943,792	32%	444,913	1%
	85,201,349	100%	83,263,732	100%

11.6 Risks on account of defined benefit plan

The Company faces the following risks on account of defined benefit plan:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Longevity Risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risk - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

11.7 Expected future contribution

Expected future contribution for the year ending 30 September 2021 is Rs. 13.33 million (2019: Rs. 12.74 million).

11.8 Actuarial assumptions sensitivity analysis

The below sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in these unconsolidated statement of financial position. If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 September 2020 would have been as follows:

		Impact on defined benefit obligation			
		2020		2019	
	Change	Increase	Decrease	Increase	Decrease
		Rupees			
Discount rate	100 BPS	(16,344,062)	17,210,034	(13,100,441)	15,284,211
Salary growth rate	100 BPS	16,563,968	(16,077,812)	14,756,788	(12,886,578)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

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.

	2020	2019
11.9 Principal actuarial assumptions used		
Valuation discount rate	9.75%	12.50%
Salary increase rate	9.75%	12.50%
Expected return on plan assets	9.75%	12.50%
Average expected remaining working life time of employees	8.8	9.02
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
Withdrawal rate	Medium	Medium

	2020 Rupees	2019 Rupees
11.10 Maturity profile		
1 - 5 years	86,576,460	95,089,277
6 - 10 years	83,288,681	85,752,016
11 - above years	483,588,801	739,697,048
	653,453,942	920,538,341

	Note	2020 Rupees	2019 Rupees
12 DEFERRED INCOME - GOVERNMENT GRANT			
Recognized during the year	8.2	76,280,492	–
Amortized during the year	37	(12,890,670)	–
		63,389,822	–
Less: Current maturity presented under current liabilities	14	(45,366,858)	–
Balance as at 30 September		18,022,964	–

	Note	2020 Rupees	2019 Rupees
13 SHORT TERM BORROWINGS			
Mark-up based borrowings from conventional banks - secured			
- Cash finances	13.1	1,823,866,061	7,607,729,625
- Running finances	13.2	2,053,749,853	1,881,975,016
- Inland bill discounting	13.3	–	1,190,858,115
- Finance against trust receipts	13.4	76,872,572	263,354,254
		3,954,488,486	10,943,917,010
Islamic mode of financing - secured			
- Salam / Istisna / Musawamah finances	13.5	1,433,500,000	2,969,200,000
- Morabaha / Karobar / Musharakah finances	13.6	1,300,000,000	1,750,000,000
		2,733,500,000	4,719,200,000
Borrowings from related party - unsecured			
- Deharki Sugar Mills (Private) Limited	13.7	2,620,000,000	850,200,000
		9,307,988,486	16,513,317,010

13.1 The Company during the year has obtained cash finance facilities from various banks aggregating to Rs. 9,550 million (2019: Rs. 14,688 million) out of which Rs. 7,550 million (2019: Rs. 13,100 million) is available as at reporting date. The mark-up rates applicable during the year ranges from one to three months KIBOR plus 20 to 100 bps per annum (2019: one to three months KIBOR plus 20 to 100 bps per annum). These are secured against pledge charge over refined sugar bags and personal guarantees of sponsor directors of the Company.

13.2 The Company has obtained running finance facilities aggregating to Rs. 2,046 million (2019: Rs. 2,180 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 65 to 100 bps per annum (2019: one to three months KIBOR plus 50 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets of the Company and personal guarantees of the sponsor directors of the Company.

13.3 The Company has obtained inland bill discounting facility aggregating to Rs. 1,300 million (2019: Rs. 1,300 million) and fully settled during the year. The mark-up rate applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2019: one to three months KIBOR plus 50 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.

13.4 The limit of this facility is Rs. 479 million (2019: Rs. 900 million). It carries mark-up ranging from one to six months KIBOR plus 100 bps per annum (2019: three to six months KIBOR plus 90 to 250 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets of the Company and personal guarantees of the sponsor directors of the Company.

13.5 The Company has obtained Salam / Istisna / Musawamah financing facilities from various banks aggregating to Rs. 5,885 million (2019: Rs. 5,635 million). The mark-up rates applicable during the year ranging from three to twelve months KIBOR plus 20 to 100 bps per annum (2019: three to nine months KIBOR plus 20 to 50 bps per annum). These are secured against pledge charge over refined sugar bags and personal guarantees of sponsor directors of the Company.

13.6 The Company has obtained Morabaha / Karobar / Musharakah finance facilities aggregating to Rs. 1,300 million (2019: Rs. 1,750 million). The mark-up rates applicable during the year ranges from three to six months KIBOR plus 75 to 100 bps per annum (2019: three to nine months KIBOR plus 50 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.

13.7 This represents interest bearing advance received from Deharki Sugar Mills (Private) Limited, a wholly owned subsidiary, to meet working capital requirements at an average interest rate ranges from 8.05% to 14.86% per annum (2019: 9.44% to 13.53% per annum).

13.8 The available facilities for opening letters of credit and guarantee as on the reporting date aggregate to Rs. 1,277 million (2019: Rs. 1,200 million) of which facilities unutilized as on the reporting date amounting to Rs. 350 million (2019: Rs. 250 million). These are secured by charge on present and future current assets of the Company and by lien over import documents.

	Note	2020 Rupees	2019 Rupees
14 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances - secured	8	2,820,870,758	4,073,687,561
Lease liabilities	9	693,883,524	72,868,704
Deferred income - Government grant	12	45,366,858	–
		3,560,121,140	4,146,556,265

	Note	2020 Rupees	2019 Rupees
15 TRADE AND OTHER PAYABLES			
Trade and other creditors		1,208,476,425	1,904,131,121
Sales tax payable		358,115,490	736,555,251
Accrued expenses	15.1	267,342,485	225,350,176
Payable to Workers' Profit Participation Fund	15.2	130,039,744	12,634,718
Payable to Workers' Welfare Fund	15.3	49,415,103	–
Tax deducted at source		44,380,178	45,919,038
Payable to Employees' Provident Fund		16,507,388	14,276,320
Retention money		16,631,161	26,438,900
Due to related parties	15.4	1,009,027	935,090
Agriculture income tax payable	38	2,031,181	–
Other payables		157,739,391	84,323,553
		2,251,687,573	3,050,564,167

15.1 This includes Rs. 68 million (2019: Rs. 36.9 million) in respect of market committee fee (for details, refer to note 18.1.17).

	Note	2020 Rupees	2019 Rupees
15.2 Payable to Workers' Profit Participation Fund			
Balance as at 01 October		12,634,718	–
- allocation for the year	36	130,039,744	12,634,718
- interest on funds utilized	37	2,907,716	–
		145,582,178	12,634,718
Less: Paid during the year		(15,542,434)	–
Balance as at 30 September		130,039,744	12,634,718

		Note	2020 Rupees	2019 Rupees
15.3	**Payable to Workers' Welfare Fund**			
	Balance as at 01 October		–	26,574,555
	Allocation for the year	36	49,415,103	–
	Reversal of prior year provision		–	(6,132,313)
			49,415,103	20,442,242
	Less: Paid during the year		–	(20,442,242)
	Balance as at 30 September		49,415,103	–

15.4 This amount represents payable to Agro Industrial Solution in respect of consultancy services provided by the key management personnel. Further, during the year, Chief Executive of the Company has provided the short term advance amounting to Rs. 35 million to the Company for meeting its working capital requirements. This advance has been fully repaid during the year.

16 ADVANCES FROM CUSTOMERS

This also includes taxes payable to Government authorities in respect of consideration received against sales of sugar bags.

	2020 Rupees	2019 Rupees
17 ACCRUED PROFIT / INTEREST / MARK-UP		
Mark-up on financing / borrowings from conventional banks / financial institutions		
- Long term finances - secured	191,749,264	167,979,227
- Short term borrowings - secured	88,815,773	325,303,299
	280,565,037	493,282,526
Profit on Islamic mode of financing		
- Long term finances - secured	5,481,804	23,277,017
- Short term borrowings - secured	36,512,424	226,118,080
	41,994,228	249,395,097
	322,559,265	742,677,623

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 Income Tax Ordinance, 2001 ("I.T.O") 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(A)"), who vide order dated 06 April 2010 decided appeal in favor of the Company on most of the issues. The department filed an 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 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 22-12-2017. The Company filed an appeal before CIR(A), who passed ex-parte order against the Company. The Company has filed second appeal before ("ATIR"). Appeal was heard and matter has been remanded back for denovo consideration.

18.1.5 Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O for tax year 2011 confronting several matters. The said notice was duly complied and plea of the Company 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 30-06-2017. 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 for Tax year 2014. DCIR passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Company has filed an appeal before CIR(A) who vide order dated 07-03-2018 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 2nd appeal before 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 from June 2013 to July 2014 by the FBR. A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Company has filed an appeal before CIR(A) who vide dated 08-02-2018 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 2nd appeal before 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 The Company was selected for audit u/s 214C of I.T.O for Tax year 2016. ACIR passed order u/s 122(4) / 122(5) by making additions on different issues amounting to Rs. 503 million by reducing brought forward losses. The Company has filed an appeal before CIR(A) which is pending for adjudication. The management of the Company is confident that this case will be decided in its favor.

18.1.9 The Company has filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of I.T.O has been reduced from 10% to 5% for the Tax Year 2019 and period for availing this credit has also been restricted till 30 June 2019. The Company has claimed tax credit at the rate of 10% for the year ended 30 September 2018 and 30 September 2019 amounting to Rs. 254.9 million and Rs. 96.8 million respectively. Management of the Company expects a favorable outcome in this case.

18.1.10 The Ministry of Interior (GoP) had constituted the Inquiry Commission under the Pakistan Commission of Inquiry Act, 2017 dated 16 March 2020 to probe into the increase in sugar prices in the country. The Commission of Inquiry selected 10 units of sugar mills including 3 units of the Company, accordingly report of the Inquiry Commission has been issued dated 21 May 2020. The Commission of Inquiry in its report has highlighted discrepancies with respect to Benami Transactions (Prohibition) Act, 2017 with respect to the standard business practice of Pakistan sugar industry. The Commission of inquiry has revealed that names of the brokers may be masked, by the sugar mills, and there is risk of sales in benami / fictitious names. The Commission of Inquiry in its report has also highlighted discrepancies in crushing capacity of the Company (refer to note 45) and claimed that such enhancement and enlargement was made in the period of ban on capacity enhancement/enlargement. (Show cause notices have already been issued by the Directorate of Industries, Punjab for both Units I and II way back in 2014 and matter is still pending). Pakistan Sugar Mills Association (PSMA) along with its member sugar mills, including the Company, filed writ petition before the Honorable Islamabad High Court (IHC) challenging the initiation of inquiry, Constitution of the Commission Inquiry and all action taken pursuant thereto. Vide short order dated 20 June 2020 the writ petition was disposed off and the commission's report upheld. PSMA along with its member sugar mills, including the Company, challenged the order before the Division Bench of IHC in Intra Court Appeal (ICA) No. 156 of 2020. This ICA was dismissed on 08 August 2020. Subsequent to year end, on 26 October 2020, PSMA and the Company filed Civil Petition for to Leave to Appeal (CPLA) No. 2697 of 2020 against the judgment dated 08 August 2020 before the Honorable Supreme Court of Pakistan. The Company has a good prime facie case.

18.1.11 The Company has accrued the delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum amounting to Rs. 169.34 million (2019: Rs. 111.14 million) on fully received invoices due from CPPA-G as per policy defined in note 4.13.1 to these unconsolidated financial statements. However, delayed payment mark-up under the EPA is not accrued by reference to the amount outstanding and the applicable rate of return under the EPA which is more than above mentioned amount.

18.1.12 A petitioner has filed Constitution Petition (CP) No. 3823 of 2018 in the Honorable High Court of Sindh against the Company along with other sugar mills dated 15 May 2018 for withdrawal/cancellation/ refunding of the cash freight subsidy on sugar export approved by the Cabinet Economic Coordination Committee and additional cash freight subsidy approved by the Sindh Cabinet. The management of the Company based on opinion of legal advisor believes that the matter will ultimately be decided in favor of the Company.

18.1.13 The matter of fixation of minimum price of sugarcane fixed under relevant notifications for crushing season 2014-2015 and 2017-2018 issued by the Government of Sindh is still subjudice before the Honorable High Court of Sindh (the Honorable Court). The Honorable Court has subjected its interim arrangement to the decision before the Honorable Supreme Court of Pakistan which is still pending. The Honorable Court has also ordered that the fate of remaining differential amount per 40 kg i.e. Rs. 10 (Rs. 182 and 172) and Rs. 22 (Rs. 182 and Rs. 160) for respective crushing seasons will be dependent upon the decision of the Honorable Supreme Court of Pakistan. The management of the Company believes that the matter will ultimately be decided in favor of the Company. Furthermore, the Company along with other sugar mills have also filed petition in the Honorable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honorable Supreme Court.

18.1.14 The Sindh Abadgar Board and Sindh Grower Alliance have filed Constitution Petitions against PSMA and various sugar mills in Sindh including the Company (Unit III). Through these petitions, the petitioners sought an implementation of Supreme Court order dated 05 March 2018, in the quality premium payment from sugar mills. The legal counsel of the Company is of the view that the Supreme Court has now simply prescribed the criteria for future. However, the Company (Unit III) has already paid price higher than the minimum notified price since the order of the Supreme Court.

18.1.15 The United Ethanol Industries Limited has filed a civil suit on 5th day of November, 2008 against the Company (Unit II) in the Court of Senior Civil Judge, Lahore for the recovery of Rs. 169.76 million with damages at the rate of 15% p.a. on all outstanding amounts from the date of filing of the suit till actual payment. This suit was filed against non-supply of 24,251.80 MT of molasses in the crushing season of 2007-2008 against which payment had been made to the Company.

18.1.16 The Company (Unit II) is in a civil suit no. 1296 of 2015 against plaintiff who has claimed a sum of Rs. 446 million and entitlement to retain the possession of and run the Unit II unless the dues of the plaintiff have been fully paid.

18.1.17 The Secretary and Administrator of the Market Committee (MC) issued notices to the Company demanding arrears on account of market fee for crushing season 2016-2017 to 2018-2019 amounting to Rs. 16.45 million. The Company has filed an appeal before the Director Agriculture (E&M) against such notices which is pending adjudication.

Further, the Company is in a Constitutional Writ Petition challenging notification No. DIR (FB) XV-II8I-VIII dated 02 August 2017 issued by the Govt of the Punjab whereby market committee fee was enhanced for purchase of sugarcane from 50 paisa to 1 rupee per 100 kg and for Sugar & molasses from 1 rupee to 2 rupees per 100 kg. The notification was suspended and the matter is pending further adjudication (for details, refer to note 15.1).

18.1.18 The Company has filed a writ petition no. 2739 against National Electric Power Regularity Authority (NEPRA) & Others in the Islamabad High Court (IHC). Through this writ petition, the Company has impugned the NEPRA in the matter of suo moto review proceedings regarding modification of fuel price mechanism of bagasse-based power project in 2013 upfront tariff. The IHC has vide its order dated 26 July 2019 suspended the impugned modification.

18.1.19 Provincial Employees Social Security (PESSI) vide different notifications issued from 2012 to 2017 enhanced monthly wage ceiling from Rs. 10,000 to Rs. 22,000 for contribution of every ensured person @ 6%. The Company along with other petitioners filed writ petition no. 135666/2018 before the Lahore High Court by challenging these notifications, however, the matter was decided against the Company dated 12 June 2019. Thereafter, ICA 42845/2019 against the mentioned order has been filed by the Company. In the said ICA, the impugned judgment dated 12 June 2019 was suspended and PESSI was restrained from recovering any amount from the Company consequent of the findings in the impugned judgement and notification was challenged.

18.1.20 The Honorable Sindh High Court passed an order in C.P. no. D-1313/2013 dated 12 February 2018, according to which, in the case of trans-provincial companies, the companies are required to pay Workers' Profit Participation Fund (WPPF) under the Sindh Companies Profits (Workers' Participation Act), 2015. Sindh Revenue Board (SRB) vide the impugned judgment issued notice to the Company for the non payment of WPPF as per the impugned judgment. The Company has filed an appeal against this order in the Honorable Supreme Court and impugned judgment of the Honorable Sindh High Court has been suspended. However, allocation for the year has been recognized in accordance with provision of the Companies Profit (Workers' Participation) Act, 1968 (for details, refer to note 15.2).

Based on the opinion of the Company's legal advisors, management is expecting a favorable outcome of the above cases from 18.1.13 to 18.1.16 and from 18.1.18 to 18.1.19. Therefore, no provision has been recognized in these unconsolidated financial statements.

18.1.21 Certain cases have been filed against the Company by some former employees. No provision has been made in these unconsolidated financial statements as the management of the Company, based on the advice of its legal advisors handling the subject cases, is of the opinion that matters shall be decided in the Company's favour. The claims amount can't be quantified due to nature of the claims.

18.1.22 Guarantees issued by the banks on behalf of the Company in favour of various parties as at the reporting date amounts to Rs. 672 million (2019: Rs. 560 million).

18.1.23 Counter guarantee given by the Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 1,800 million (2019: Rs. 800 million).

18.1.24 Guarantees issued by the banks on behalf of the Company in favor of Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited, wholly owned subsidiary companies, as at the reporting date aggregate amounts to Rs. 37 million (2019: Rs. 39 million).

		2020 Rupees	2019 Rupees
18.2	**Commitments**		
18.2.1	Letters of credit for import of machinery and its related components	111,385,896	235,071,327

18.2.2 Commitments in respect of operation and maintenance cost of Co - Generation Power Plants contracted for but not incurred as at 30 September 2020 amounts to Rs. 344 million (2019: Rs. 586 million).

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

	Note	2020 Rupees	2019 Rupees
Less than one year		–	239,114,320
Between one and five years		–	883,360,852
More than five years		–	4,173,750
	4.1	–	1,126,648,922

	Note	2020 Rupees	2019 Rupees
19 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	19.1	20,619,247,850	21,365,668,172
Capital work in progress	19.2	14,599,420	464,469,761
Stores, spare parts and loose tools held for capital expenditure	19.3	138,575,350	128,805,760
		20,772,422,620	21,958,943,693

19.1 Operating fixed assets

19.1.1 Reconciliation of ending balances by classes of assets is as follows:

	Cost				Rate	Depreciation				Carrying amount as at 30 September 2020
	As at 01 October 2019	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2020		As at 01 October 2019	For the year	Transfers / (deletions) during the year	As at 30 September 2020	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,647,672,459	–	38,704,100	1,686,376,559	–	–	–	–	–	1,686,376,559
		–						–		
Factory building on freehold land	2,118,897,930	189,594,809	–	2,308,492,739	10	1,063,551,912	117,704,637	–	1,181,256,549	1,127,236,190
		–						–		
Non-factory building on freehold land	817,210,579	1,813,281	–	819,023,860	5–20	312,232,733	25,488,797	–	337,721,530	481,302,330
		–						–		
Plant and machinery	22,558,254,435	500,020,304	–	23,056,864,049	5–20	6,512,655,437	841,259,480	–	7,352,679,660	15,704,184,389
		(1,410,690)						(1,235,257)		
Sugarcane roots	788,526,285	287,079,904	–	744,430,754	17	204,784,368	124,071,792	–	211,930,205	532,500,549
		(331,175,435)						(116,925,955)		
Motor vehicles	1,904,943,951	25,137,400	10,552,000	1,888,143,288	20	1,465,871,843	150,511,754	5,515,888	1,581,771,827	306,371,461
		(52,490,063)						(40,127,658)		
Electrical installation	170,440,405	6,064,666	–	176,505,071	10	78,760,109	9,380,138	–	88,140,247	88,364,824
		–						–		
Office equipment	69,899,838	2,022,063	–	71,762,252	20	46,056,086	5,380,554	–	51,285,216	20,477,036
		(159,649)						(151,424)		
Tools and equipment	78,773,669	2,192,896	–	80,966,565	10–20	32,803,104	4,717,298	–	37,520,402	43,446,163
		–						–		
Furniture and fixture	25,257,698	1,885,872	–	27,114,622	10	12,102,831	2,185,668	–	14,269,683	12,844,939
		(28,948)						(18,816)		

	Cost					Depreciation				
	As at 01 October 2019	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2020	Rate	As at 01 October 2019	For the year	Transfers / (deletions) during the year	As at 30 September 2020	Carrying amount as at 30 September 2020
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Weighbridge	40,823,357	–	–	40,823,357	10	22,627,728	1,819,563	–	24,447,291	16,376,066
		–						–		
Roads and boundary wall	94,889,081	411,221	–	95,300,302	10	55,079,520	3,996,448	–	59,075,968	36,224,334
		–						–		
Arms and ammunitions	8,224,057	–	–	8,224,057	10	5,550,284	267,378	–	5,817,662	2,406,395
		–						–		
Fire fighting equipment	82,815,232	–	–	82,815,232	20	56,196,751	5,323,697	–	61,520,448	21,294,784
		–						–		
Aircraft	873,689,731	–	–	873,689,731	10–25	303,995,507	56,969,423	–	360,964,930	512,724,801
		–						–		
Tube well	8,607,613	–	–	8,607,613	10	4,712,447	389,517	–	5,101,964	3,505,649
		–						–		
Computers	68,322,666	10,338,765	–	76,628,411	33	44,782,963	9,444,585	–	53,017,030	23,611,381
		(2,033,020)						(1,210,518)		
	31,357,248,986	1,026,561,181	49,256,100	32,045,768,462		10,221,763,623	1,358,910,729	5,515,888	11,426,520,612	20,619,247,850
		(387,297,805)						(159,669,628)		
Leased										
Motor vehicles (note 19.1.5)	313,494,127	–	–	–	20	83,311,318	–	–	–	–
		–	(313,494,127)					(83,311,318)		
	31,670,743,113	1,026,561,181	49,256,100	32,045,768,462		10,305,074,941	1,358,910,729	5,515,888	11,426,520,612	20,619,247,850
		(387,297,805)	(313,494,127)					(242,980,946)		

19.1.2 Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 941.34 million (2019: Rs. 1,402.60 million).

19.1.3 Transfers to / (from) freehold land and motor vehicles represents transfer of land and vehicles from / (to) investment property and right-of-use assets during the year amounting to Rs. 38.7 million and Rs. 10.5 million (2019: Rs. 0.42 million and Rs. nil) respectively.

19.1.4 Property, plant and equipment of the Company are kept secured with the banks under ranking and joint pari passu charge, for obtaining financing. This charge will exist till 31 January 2027. For details, refer to note 8.

19.1.5 This represents leased assets reclassified to right-of-use assets (refer to note 20).

19.1.6 Reconciliation of beginning balances by classes of assets is as follows:

	Cost				Rate	Depreciation				Carrying amount as at 30 September 2019
	As at 01 October 2018	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2019		As at 01 October 2018	For the year	Transfers / (deletions) during the year	As at 30 September 2019	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Freehold land	1,648,026,499	61,625	(415,665)	1,647,672,459	–	–	–	–	–	1,647,672,459
		–						–		
Factory building on freehold land	2,032,033,135	86,864,795	–	2,118,897,930	10	948,417,510	115,134,402	–	1,063,551,912	1,055,346,018
		–						–		
Non-factory building on freehold land	817,116,223	229,325	–	817,210,579	5–20	285,487,335	26,781,390	–	312,232,733	504,977,846
		(134,969)						(35,992)		
Plant and machinery	21,133,763,966	968,117,563	459,439,804	22,558,254,435	5–20	5,575,157,966	854,166,968	85,364,059	6,512,655,437	16,045,598,998
		(3,066,898)						(2,033,556)		
Sugarcane roots	673,807,851	445,109,108	–	788,526,285	17	186,871,335	131,421,048	–	204,784,368	583,741,917
		(330,390,674)						(113,508,015)		
Motor vehicles	1,911,654,118	44,402,392	23,824,000	1,904,943,951	20	1,316,148,658	191,639,258	13,469,891	1,465,871,843	439,072,108
		(74,936,559)						(55,385,964)		
Electrical installation	162,943,671	7,496,734	–	170,440,405	10	68,870,860	9,889,249	–	78,760,109	91,680,296
		–						–		
Office equipment	65,675,296	4,265,516	–	69,899,838	20	39,829,153	6,245,907	–	46,056,086	23,843,752
		(40,974)						(18,974)		
Tools and equipment	72,985,521	5,788,148	–	78,773,669	10–20	27,948,105	4,854,999	–	32,803,104	45,970,565
		–						–		
Furniture and fixture	23,697,918	1,578,383	–	25,257,698	10	10,041,327	2,070,496	–	12,102,831	13,154,867
		(18,603)						(8,992)		
Weighbridge	40,823,357	–	–	40,823,357	10	20,605,992	2,021,736	–	22,627,728	18,195,629
		–						–		

	Cost					Depreciation				Carrying amount as at 30 September 2019
	As at 01 October 2018	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2019	Rate	As at 01 October 2018	For the year	Transfers / (deletions) during the year	As at 30 September 2019	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	94,889,081	–	–	94,889,081	10	50,656,236	4,423,284	–	55,079,520	39,809,561
		–						–		
Arms and ammunitions	8,224,057	–	–	8,224,057	10	5,253,198	297,086	–	5,550,284	2,673,773
		–						–		
Fire fighting equipment	82,815,232	–	–	82,815,232	20	49,542,131	6,654,620	–	56,196,751	26,618,481
		–						–		
Aircraft	624,453,403	249,236,328	–	873,689,731	10–25	252,076,803	51,918,704	–	303,995,507	569,694,224
		–						–		
Tube well	8,267,613	340,000	–	8,607,613	10	4,286,171	426,276	–	4,712,447	3,895,166
		–						–		
Computers	63,055,769	5,939,129	–	68,322,666	33	35,448,655	9,906,044	–	44,782,963	23,539,703
		(672,232)						(571,736)		
	29,464,232,710	1,819,429,046	482,848,139	31,357,248,986		8,876,641,435	1,417,851,467	98,833,950	10,221,763,623	21,135,485,363
		(409,260,909)	–					(171,563,229)		
Leased										
Plant and machinery	459,439,804	–	(459,439,804)	–	5	77,542,770	7,821,289	(85,364,059)	–	–
		–						–		
Motor vehicles	217,945,850	119,372,277	(23,824,000)	313,494,127	20	54,393,150	42,388,059	(13,469,891)	83,311,318	230,182,809
		–						–		
	677,385,654	119,372,277	(483,263,804)	313,494,127		131,935,920	50,209,348	(98,833,950)	83,311,318	230,182,809
	–						–			
	30,141,618,364	1,938,801,323	(415,665)	31,670,743,113		9,008,577,355	1,468,060,815	–	10,305,074,941	21,365,668,172
		(409,260,909)						(171,563,229)		

19.1.7 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	1,014.32
Agricultural Land - Sindh (various locations)	Agriculture land	1,078.98

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

	Note	2020 Rupees	2019 Rupees
19.1.8 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	32.1	1,055,344,906	1,097,606,420
Further cost charged on biological assets	32.1.1.1	69,732,241	103,737,445
Administrative expenses	33	46,272,251	58,955,623
Cost incurred on standing crops	35.1.1	187,561,331	207,761,327
		1,358,910,729	1,468,060,815

19.1.9 Detail of disposals of operating fixed assets

The details of operating fixed assets disposed of during the year are as follows:

Description	Particulars of purchaser	Cost	Accumulated depreciation	Net book value	Sales value	Gain	Mode of disposal	Relationship with the Company
		Rupees	Rupees	Rupees	Rupees	Rupees		
Motor vehicles								
Toyota Altis	Ali Saeed	2,195,500	1,569,182	626,318	658,650	32,332	Company policy	Employee
Honda Civic	Abid Ansar	2,438,000	1,863,330	574,670	1,743,000	1,168,330	Negotiation	Other party
		4,633,500	3,432,512	1,200,988	2,401,650	1,200,662		
Assets - written off								
Sugarcane roots		331,175,435	116,925,955	214,249,480	–	–	Company policy	
Others		3,490,807	2,564,988	925,819	–	–	Company policy	
		334,666,242	119,490,943	215,175,299	–	–		
Assets having net book value less than Rs. 500,000		47,998,063	36,746,173	11,251,890	32,750,706	21,498,816		
2020		387,297,805	159,669,628	227,628,177	35,152,356	22,699,478		
2019		409,260,909	171,563,229	237,697,680	48,902,822	28,219,871		

		Note	2020 Rupees	2019 Rupees
19.2	**Capital work in progress**			
	As at 1 October		464,469,761	752,229,377
	Additions during the year	19.2.2	491,528,872	1,114,844,810
	Transfers made during the year		(941,399,213)	(1,402,604,426)
	As at 30 September		14,599,420	464,469,761

19.2.1 Reconciliation of carrying amounts by classes of assets is as follows:

	2020			
	Opening balance	Addition for the year	Transferred to operating fixed assets	Closing balance
	Rupees	Rupees	Rupees	Rupees
Building	139,544,335	66,380,615	(191,408,090)	14,516,860
Plant and machinery	321,232,989	137,985,793	(459,218,782)	–
Road & boundary walls	411,221	–	(411,221)	–
Sugarcane roots	–	287,162,464	(287,079,904)	82,560
Electric installation	3,281,216	–	(3,281,216)	–
	464,469,761	491,528,872	(941,399,213)	14,599,420

	2019			
	Opening balance	Addition for the year	Transferred to operating fixed assets	Closing balance
	Rupees	Rupees	Rupees	Rupees
Building	76,601,284	150,037,171	(87,094,120)	139,544,335
Plant and machinery	664,129,361	496,893,516	(839,789,888)	321,232,989
Road & boundary walls	411,221	–	–	411,221
Sugarcane roots	11,087,511	434,021,597	(445,109,108)	–
Electric installation	–	3,281,216	–	3,281,216
Motor vehicles	–	30,611,310	(30,611,310)	–
	752,229,377	1,114,844,810	(1,402,604,426)	464,469,761

19.2.2 Additions to capital work in progress also include borrowing costs of Rs. nil (2019: Rs. 34.64 million) relating to specific borrowings at the rates ranging from 9.44% to 13.53% per annum in 2019.

		Note	2020 Rupees	2019 Rupees
19.3	**Stores, spare parts and loose tools held for capital expenditure**			
	As at 01 October		128,805,760	124,899,758
	Additions during the year		14,126,673	8,563,033
			142,932,433	133,462,791
	Transferred to operating fixed assets		(2,963,900)	(4,346,843)
	Charged to consumption / adjustments		(1,393,183)	(310,188)
			(4,357,083)	(4,657,031)
	As at 30 September	19	138,575,350	128,805,760

20 RIGHT-OF-USE ASSETS

	Building	Land	Vehicles	Total
	Rupees	Rupees	Rupees	Rupees
As at 01 October	–	–	–	–
Impact of adoption of IFRS 16	114,741,212	922,024,372	230,182,809	1,266,948,393
Additions during the year	7,667,179	308,610,175	88,487,100	404,764,454
Deletions during the year	–	(462,019)	–	(462,019)
Transfer to operating fixed assets - net book value	–	–	(5,036,112)	(5,036,112)
Depreciation charged for the year	(38,847,070)	(390,873,378)	(60,032,741)	(489,753,189)
As at 30 September	83,561,321	839,299,150	253,601,056	1,176,461,527
Less: Current maturity presented				
under current assets	–	–	(19,040,329)	(19,040,329)
	83,561,321	839,299,150	234,560,727	1,157,421,198
Useful life (rate) / lease term	3 to 5 years	3 to 5 years	20%	

20.1 The Company's obligations under vehicles leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options which are further discussed in note 4.3.

20.2 The depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of goods manufactured	32.1	48,475,778	–
Further cost charged on biological assets	32.1.1.1	5,662,148	–
Administrative expenses	33	38,847,070	–
Cost of incurred on standing crops	35.1.1	396,768,193	–
		489,753,189	–

21 INVESTMENT PROPERTY

	2020 Rupees	2019 Rupees
Balance as at 01 October	219,015,262	218,599,597
Purchased during the year	5,542,850	–
Transferred (to) / from operating fixed assets	(38,704,100)	415,665
Balance as at 30 September	185,854,012	219,015,262

21.1 Investment property represents agricultural land measuring 400.71 acres (2019: 486.68 acres) situated at various locations of Tehsil Sadiqabad, District Rahim Yar Khan given on operating lease having the fair value of Rs. 345 million (2019: Rs. 380 million) as at 30 June 2019. The value of investment property was determined by approved external, independent property valuer i.e. Hamid Mukhtar and Co. (Pvt.) Limited by using the market comparable method and categorise as level 2 fair value. The most significant input in this valuation approach is price / rate per acre in particular locality. The management foresee, there is no significant change since last valuation.

21.2 Forced sale value of the investment property has been assessed as Rs. 276 million (2019: Rs. 304 million).

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

	2020 Rupees	2019 Rupees
Less than one year	7,763,875	10,530,999
More than one year	–	7,513,875
	7,763,875	18,044,874

	Note	2020 Rupees	2019 Rupees
22 INTANGIBLES			
Goodwill	22.1	608,310,693	608,310,693
Oracle computer software	22.2	6,459,139	8,498,867
		614,769,832	616,809,560

22.1 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 of both cash generating unit is determined based on value in use calculation which uses cash flow projections covering a five year period using the average discount rate of 20.49% per annum (2019: 23.24% per annum). The calculation of value in use is sensitive to discount rate and local inflation rates. Management's key assumptions include stable profit margins, based on past experience in this market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry. Based on this calculation, no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2020 Rupees	2019 Rupees
22.2 Oracle computer software			
Cost		20,397,279	20,397,279
Accumulated amortization			
As at 01 October		11,898,412	9,858,684
Amortization for the year	33	2,039,728	2,039,728
		13,938,140	11,898,412
As at 30 September		6,459,139	8,498,867
Rate of amortization		10%	10%

	Note	2020 Rupees	2019 Rupees
23 LONG TERM INVESTMENTS			
Investment in subsidiary companies - unquoted	23.1	1,653,303,405	1,651,603,405
Investment in associated companies - unquoted	23.2	2,500	–
		1,653,305,905	1,651,603,405
Less: Classified under current assets			
as short term investments			
Faruki Pulp Mills Limited ("FPML")		(570,053,405)	–
JDW Power (Private) Limited ("JDWPL")	23.2	–	–
		(570,053,405)	–
Classified under non-current assets		1,083,252,500	1,651,603,405

		Note	2020 Rupees	2019 Rupees
23.1	**Investment in subsidiary companies - unquoted**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	104,975,000 (2019: 104,975,000) fully paid			
	shares of Rs. 10 each			
	Equity held 100% (2019: 100%)		1,049,750,000	1,049,750,000
	Faruki Pulp Mills Limited ("FPML")			
	310,892,638 (2019: 310,892,638) fully paid			
	shares of Rs. 10 each			
	Equity held 57.67% (2019: 57.67%)		3,154,426,383	3,154,426,383
	Less: Accumulated impairment allowance	23.1.1	(2,584,372,978)	(2,584,372,978)
			570,053,405	570,053,405
	Sadiqabad Power (Private) Limited ("SPL")			
	1,000,100 (2019: 1,000,100) fully paid			
	shares of Rs. 10 each			
	Equity held 100% (2019: 100%)		10,001,000	10,001,000
	Advances for future issuance of shares		6,549,000	5,349,000
			16,550,000	15,350,000
	Ghotki Power (Private) Limited ("GPL")			
	1,000,100 (2019: 1,000,100) fully paid			
	shares of Rs. 10 each			
	Equity held 100% (2019: 100%)		10,001,000	10,001,000
	Advances for future issuance of shares		6,949,000	6,449,000
			16,950,000	16,450,000
			1,653,303,405	1,651,603,405
23.1.1	**Accumulated impairment allowance**			
	Opening balance		2,584,372,978	1,921,066,000
	Charged for the year		–	663,306,978
	Closing balance		2,584,372,978	2,584,372,978

23.1.1.1 Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business and prepared its financial statements for the year ended 30 September 2020 on liquidation basis of accounting. Accordingly, management of the Company has estimated the recoverable amount of investment in FPML same as last year as determined by the independent valuer and has recognised impairment loss of Rs. nil (2019: Rs. 663.31 million). The recoverable amount was estimated based on fair value less costs of disposal of the underlying assets of FPML and catagorise as level 3 fair value.

Further, during the year, FPML through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process.

Valuation techniques used to derive fair values of the underlying assets

	Carrying Value	Recoverable amount	Impairment loss	Valuation technique used
	Rupees	Rupees	Rupees	
Net current assets	64,592,746	64,592,746	–	The carrying amount is assumed to approximate the fair value as these are reported at amounts not less than those at which these are expected to be recovered.
Property, plant and equipment	505,460,659	516,451,698	–	Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment.
2020	570,053,405	581,044,444	–	
2019	1,233,360,383	570,053,405	(663,306,978)	

FPML engaged an independent valuer to assess the recoverable amount of the property, plant and equipment based on fair value less costs of disposal calculation. The fair value of freehold land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the land. The most significant input in this valuation approach is price per acre.

The fair value of plant, machinery and ancillary equipment is based on depreciated replacement cost approach taking into account the prevailing market value of identified items and net realizable value assets grouped according to machinery class, adjusted against depreciation, price indices and exchange differences on imported assets. The fair value of building and civil work is based on depreciated replacement cost approach taking into account the construction features and measurements of built area involved.

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in fair value measurements.

Description	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings and civil works	Cost of construction of a similar building and structure.	The prevailing market rate of construction has been determined by taking into account the finishes required in wood pulp manufacturing industry.
	Straight line depreciation applied for usage from date of construction. Forced sale value used since FPML is liquidating its assets.	The versatility and general conditions of the building have been used to estimate the straight line basis of depreciation of the building.

Description	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Plant and machinery and ancillary equipment	Cost of acquisition of similar machinery with similar level of technology.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level or technology and applying a suitable depreciation factor based on remaining useful lives of plant and equipment.
	Straight line depreciation rate to arrive at depreciated replacement value. Forced sale value used since FPML is liquidating its assets	The higher the cost of acquisition of similar machinery, the higher the fair value of plant and equipment. Furthermore, higher the depreciation rate, the lower the fair value of items.

		Note	2020 Rupees	2019 Rupees
23.2	**Investment in associated companies - unquoted**			
	JDW Power (Private) Limited ("JDWPL")			
	9,000,000 (2019: 9,000,000) fully paid shares of Rs. 10 each			
	Equity held 47.37% (2019: 47.37%)		90,000,000	90,000,000
	Less: Accumulated impairment allowance	23.2.1	(90,000,000)	(90,000,000)
			–	–
	Kathai-II Hydro (Private) Limited ("KHL")			
	250 (2019: nil) fully paid shares of Rs. 10 each			
	Equity held 20% (2019: nil%)	23.2.2	2,500	–
			2,500	–

23.2.1 On 11 July 2019 the shareholders of JDWPL through an extra ordinary general meeting passed a resolution for the winding up of JDWPL, subsequently management of the JDWPL has applied to the Securities and Exchange Commission of Pakistan (SECP) for the approval of winding up.

23.2.2 During the year, the Company acquired the 20% shareholding of Kathai-II Hydro (Private) Limited ("the associate") on 12 November 2019. The associate is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of the associate is to generate, distribute and sell electricity.

24 LONG TERM DEPOSITS

These also include security deposits with conventional banks and Islamic financial institution in respect of leasing facilities availed against right-of-use assets amounting to Rs. 16 million and Rs. 30.88 million (2019: Rs. 14.42 million and Rs. 21.4 million) respectively. This also includes an advance amounting to Rs. 4.54 million (2019: 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 (2019: Rs. 4.54 million). These deposits do not carry any interest or markup.

25 BIOLOGICAL ASSETS

	Note	2020							
		Standing sugarcane crop	Wheat	Rhodes grass	Guar	Mustard	Rice	Others	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		2,013,074,325	–	–	–	–	–	5,878,538	2,018,952,863
Further cost charged during the year	32.1.1.1	803,432,853	28,718,372	60,805,727	–	1,313,640	–	–	894,270,592
Fair value gain on initial recognition of agricultural produce	32.1.1	344,368,355	17,290,830	(26,546,483)	–	(464,321)	–	–	334,648,381
Decrease due to harvest		(3,161,057,406)	(47,140,910)	(34,344,586)	–	(2,934,334)	–	–	(3,245,477,236)
Cost incurred on standing crops	35.1.1	1,662,962,002	955,781	–	–	1,408,533	1,387,860	–	1,666,714,176
Transferred to capital work in progress		–	–	–	–	–	–	(2,394,600)	(2,394,600)
Other changes		181,874	1,131,708	85,342	–	2,085,014	–	(3,483,938)	–
Net fair value gain on biological assets	35	153,401,804	–	–	–	–	–	–	153,401,804
At the end of the year at fair value		1,816,363,807	955,781	–	–	1,408,532	1,387,860	–	1,820,115,980

	Note	2019							
		Standing sugarcane crop	Wheat	Rhodes grass	Guar	Mustard	Rice	Others	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		1,983,490,606	38,110,114	–	3,106,308	–	–	–	2,024,707,028
Further cost charged during the year	32.1.1.1	804,817,096	37,177,592	73,052,340	484,605	1,636,670	–	–	917,168,303
Decrease due to harvest		(2,788,307,702)	(75,287,706)	(73,052,340)	(3,590,913)	(1,636,670)	–	–	(2,941,875,331)
Cost incurred on standing crops	35.1.1	2,011,677,554	–	–	–	–	–	5,878,538	2,017,556,092
Net fair value gain on biological assets	35	1,396,771	–	–	–	–	–	–	1,396,771
At the end of the year at fair value		2,013,074,325	–	–	–	–	–	5,878,538	2,018,952,863

25.1 Measurement of fair values

25.1.1 Fair value hierarchy

In absence of active market for standing sugarcane crop, the fair value measurement for the standing sugarcane crop has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined by independent professional valuer, Medallion Services (Pvt.) Limited as at 30 September 2020 on the basis of a discounted cash flow model. The valuation model considers the present value of the net cash flows expected to be generated by the standing sugarcane crop at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset. The cash flow projections include specific estimates for next year which mainly include crop's expected yield and projected production costs and costs to sell. The expected cash flows are discounted using a risk adjusted discount rate. The fair value estimation of the Company's biological assets was not materially impacted by the COVID-19 pandemic.

25.1.2 Valuation techniques and significant unobservable inputs

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

	Unit	2020	2019
Valued plantations (Actual)			
- Punjab Zone	Acres	10,291	11,698
- Sindh Zone	Acres	11,128	11,368
Projected production costs and costs to sell			
- Punjab Zone	Acres	62,140	54,620
- Sindh Zone	Acres	64,567	64,069
Estimated yield per acre			
- Punjab Zone	Maunds	776	802
- Sindh Zone	Maunds	796	867
Harvest age	Months	12 - 14	12 - 14
Estimated future sugarcane market price per maund			
- Punjab Zone	Rupees	200	190
- Sindh Zone	Rupees	202	192
Risk - adjusted discount rate	% per month	0.91%	1.35%

Cost of biological assets other than standing sugarcane crop of Rs. 3.75 million (2019: Rs. 5.87 million) is considered to approximate their respective fair values less costs to sell as these assets are still at a very early stage of plantation and it is considered that insignificant 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) 2020 Rupees	Increase / (Decrease) 2019 Rupees
Decrease of 10% in expected average yield per acre	(296,633,564)	(318,024,423)
Decrease of 10% in expected average selling price per maund	(311,839,470)	(331,454,367)
Increase of 10% in discount rate	(9,102,870)	(8,724,542)

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, 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 Company adversely. The Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volume and analysis.

	Note	2020 Rupees	2019 Rupees
26 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores			
- Sugar		698,403,595	638,560,204
- Co-Generation Power		134,897,835	101,380,402
- Corporate Farms		403,217,111	388,864,061
		1,236,518,541	1,128,804,667
Spare parts			
- Sugar		386,625,789	437,848,470
- Co-Generation Power		90,859,738	93,639,685
		477,485,527	531,488,155
Loose tools			
- Sugar		98,655,724	35,375,948
- Co-Generation Power		31,681,576	12,857,506
		130,337,300	48,233,454
		1,844,341,368	1,708,526,276
Less: Provision for obsolescence	26.1	(303,839,129)	(181,414,979)
		1,540,502,239	1,527,111,297

26.1 This includes reversals of Rs. 20.37 million (2019: Rs. 6.76 million) which is included in cost of goods manufactured.

26.2 Stores, spare parts and loose tools was pledged as security against short term borrowings (refer to note 13).

	Note	2020 Rupees	2019 Rupees
27 STOCK-IN-TRADE			
Sugar	27.1	3,675,127,479	11,100,236,484
Bagasse		310,314,012	405,511,891
		3,985,441,491	11,505,748,375

27.1 The closing stock of sugar, net of 10% to 25% margin, having carrying value of Rs. 3,257 million (2019: Rs. 10,577 million) has been pledged against cash finance obtained from commercial and Islamic banks (for details, refer to note 13).

	Note	2020 Rupees	2019 Rupees
28 TRADE RECEIVABLES			
Considered good			
- Local	28.1	8,451,790,699	7,241,742,495
- Exports		–	13,249,005
		8,451,790,699	7,254,991,500
Considered doubtful - local		57,584,275	39,203,083
		8,509,374,974	7,294,194,583
Less: Impairment allowance	42.1.1	(57,584,275)	(39,203,083)
		8,451,790,699	7,254,991,500

28.1 This includes Rs. 7,266.54 million (2019: Rs. 5,161.61 million) receivable from CPPA-G on account of sale of electricity under Energy Purchase Agreements. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements.

28.1.1 During the previous year, the Company had filed a Writ Petition No. 1298 dated 04 April 2019 against CPPA-G's decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices (fixed energy) of the Company based on its interpretation of the Upfront Tariff for New Bagasse Based Co-Generation Power Projects dated 29 May 2013 (2013 Upfront Tariff) determined by the NEPRA as opted by and applied to the Company.

On the basis of independent legal advice obtained by the Company, the said deduction was in direct conflict with and in contravention of express provisions of the Policy for Development of Renewable Energy for Power Generation Employing Small Hydro, Wind, and Solar Technologies, 2006, the Framework for Power Co-generation, 2013, the 2013 Upfront Tariff, EPA and as well as the regulatory powers and functions of NEPRA under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The matter was referred to NEPRA by CPPA-G which was dismissed by NEPRA as being devoid of merit and mere a afterthought.

The petition is currently pending adjudication before the Honorable Islamabad High Court. The management and legal advisors are of the opinion that the position of the Company in respect of aforementioned matters is sound on technical basis and eventual outcome is expected to be in favour of the Company. Pending the resolution of the matters stated above, no provision has been made in these unconsolidated financial statements.

		Note	2020 Rupees	2019 Rupees
29	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to suppliers and contractors	29.1	290,738,454	320,546,839
	Advances to growers	29.2	152,754,025	90,111,663
	Prepaid expenses		27,028,382	34,311,728
	Deposits		17,166,605	–
	Advances to staff	29.3	9,438,013	16,211,149
	Sugar export subsidy	29.4	–	355,335,690
	Other receivables	29.5	16,748,966	27,814,961
			513,874,445	844,332,030

		Note	2020 Rupees	2019 Rupees
29.1	**Advances to suppliers and contractors**			
	- Considered good		290,738,454	320,546,839
	- Considered doubtful		62,700,835	41,693,658
			353,439,289	362,240,497
	Less: Provision for doubtful advances		(62,700,835)	(41,693,658)
			290,738,454	320,546,839
29.2	**Advances to growers**			
	- Considered good		152,754,025	90,111,663
	- Considered doubtful		4,937,966	4,937,966
			157,691,991	95,049,629
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
		29.2.1	152,754,025	90,111,663

29.2.1 This represents advances provided to various sugarcane growers in the form of cash, seeds and agri-implements. These carry interest rates ranging from 12% to 17% per annum and will be adjusted against sugarcane payment in forthcoming crushing season.

		Note	2020 Rupees	2019 Rupees
29.3	**Advances to staff**			
	- against salaries		5,489,961	12,712,573
	- against expenses		3,948,052	3,498,576
		29.3.1	9,438,013	16,211,149

29.3.1 These represent advances given to staff as in accordance with the Company's policy.

		2020 Rupees	2019 Rupees
29.4	**Sugar export subsidy**		
	Considered good	–	355,335,690
	Considered doubtful	399,296,190	43,800,000
		399,296,190	399,135,690
	Less: Allowance for expected credit loss	(399,296,190)	(43,800,000)
		–	355,335,690
29.5	**Other receivables**		
	Considered good	16,748,966	27,814,961
	Considered doubtful	3,596,334	3,596,334
		20,345,300	31,411,295
	Less: Allowance for expected credit loss	(3,596,334)	(3,596,334)
		16,748,966	27,814,961

		Note	2020 Rupees	2019 Rupees
30	**CASH AND BANK BALANCES**			
	At banks:			
	Current accounts			
	- Balance with conventional banks		121,049,340	82,939,764
	- Balance with Islamic banks		2,688,984	6,743,309
			123,738,324	89,683,073
	Saving accounts			
	- Deposits with conventional banks	30.1	321,377	17,970
			124,059,701	89,701,043
	Cash in hand		4,519,473	2,341,201
			128,579,174	92,042,244

30.1 The deposits in saving accounts carry mark-up ranging from 5.5% to 11.25% per annum (2019: 6.5% to 11.25% per annum).

	Note	2020 Rupees	2019 Rupees

31 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue based on:

		Note	2020 Rupees	2019 Rupees
31.1	**Segments**			
	Sugar			
	Sugar	31.1.1	41,861,060,218	38,755,778,044
	Molasses - by product	31.1.2	3,452,256,001	2,231,460,155
	Agri Inputs		1,709,860,423	2,176,998,045
	Bagasse - by product		202,035,480	330,852,578
			47,225,212,122	43,495,088,822
	Co-Generation Power	31.1.3	3,897,802,789	4,550,942,155
	Corporate Farms	31.1.4	1,147,400,209	1,073,822,191
			52,270,415,120	49,119,853,168
31.1.1	**Sugar**			
	Local		41,701,960,393	32,241,090,236
	Export	31.1.1.1	159,099,825	6,514,687,808
			41,861,060,218	38,755,778,044

31.1.1.1 This includes sugar export subsidy of Rs. nil (2019: Rs. 558.35 million).

		2020 Rupees	2019 Rupees
31.1.2	**Molasses - by product**		
	- Sale under DTRE (Duty & Tax Remission for Exporters)	3,264,616,010	2,177,523,660
	- Others	187,639,991	53,936,495
		3,452,256,001	2,231,460,155
31.1.3	**Co-Generation Power**		
	Variable energy price	1,955,113,862	2,357,686,219
	Fixed energy price	1,942,688,927	2,193,255,936
		3,897,802,789	4,550,942,155
31.1.4	**Corporate Farms**		
	Sugarcane to Deharki Sugar Mills (Private) Limited	1,026,269,504	906,900,300
	Sugarcane seed and others	121,130,705	166,921,891
		1,147,400,209	1,073,822,191
31.2	**Geographic (foreign markets)**		
	Asia	159,099,825	6,514,687,808
31.3	**Timing of revenue recognition**		
	Products transferred at a point in time	48,372,612,331	44,568,911,013
	Products transferred over time	3,897,802,789	4,550,942,155
		52,270,415,120	49,119,853,168

31.4 Revenue from contracts with customers included Rs. 8,832 million (2019: Rs. 7,108 million) that was included in contract liabilities at the beginning of the year.

		Note	2020 Rupees	2019 Rupees
32	**COST OF REVENUE**			
	Opening stock-in-trade		11,505,748,375	19,730,034,110
	Add: Cost of goods manufactured	32.1	37,327,149,688	35,475,221,218
	Add: Freight and other costs related to contracts		20,484,260	204,160,782
			48,853,382,323	55,409,416,110
	Less: Closing stock			
	- Sugar		(3,675,127,479)	(11,100,236,484)
	- Bagasse		(310,314,012)	(405,511,891)
			(3,985,441,491)	(11,505,748,375)
			44,867,940,832	43,903,667,735

		Note	2020 Rupees	2019 Rupees
32.1	**Cost of goods manufactured**			
	Cost of crops consumed			
	(including procurement and other costs)	32.1.1	29,467,374,463	27,170,335,986
	Salaries, wages and other benefits	32.1.2	2,424,638,735	2,205,221,573
	Cost of agri inputs		1,422,354,498	1,850,607,577
	Depreciation of operating fixed assets	19.1.8	1,055,344,906	1,097,606,420
	Cost of bagasse consumed		767,749,117	701,040,811
	Stores and spare parts consumed		461,053,739	776,793,582
	Packing materials consumed		296,026,552	348,344,471
	Operation and maintenance costs	32.1.3	241,361,659	247,328,907
	Chemicals consumed		232,519,056	234,978,956
	Sugarcane roots written off	19.1.9	214,249,480	216,882,659
	Provision for obsolescence		122,424,150	26,954,419
	Electricity and power		116,171,130	77,660,372
	Vehicle running expenses		102,699,129	124,220,273
	Insurance		79,473,532	78,483,352
	Oil, lubricants and fuel consumed		55,811,260	92,295,237
	Depreciation of right-of-use assets	20.2	48,475,778	–
	Repairs and maintenance		30,578,320	93,385,606
	Handling and storage		28,892,581	38,522,794
	Mud and bagasse shifting expenses		25,705,339	34,932,281
	Printing and stationery		9,042,494	11,302,070
	Freight and octroi		7,849,536	21,782,645
	Telephone and fax		6,912,388	6,175,942
	Initial land preparation		3,364,520	–
	Travelling and conveyance		1,666,513	1,801,553
	Assets written off	19.1.9	925,819	132,070
	Operating lease rentals		–	635,171
	Other expenses		104,484,994	17,796,491
			37,327,149,688	35,475,221,218

		Note	2020 Rupees	2019 Rupees
32.1.1	**Cost of crops consumed**			
	Sugarcane purchased		25,917,003,522	24,024,116,559
	Cost of harvested crops			
	Fair value of standing crops transferred to profit or loss	35.1	2,018,952,863	2,024,707,028
	Fair value gain on initial recognition of agricultural produce	25 & 35	334,648,381	–
	Further cost charged	32.1.1.1	1,199,164,297	1,121,512,399
			3,552,765,541	3,146,219,427
	Less: cost transferred to capital work in progress		(2,394,600)	–
			29,467,374,463	27,170,335,986
32.1.1.1	**Further cost charged**			
	Salaries, wages and other benefits	32.1.1.1.1	244,618,470	228,600,324
	Fuel expenses		151,333,132	149,457,127
	Repairs and maintenance		140,644,329	157,397,539
	Harvesting expense		114,362,792	74,028,598
	Irrigation expenses		72,280,748	93,027,254
	Depreciation of operating fixed assets	19.1.8	69,732,241	103,737,445
	Fertilizer expenses		28,249,169	24,701,619
	Vehicle running expenses		21,476,358	19,230,030
	Bio-laboratory expenses		15,254,699	12,780,196
	Pesticide and herbicide expenses		8,323,356	3,886,015
	Depreciation of right-of-use assets	20.2	5,662,148	–
	Seed expenses		4,034,242	13,927,988
	Insurance		3,007,035	2,591,063
	Land rentals		–	24,696,637
	Others		15,291,873	9,106,468
	Cost charged to biological assets	25	894,270,592	917,168,303
	Transportation expenses		426,032,883	423,334,452
	Road cess		7,681,607	8,271,234
	Less: Own seed consumption		(128,820,785)	(227,261,590)
			304,893,705	204,344,096
		32.1.1	1,199,164,297	1,121,512,399

32.1.1.1.1 Salaries, wages and other benefits include Rs. 5.8 million (2019: Rs. 6.3 million) in respect of contribution towards provident fund.

32.1.2 Salaries, wages and other benefits includes contribution to provident fund of Rs. 54.41 million (2019: Rs. 47.63 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 20.42 million (2019: Rs. 14.74 million).

		2020 Rupees	2019 Rupees
32.1.3	**Operation and maintenance costs**		
	Reimbursable cost	197,212,159	194,815,407
	Operating fee	44,149,500	52,513,500
		241,361,659	247,328,907

		Note	2020 Rupees	2019 Rupees
33	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	33.1	1,233,613,982	930,074,868
	Legal and professional services		82,281,462	26,453,264
	Depreciation of operating fixed assets	19.1.8	46,272,251	58,955,623
	Repairs and maintenance		44,242,033	24,099,413
	Depreciation of right-of-use assets	20.2	38,847,070	–
	Travelling and conveyance		34,138,152	30,169,080
	Vehicle running and maintenance		33,155,492	30,482,009
	Charity and donations	33.2	26,100,000	3,356,500
	Insurance		18,554,494	12,770,945
	Subscription and renewals		16,485,357	13,054,375
	Printing and stationery		12,034,581	10,806,692
	Telephone, fax and postage		9,927,632	11,859,420
	Fee and taxes		9,723,767	10,035,975
	Electricity and power		9,548,837	9,274,210
	Entertainment		6,633,960	4,762,397
	Auditors' remuneration	33.3	5,157,500	5,040,000
	Office rent and renovation		3,990,252	46,324,642
	Amortization of intangible asset	22.2	2,039,728	2,039,728
	Advertisement		538,720	923,594
	Newspapers, books and periodicals		273,617	259,167
	Other expenses		12,592,750	10,818,148
			1,646,151,637	1,241,560,050

33.1 Salaries, wages and other benefits includes contribution to provident fund of Rs. 26.31 million (2019: Rs. 21.80 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 8.75 million (2019: Rs. 6.32 million).

		Note	2020 Rupees	2019 Rupees
33.2	**Donations for the year have been given to:**			
	- Lodhran Pilot Project		21,000,000	–
	- Special Education and Training Centre		2,000,000	2,000,000
	- Others	33.2.1	3,100,000	1,356,500
			26,100,000	3,356,500

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.

33.2.1 Others' include donations paid to various institutions. The aggregate amount paid to a single institution is less than Rs. 1 million.

		2020 Rupees	2019 Rupees
33.3	**Auditors' remuneration**		
	Services as auditors:		
	Statutory audit	3,750,000	3,750,000
	Half yearly review	600,000	500,000
	Out of pocket expenses	50,000	275,000
	Others	227,500	–
		4,627,500	4,525,000
	Other services:		
	Certifications for regulatory purposes	480,000	515,000
	Tax advisory services	50,000	–
		530,000	515,000
		5,157,500	5,040,000

34 SELLING EXPENSES

	Note	2020 Rupees	2019 Rupees
Salaries, wages and other benefits	34.1	37,296,907	39,318,992
Other selling expenses		23,101,712	22,689,127
		60,398,619	62,008,119

34.1 Salaries, wages and other benefits include Rs. 0.54 million (2019: Rs. 0.49 million) in respect of contribution towards provident fund.

35 OTHER INCOME

	Note	2020 Rupees	2019 Rupees
Income from financial assets			
Mark-up on delayed payment from CPPA-G		58,219,947	–
Interest income on bank deposits		520,330	663,760
Foreign exchange gain		–	279,050,583
		58,704,277	279,714,343
Income from non-financial assets			
Fair value gain on initial recognition of agricultural produce	32.1.1	334,648,381	–
Sale of mud		187,445,011	127,090,941
Net fair value gain on biological assets	35.1	153,401,804	1,396,771
Scrap sales		69,930,905	101,523,511
Gain on disposal of operating fixed assets	19.1.9	22,699,478	28,219,871
Sale of stores, spare parts & loose tools		14,426,784	18,205,462
Rental income from investment property		11,521,504	11,544,601
Mark-up on advances to growers		3,981,104	–
Insurance claim		–	15,300,000
Liabilities no longer payable		–	3,052,249
Others		3,388,593	7,311,313
		801,443,564	313,644,719
		860,183,841	593,359,062

		Note	2020 Rupees	2019 Rupees
35.1	**Net fair value gain on biological assets**			
	Fair value of standing crops		1,820,115,980	2,018,952,863
	Cost incurred on standing crops	25 & 35.1.1	(1,666,714,176)	(2,017,556,092)
			153,401,804	1,396,771
35.1.1	**Cost incurred on standing crops**			
	Depreciation of right-of-use assets	20.2	396,768,193	–
	Fertilizer expenses		260,896,659	269,209,896
	Irrigation expenses		228,844,166	322,495,335
	Salaries, wages and other benefits	35.1.1.1	193,601,575	196,040,500
	Pesticide and herbicide expenses		187,677,846	160,845,297
	Depreciation of operating fixed assets	19.1.8	187,561,331	207,761,327
	Repairs and maintenance		95,255,310	83,977,326
	Fuel expenses		74,229,395	67,260,226
	Vehicle running expenses		14,347,492	17,237,302
	Bio-laboratory expenses		13,773,339	13,773,997
	Insurance		2,140,445	2,966,018
	Land rentals		–	666,764,933
	Others		11,618,425	9,223,935
			1,666,714,176	2,017,556,092

35.1.1.1 Salaries, wages and other benefits include Rs. 5.7 million (2019: Rs. 5.4 million) in respect of provident fund.

		Note	2020 Rupees	2019 Rupees
36	**OTHER EXPENSES**			
	Impairment allowance against sugar export subsidy		355,496,190	43,800,000
	Worker's Profit Participation Fund	15.2	130,039,744	12,634,718
	Workers' Welfare Fund	15.3	49,415,103	–
	Provision for doubtful advances		21,007,177	17,883,495
	Impairment allowance against trade / other receivables		18,381,192	3,596,334
	Foreign exchange loss		8,839,481	–
	Bad debts written off		1,192,197	–
	Impairment against investment in FPML	23.1.1	–	663,306,978
	Export subsidy - written off		–	13,094,320
			584,371,084	754,315,845

	Note	2020 Rupees	2019 Rupees
37 FINANCE COST			
Mark-up based loans from conventional banks / financial institutions			
- Short term borrowings - secured		1,255,476,465	1,503,445,125
- Long term finances - secured		1,098,923,056	939,164,592
- Interest expense for leasing arrangements		190,947,774	16,786,609
		2,545,347,295	2,459,396,326
Islamic mode of financing			
- Short term borrowings - secured		562,487,407	576,758,819
- Long term finances - secured		171,038,114	322,324,951
		733,525,521	899,083,770
Borrowings from related party - unsecured			
- Deharki Sugar Mills (Private) Limited		217,256,764	150,293,989
Workers' Profit Participation Fund	15.2	2,907,716	–
Markup on short term advance from provident fund		15,299,033	–
Amortization of transaction cost	8	4,656,834	–
Bank charges and commission		44,294,272	37,470,600
		67,157,855	37,470,600
Less: Amortization of deferred Government grant	12	(12,890,670)	–
Less: Borrowing costs capitalized	19.2.2	–	(34,643,843)
		(12,890,670)	(34,643,843)
		3,550,396,765	3,511,600,842

	2020 Rupees	2019 Rupees
38 TAXATION		
Income tax	748,379,221	578,710,497
Deferred tax	272,412,976	(891,947,281)
Agriculture tax	2,031,181	–
	1,022,823,378	(313,236,784)

38.1 Relationship between tax expense and accounting profit before tax

Numerical reconciliation between tax expense and accounting profit

	2020 Rupees	2019 Rupees
Profit before taxation	–	240,059,639
Tax at 29% (2019: 29%)	–	69,617,295
Tax effect of:		
- permanent differences	–	(31,029,761)
- tax credits on BMR	–	(96,811,756)
- not adjustable for tax purposes	–	83,227,145
- income under final tax regime (FTR)	–	81,338,644
- minimum tax	–	593,736,509
- recognition of prior year tax losses and credits	–	(1,013,761,960)
- others	–	447,100
	–	(313,236,784)

38.2 The provision for current taxation represents the minimum tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation for current year has not been prepared and presented.

38.3 The two new high-pressure Co-Generation Power plants had 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 to note 18.1.1 to 18.1.9.

39 EARNINGS PER SHARE - BASIC AND DILUTED

		2020	2019
Basic earnings per share			
Profit for the year	**Rupees**	1,398,516,646	553,296,423
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic earnings per share	**Rupees**	23.40	9.26

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

	Note	2020 Rupees	2019 Rupees
40 CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,421,340,024	240,059,639
Adjustments for non-cash income and expenses:			
Finance cost	37	3,550,396,765	3,511,600,842
Depreciation of operating fixed assets		1,373,631,479	1,516,043,371
Impairment allowance against sugar export subsidy		355,496,190	43,800,000
Assets written off	19.1.9	215,175,299	217,014,729
Depreciation of right-of-use assets		92,984,996	–
Staff retirement benefits		123,649,274	104,811,906
Provision for obsolescence		122,424,150	26,954,419
Workers' Profit Participation Fund	15.2	130,039,744	12,634,718
Interest income		(62,721,381)	(663,760)
Workers' Welfare Fund	15.3	49,415,103	–
Provision for doubtful trade receivables / advances		39,388,369	21,479,829
Foreign exchange loss / (gain)	35 & 36	8,839,481	(279,050,583)
Amortization of transaction cost	8	4,656,834	–
Amortization of intangibles	22.2	2,039,728	2,039,728
Impairment allowance on investment in subsidiary		–	663,306,978
Prior year adjustment of Workers' Welfare Fund		–	(6,132,313)
Gain on disposal of operating fixed assets	35	(22,699,478)	(28,219,871)
Net fair value gain on biological assets		(153,401,804)	(1,396,771)
Fair value gain on initial recognition of agricultural produce		(334,648,381)	–
		5,494,666,368	5,804,223,222
		7,916,006,392	6,044,282,861
Working capital changes:			
Trade receivables		(1,168,425,910)	(1,504,472,949)
Stores, spare parts and loose tools		(274,390,442)	(244,809,349)
Biological assets		1,068,934,511	7,150,936
Advances, deposits, prepayments and other receivables		(54,275,252)	2,114,656,978
Stock-in-trade		7,520,306,884	8,224,285,735
Trade and other payables		(474,333,912)	444,569,043
Advances from customers		(6,413,489,479)	953,630,769
		204,326,400	9,995,011,163
Cash generated from operations		8,120,332,792	16,039,294,024

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements for the year regarding 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	203,120,000	72,819,048	1,600,000	38,970,951	83,800,000	67,300,000	392,584,433	326,248,816
House allowance	81,248,000	29,127,619	640,000	15,588,380	33,520,000	26,920,000	157,033,774	130,499,526
Utilities	20,312,000	7,281,905	160,000	3,897,095	8,380,000	6,730,000	39,258,443	32,624,882
Bonus	100,000,000	43,333,335	–	8,666,667	40,000,000	32,400,000	579,861,149	501,727,808
Company's contribution towards provident fund	–	–	–	–	–	–	36,613,190	30,278,874
Staff retirement benefit - gratuity	–	–	–	–	–	–	3,176,704	2,690,357
	404,680,000	152,561,907	2,400,000	67,123,093	165,700,000	133,350,000	1,208,527,693	1,024,070,263
Number of persons	1	1	1	1	2	2	73	67

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

Meeting fee was paid to one Independent Director (2019: nil) of the Company during the year amounting to Rs. 200,000 (2019: Rs. nil).

The Chief Executive and family owned business concerns are permitted to use the Company maintained aircraft for private trips, subject to availability, for which the proportionate share of operating expenses is reimbursed to the Company. During the year, Rs. 51.66 million (2019: Rs. 74.38 million) was charged 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

42.1 Risk management framework

The Board of Directors has overall responsibility for establishment and 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.

42.1.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. 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.

Exposure to credit risk

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

	2020 Rupees	2019 Rupees
Financial assets at amortized cost		
Long term deposits	57,116,542	50,913,227
Trade receivables	7,395,834,681	5,315,805,993
Advances, deposits and other receivables	39,405,532	40,527,534
Bank balances	124,059,701	89,701,043
	7,616,416,456	5,496,947,797

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. However, the Company identifies concentration of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

	2020 Rupees	2019 Rupees
Customers:		
- Sugar	129,294,038	154,193,380
- Co-Generation Power	7,266,540,643	5,161,612,613
Banking companies	124,059,701	89,701,043
Others	96,522,074	91,440,761
	7,616,416,456	5,496,947,797

Credit quality and impairment

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 receivables - considered good

Majority of the Company's revenue are on advance basis and trade receivables mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited, a Government owned entity and are secured by guarantee from GoP under the Implementation Agreements. Hence, the management believes that no impairment allowance is necessary in respect of these receivables (for details, refer to note 28.1).

The aging of trade receivables at the reporting date is:

	2020		2019	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Not past due	1,008,282,957	–	1,018,419,563	–
Past due				
1 - 365 days	2,821,863,608	–	2,979,993,055	–
366 - above days	3,623,272,391	57,584,275	1,356,596,458	39,203,083
	7,453,418,956	57,584,275	5,355,009,076	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 debts / 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. Therefore, the Company has no material expected credit loss under IFRS 9 'Financial Instruments' and incurred loss under IAS 39 'Financial Instrument Recognition and Measurement' at the year end.

The above gross carrying amount includes Rs. 7,278 million (2019: Rs. 5,161.61 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy.

Based on past experience, the management believes that no impairment allowance is necessary in respect of receivables other than CPPA-G as there are reasonable grounds to believe that they will be recovered.

Bank balances

Impairment on bank balances has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Company considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The credit quality of the Company's bank balances can be assessed with reference to external credit rating agencies as follows:

Banks	Rating Long term	Rating Short term	Rating Agency	2020 Rupees	2019 Rupees
Conventional					
National Bank of Pakistan	AAA	A1+	PACRA	81,906,664	7,034,741
MCB Bank Limited	AAA	A1+	PACRA	21,598,421	39,886,043
The Bank of Punjab	AA	A1+	PACRA	8,174,264	26,168,433
Faysal Bank Limited	AA	A1+	PACRA	6,400,533	786,963
Habib Bank Limited	AAA	A1+	JCR-VIS	2,378,739	4,698,162
United Bank Limited	AAA	A1+	JCR-VIS	382,521	3,294,762
Bank Alfalah Limited	AA+	A1+	PACRA	132,814	171,297
Askari Bank Limited	AA+	A1+	PACRA	84,137	476,645
The Bank of Khyber	A	A1	PACRA	59,402	78,493
Allied Bank Limited	AAA	A1+	PACRA	53,032	58,889
Summit Bank Limited	A-	A-1	JCR-VIS	52,437	90,230
Sindh Bank Limited	A+	A1	JCR-VIS	41,850	44,704
Tameer Bank Limited	A+	A1	PACRA	38,012	38,053
Soneri Bank Limited	AA-	A1+	PACRA	21,894	24,941
The First Microfinance Bank Limited	A+	A1	JCR-VIS	17,438	54,024
MCB Bank					
(Formally NIB Bank Limited)	AAA	A1+	PACRA	14,240	14,240
Bank Al Habib Limited	AA+	A1+	PACRA	8,933	31,728
Silk Bank Limited	A-	A2	JCR-VIS	5,386	5,386
				121,370,717	82,957,734
Islamic					
National Bank of Pakistan	AAA	A1+	PACRA	923,680	334,883
Askari Bank Limited	AA+	A1+	PACRA	958,983	218,235
MCB Islamic Bank Limited	A	A1	PACRA	444,402	25,813
Albaraka Bank (Pakistan) Limited	A	A1	PACRA	251,424	6,985
Bank Islamic (Pakistan) Limited	A+	A1	PACRA	73,862	106,238
Al Baraka Bank (Pakistan) Limited					
(Formally Burj Bank Limited)	A	A1	PACRA	20,016	20,016
Faysal Bank Limited	AA	A1+	PACRA	10,968	2,547
Meezan Bank Limited	AA+	A1+	JCR-VIS	4,793	1,000,567
Dubai Islamic Bank (Pakistan) Limited	AA	A1+	JCR-VIS	856	4,537,981
Bank Alfalah Limited	AA+	A1+	PACRA	–	490,044
				2,688,984	6,743,309
				124,059,701	89,701,043

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.

42.1.2 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. 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 and Islamic 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 of Directors.

Exposure to liquidity risk

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

	2020				
	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	14,303,398,091	17,725,649,720	4,022,106,888	12,922,616,730	780,926,102
Short term borrowings	9,307,988,486	11,440,847,771	11,440,847,771	–	–
Lease liabilities	1,460,474,747	1,666,395,459	787,273,025	879,122,434	–
Accrued profit / interest / mark-up	322,559,265	322,559,265	322,559,265	–	–
Trade and other payables	1,714,117,236	1,714,117,236	1,714,117,236	–	–
Unclaimed dividend	33,943,018	33,943,018	33,943,018	–	–
	27,142,480,843	32,903,512,469	18,320,847,203	13,801,739,164	780,926,102

	2019				
	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	9,035,809,365	10,922,383,633	5,094,715,000	5,827,668,633	–
Short term borrowings	16,513,317,010	17,064,738,389	17,064,738,389	–	–
Liabilities against assets subject to finance lease - secured	224,596,749	260,923,588	91,533,078	169,390,510	–
Accrued profit / interest / mark-up	742,677,623	742,677,623	742,677,623	–	–
Trade and other payables	2,241,178,840	2,241,178,840	2,241,178,840	–	–
Unclaimed dividend	31,620,357	31,620,357	31,620,357	–	–
	28,789,199,944	31,263,522,430	25,266,463,287	5,997,059,143	–

Balances due within 12 months equal to their carrying amounts as the impact of discounting is not consider to be significant.

42.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) 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. The Company's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered into foreign currencies.

Financial assets of the Company include Rs. nil (2019: Rs. 13.2 million) and financial liabilities of the Company include Rs. 1.64 million (2019: Rs. 1.64 million) in foreign currencies which are subject to currency risk exposure. The Company believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

Foreign currency risk management

The Company manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these unconsolidated financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2020		2019	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	**Note**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Fixed rate instruments:					
Long term financing - SBP					
Refinance Scheme	8.1.1	–	769,943,509	–	–
		–	769,943,509	–	–
Variable rate instruments:					
Long term finances - secured	8	–	13,533,454,582	–	9,035,809,365
Lease liabilities	9	–	1,460,474,747	–	224,596,749
Short term borrowings	13	–	9,307,988,486	–	16,513,317,010
Cash at bank	30.1	321,377	–	17,970	–
		321,377	24,301,917,815	17,970	25,773,723,124
		321,377	25,071,861,324	17,970	25,773,723,124

Fair value sensitivity analysis for fixed-rate instruments

The Company 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 these unconsolidated 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 remain constant. The analysis is performed on the same basis for 2019.

Profit or loss (100 bps)			
2020		2019	
Increase	Decrease	Increase	Decrease
Rupees			
(243,015,964)	243,015,964	(257,737,052)	257,737,052

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

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 financing / borrowing and obligation under finance lease has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

iii) 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

42.2 Fair value measurements of financial instruments

Fair value estimation

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 carrying amounts of all the financial instruments reflected in these unconsolidated financial statements approximate their fair value.

Fair value of financial instruments

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale. Investment in subsidiary companies and associates are carried at cost.

Fair value hierarchy

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers occur. However, there were no transfers amongst levels during the year.

For details of the valuation techniques and significant unobservable inputs related to determining the fair value of biological assets, which are classified in level 3 of the fair value hierarchy, refer to note 25.

43 CAPITAL MANAGEMENT

The Board of Directors' 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 profit before operation 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.

	2020 Rupees	**2019 Rupees**
Total Debt	24,185,720,072	26,516,400,747
Less: Cash and bank balances	(128,579,174)	(92,042,244)
Net Debt	24,057,140,898	26,424,358,503
Total Equity	9,572,641,063	8,772,864,476
Total Capital Employed	33,629,781,961	35,197,222,979
Gearing	72%	75%

Total debt comprises of long term financing from banking companies / financial institutions, obligation under finance lease, short term borrowings and accrued mark-up.

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

In accordance with the terms of agreement with the lenders of long term finances, the Company is required to comply with certain financial covenants in respect of capital requirements.

44 TRANSACTIONS WITH RELATED PARTIES

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

Name of company	Relationship	Nature of transactions	2020 Rupees	2019 Rupees
Deharki Sugar Mills	**Subsidiary Company**	Short term advances received	10,038,448,000	13,330,203,969
(Pvt.) Limited	(Equity held 100%)	Short term advances paid	8,268,648,000	13,115,047,969
		Mark-up paid on short term advances	217,256,764	150,293,989
		Sale of sugarcane	1,026,269,504	906,900,300
		Purchase of bagasse	697,072,638	533,070,191
		Reimbursement on use of Company's aircraft	15,866,539	16,273,107
		Rent on land acquired on lease	8,585,300	8,585,300
		Purchase of stores, spare parts and loose tools	95,858,443	77,010,622
		Sale of stores, spare parts and loose tools	16,879,338	21,096,079
		Purchase of property, plant and equipment	–	830,700
Sadiqabad Power	**Subsidiary Company**	Advances for issuance of shares	1,200,000	1,800,000
(Pvt.) Limited	(Equity held 100%)			
Ghotki Power	**Subsidiary Company**	Advances for issuance of shares	500,000	2,650,000
(Pvt.) Limited	(Equity held 100%)			
JDW Aviation	**Associated Company**	Reimbursement of expenses	4,122,462	14,077,991
(Pvt.) Limited	(Common directorship)			
Post employment	**Other related party**	Provident fund contribution	199,753,714	167,499,389
benefit plans		Payment to recognised gratuity fund	1,036,059	10,838,327
		Short term advances received	1,070,000,000	–
		Short term advances paid	1,070,000,000	–
		Mark-up paid on short term advances	15,299,033	–
Key management	**Key management**	Consultancy services	13,123,922	12,182,909
personnel		Dividend paid	52,623,810	–
	Kathai-II Hydro (Pvt.) Limited	Investment in shares	2,500	–

44.1 Detail of compensation to Chief Executive, Executive Directors, Non-Executive Directors and Executives is disclosed in note 41.

	2020 Tons	2019 Tons
45 CAPACITY AND PRODUCTION		
Sugar		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugar production	260,845	287,394
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugar production	153,173	190,304
Unit III		
Crushing capacity	2,100,000	2,100,000
Sugar production	134,202	162,580

The crushing capacity is based on 150 days (2019: 150 days) (for details, refer to note 18.1.10).

The main reason for underutilization of production capacity is lesser availability of sugarcane during the season.

	2020 MWh	2019 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated	176,510	218,608
Energy delivered to CPPA-G	151,953	192,313
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated	163,084	176,429
Energy delivered to CPPA-G	138,420	156,076

Output delivered to CPPA-G is dependent on the plant availability.

	2020		2019	
Corporate Farms	**Zones**	**Acres**	**Zones**	**Acres**
Land	Punjab & Sindh	26,393	Punjab & Sindh	29,061
Land under cultivation	Punjab & Sindh	22,011	Punjab & Sindh	21,681
Crop harvested (Maunds)	Punjab & Sindh	17,953,529	Punjab & Sindh	17,119,993

46 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020						
	Equity		Liabilities				
	Issued, subscribed and paid - up capital	Share premium	Unclaimed Dividend	Long term finances - secured	Lease Liabilities	Short term borrowings	Accrued profit / interest / mark - up
	Rupees						
Balance as at 01 October 2019	597,766,610	678,316,928	31,620,357	9,035,809,365	224,596,749	16,513,317,010	742,677,623
Impact of initial application of IFRS 16	–	–	–	–	1,508,973,262	–	–
Balance as at 01 October 2019 - adjusted	597,766,610	678,316,928	31,620,357	9,035,809,365	1,733,570,011	16,513,317,010	742,677,623
Changes from financing cash flows							
Loans received during the year	–	–	–	12,791,621,824	–	156,478,081,420	–
Payments for lease liabilities	–	–	–	–	(860,856,028)	–	–
Dividend paid	–	–	(595,443,949)	–	–	–	–
Transaction cost paid during the year	–	–	–	(45,975,000)	–	–	–
Interest paid during the year	–	–	–	–	–	–	(3,970,515,123)
Loan repaid during the year	–	–	–	(7,419,325,110)	–	(163,405,184,781)	–
	–	–	(595,443,949)	5,326,321,714	(860,856,028)	(6,927,103,361)	(3,970,515,123)
Other changes - liability related							
Interest expense for the year	–	–	–	–	190,947,774	–	3,550,396,765
Addition in lease liabilities	–	–	–	–	398,032,110	–	–
Dividend approved	–	–	597,766,610	–	–	–	–
Decrease in short term finances	–	–	–	–	–	(278,225,163)	–
Impact of IAS 20	–	–	–	(63,389,822)	–	–	–
Amortization of transaction cost	–	–	–	4,656,834	–	–	–
Others	–	–	–	–	(1,219,120)	–	–
Total liability - related other changes	–	–	597,766,610	(58,732,988)	587,760,764	(278,225,163)	3,550,396,765
Balance as at 30 September 2020	597,766,610	678,316,928	33,943,018	14,303,398,091	1,460,474,747	9,307,988,486	322,559,265

	2019						
	Equity		Liabilities				
	Issued, subscribed and paid - up capital	Share premium	Unclaimed Dividend	Long term finances - secured	Liabilities against assets subject to finance lease - secured	Short term borrowings	Accrued profit / interest / mark - up
	Rupees						
Balance as at 01 October 2018	597,766,610	678,316,928	34,072,815	12,786,462,987	249,959,511	23,553,685,516	534,626,215
Changes from financing cash flows							
Loans received during the year	–	–	–	250,114,906	–	35,913,387,643	–
Dividend paid	–	–	(2,452,458)	–	–	–	–
Loan repaid during the year	–	–	–	(4,000,768,528)	(162,106,672)	(41,895,736,903)	–
	–	–	(2,452,458)	(3,750,653,622)	(162,106,672)	(5,982,349,260)	–
Other changes – liability related							
Interest expense for the year	–	–	–	–	16,786,609	–	3,529,458,076
Interest paid during the year	–	–	–	–	–	–	(3,321,406,668)
Decrease in morabaha and running finances	–	–	–	–	–	(1,058,019,246)	–
Assets acquired on finance lease	–	–	–	–	119,957,301	–	–
Total liability related other changes	–	–	–	–	136,743,910	(1,058,019,246)	208,051,408
Balance as at 30 September 2019	597,766,610	678,316,928	31,620,357	9,035,809,365	224,596,749	16,513,317,010	742,677,623

47 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2020 Number	2019 Number
Average number of employees during the year	7,837	8,092
Total number of employees as at 30 September	5,673	5,939

48 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 02 January 2021 by the Board of Directors of the Company.

49 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.

Chief Financial Officer | Chief Executive | Director

05 CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT
on Consolidated Financial Statements

The Directors are pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited ("the Holding Company"), its Subsidiary Companies; Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited ("the Group") and its Associated Companies; JDW Power (Private) Limited and Kathai-II Hydro (Private) Limited for the year ended 30 September 2020.

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, with the primary objective to manufacture and sale of paper pulp. The Holding Company holds 57.67% shares of the Subsidiary Company. Further FPML has been, for the considerable number of years, unable to commence its commercial operations and considering this fact management of subsidiary company has principally decided not to inject further funds in the company as significant capital expenditure are required. Moreover, keeping in view commercial viability of the plant as well as the substantial accumulated losses the management of the Subsidiary Company has determined that the company might not be able to realize its assets and discharge its liabilities in the normal course of business. During the year, the FPML through a special resolution passed in its Extraordinary General Meeting held on March 25, 2020 resolved to dispose of its property, plant and equipment either in parts or in their entirety to prospective buyers after due process.

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.

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.

JDW Power (Private) Limited ("JDWPL") is a private limited company incorporated in Pakistan on 08 August 2009 under the repealed Companies Ordinance, 1984. The principal activity of it is to build, own, operate, and maintain a Co-Generation Power Plant. The Holding Company holds 47.37% shares of the Associated Company.

During the year, the Holding Company acquired the 20% shareholding in Kathai-II Hydro (Private) Limited ("the Associate") on 12 November 2019. The Associate is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of the associate is to generate, distribute and sell electricity.

It is being confirmed that to the best of our knowledge, these consolidated financial statements for the year ended 30 September 2020 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:

(Rs. in Million)

	2019-20	2018-19
Gross Revenue	69,013	68,231
Revenue from Contracts with Customers	59,441	60,946
Profit from Operations	6,786	5,331
Profit before Tax	2,855	1,200
Profit after Tax	1,568	1,469

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

02 January 2021 Chief Executive Director
Lahore

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 اور منسلک ادارے جے ڈی ڈبلیو پاور پرائیوٹ لمیٹڈ، کتھائی ہائیڈرو-II پرائیویٹ لمیٹڈ کی سالانہ آڈیٹڈ مالیاتی رپورٹ برائے سال 30 ستمبر 2020 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۔ کمپنی اب تک کاروباری سرگرمی شروع نہیں کر سکی ہے۔ اس ذیلی کمپنی کے 57.67 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔ رواں مالی سال میں کمپنی کی ناقص کاروباری حالت کو مدنظر رکھتے ہوئے فاروقی پلپ کمپنی کی مینجمنٹ نے خاص قرارداد اپنی ایکسٹرا آرڈینری جنرل میٹنگ منعقدہ 25 مارچ 2020 کو منظور کی۔ جس میں کمپنی کے اثاثے فروخت کرنے کی منظوری دی گئی۔ اثاثوں کی فروخت کا طریقہ کار تمام ضروری اقدامات مکمل کرنے کے بعد یکمُشت یا حصوں میں ہوگا۔

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۔

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۔

جے ڈی ڈبلیو پاور پرائیوٹ 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 کمپنی کے 47.37 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں۔

کتھائی ہائیڈرو-II 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 ہے۔ اس کمپنی کے 20 فیصد حصص جے ڈی ڈبلیو کے پاس ہیں جو کمپنی نے 12 نومبر 2019 کو حاصل کیے تھے۔

ہم اس بات کی تصدیق کرتے ہیں کہ ہماری بہترین معلومات کے مطابق یہ سالانہ آڈیٹڈ مالیاتی رپورٹ برائے 30 ستمبر 2020 پاکستان میں منظور شدہ اکاؤنٹنگ سٹنڈرڈ کے مطابق ہے اور اپنے تمام اثاثوں، واجبات اور مالیاتی پوزیشن کی سچی اور منصفانہ تصویر پیش کر رہی ہے۔

سالانہ مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپے)

	2019-20	2018-19
مجموعی فروخت	69,013	68,231
خالص فروخت	59,441	60,946
کارکردگی منافع	6,786	5,331
قبل از ٹیکس منافع	2,855	1,200
بعد از ٹیکس منافع	1,568	1,469

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

۲ جنوری ۲۰۲۱

لاہور

چیف ایگزیکیوٹیو

ڈائریکٹر

Result Assured Services for Growth

INDEPENDENT AUDITOR'S REPORT

To the members of JDW Sugar Mills Limited

Opinion

We have audited the annexed consolidated financial statements of JDW Sugar Mills Limited Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 September 2020, 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 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the 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 Auditor's 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 Matters

We draw attention to following matters:

- Refer to note 1.4 to these consolidated financial statements, which describes that intention of Faruki Pulp Mills Limited – Subsidiary Company to liquidate its property, plant and equipment and other assets and is no longer a going concern, therefore, the financial statements of Faruki Pulp Mills Limited have been prepared on the basis of net realizable values of assets and liabilities.

- Refer to note 18.1.13 to these consolidated financial statements, which describes the Commission of Inquiry has highlighted discrepancies with respect to crushing capacity of the Holding Company and standard business practice of Pakistan sugar industry.

- Refer to note 28.1.1 to these consolidated financial statements, which describes the matter relating to litigations with Central Power Purchasing Agency (Guarantee) Limited on account of recoverability of fixed energy revenue.

Our opinion is not modified in respect of above matters.

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.

RIAZ AHMAD, SAQIB, GOHAR & CO.
Chartered Accountants

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Corporate Office at Karachi & Regional Office at Islamabad.

A member of agn INTERNATIONAL

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	Revenue recognition Refer to notes 4.14 and 33 to these consolidated financial statements. The Group principally generates revenue from sale of crystalline sugar, agriculture produce and electricity. 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: • obtained an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of revenue; • assessed the appropriateness of the Group's accounting policy for recording of revenue and compliance of the policy with International Financial Reporting Standard 15 (IFRS 15); • reviewed the management procedures carried out for evaluation of contractual arrangements with customers (oral and written) with respect to identification of each party's rights regarding the goods to be transferred and revenue has been recognized after meeting the conditions of IFRS 15; • reviewed a sample of contractual arrangement entered into by the Group with its customers and checking the Group's obligation to transfer goods to a customer; for which the Group has received consideration, has been satisfied before recognition of revenue; • compared a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents; • compared a sample of sale transactions recorded before and after reporting period and near the year end with relevant underlying documentation to assess whether revenue has been recorded in the appropriate accounting period; • compared a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assess whether the revenue has been recorded in the appropriate accounting period; • for a sample of invoices, recalculated the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA); • scanned 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; and • assessed the adequacy of disclosures in these consolidated financial statements to be in accordance with the applicable accounting standards.
2	First time adoption of IFRS 16 Referred to note 4.3 to these consolidated financial statements, the Group has adopted IFRS 16 'Leases' (the standard) with effect from 01 October 2019.	Our audit procedures to review the application of IFRS 16, amongst others, included the following: • evaluated the appropriateness of the new accounting policies for recognition, measurement, presentation and disclosure of lease contracts in these consolidated financial statements;

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td>The standard has introduced a new accounting model for operating lease contracts for lessee. As per the new requirements, the Group is required to recognise right-to-use assets for leased assets and lease liabilities for the lease payments over the lease term.

The application of the new standard requires management to make significant estimates and judgments such as determination of lease term and appropriate discount rate for measurement of lease liability.

We considered the adoption of the standard as a key audit matter due to the significance of the accounting change and the involvement of significant management judgments in respect of the application of the new standard.</td><td>• obtained an understanding of the process and controls in place for identification of lease contracts;
• corroborated the completeness of leases identified by the management by reviewing and analyzing the existing lease arrangements as of the date of initial application and reviewing the rent expense ledgers for the year;
• performed independent checks of lease accounting computations for lease contracts through re-performance of such computations and traced the terms with relevant contracts;
• evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease terms; and
• assessed the adequacy and appropriateness of disclosures in these consolidated financial statements as required under the standard and applicable financial reporting framework.</td></tr>
<tr><td>3</td><td>Valuation of biological assets (standing sugarcane)

Refer to notes 4.8 & 25 to these consolidated financial statements.

Significant judgement and estimates are used in determining the fair value of biological assets. At 30 September 2020, the fair value of the standing sugarcane is Rs. 1,816 million which constitutes a significant balance on the consolidated statement of financial position.

The value of standing sugarcane is based on the current estimated cane price for the following season and sucrose content less the estimated cost of harvesting, transport and other related cost.

Significant judgement is required in estimating the expected cane yield, the maturity of the cane and the estimated sucrose content for the various operating locations and is also considered subjective since it is based on executive management, its experience, expectations and relevant current external factors.

Given the value of the biological assets, together with the significant judgement and estimates that are required in determining the fair value, the valuation of biological assets is considered a key audit matter.</td><td>Our procedures performed in considering the appropriateness of the valuation of standing sugarcane included the following:
• management's representation with regards to the valuation techniques and fair presentation of the biological assets were obtained and evaluated;
• critically evaluated the fair value methodology against criteria in IAS 41 'Agriculture' and IFRS 13 'Fair Value Measurement', measurements and key assumptions applied by management in determining the fair value of the standing sugarcane;
• examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;
• performed sensitivities to assess the impact of changes in the significant inputs;
• reviewed the principles used in the valuation of standing sugarcane and analysed the key assumptions used in the valuation model;
• detailed testing on the key inputs into the standing sugarcane valuation model including estimated yields, estimated sucrose content and forecast price to confirm the validity, accuracy and completeness of the data by comparing the data to market and other external data where applicable;
• compared the prior year's estimated yields, estimated sucrose content and forecast price to the current year actuals attained to assess the reasonableness and accuracy of management' estimates;
• reviewed the formulae as per the model and recalculating for mathematical accuracy; and
• evaluated the adequacy of these consolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities to ensure that they are in compliance with the IAS 41 and IFRS 13.</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>4</td><td>Recognition of deferred tax asset relating to minimum turnover tax (tax credits)

Refer to notes 4.11.2 & 10 to these consolidated financial statements.

Under International Accounting Standard 12 “Income Taxes”, the Group is required to review recoverability of the deferred tax assets recognized in the consolidated statement of financial position at each reporting period.

Recognition of deferred tax asset is dependent on management’s estimate of availability of sufficient future taxable profits against which carried forward unused tax credits can be utilized. The future taxable profits are based on approved projections. This estimation involves a degree of uncertainty and requires judgement in relation to the future cash flows and also involves assessment of timing of reversal of unused tax credits.

As at 30 September 2020, the Group has recognized deferred tax asset amounting to Rs. 1,872 million mainly on account of unused tax credits.

We considered this as a key audit matter due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of deductible temporary differences and management judgement regarding assumptions used in this area.</td><td>Our audit procedures amongst others included the following:
• obtained understanding of management process of preparation of taxable income and liability forecast and deferred tax calculation;
• tested management’s computation of unused tax credits for which deferred tax asset has been recognized;
• analyzed the requirements of Income Tax Ordinance, 2001, in relation to above and considered the ageing analysis, expiry periods of relevant deferred tax assets and tax rates enacted in consultation with our internal tax professionals;
• assessed the reasonableness of assumptions such as growth rate, future revenue and costs and other relevant information for assessing the quality of Group’s forecasting process in determining the future taxable profits;
• tested mathematical accuracy of future projections and the use of appropriate tax rate applicable on temporary differences; and
• assessed the appropriateness of management’s accounting for deferred taxes and the accuracy of related disclosures in accordance with the accounting and reporting standards.</td></tr>
<tr><td>5</td><td>Valuation of stock-in-trade

Refer to note 27 to the consolidated financial statements.

Stock-in-trade at the reporting date mainly included bagasse and finished goods (sugar bags).

The value of stock-in-trade at the reporting date aggregated to Rs. 4,709 million representing 24% of the Group’s total current assets.

The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions.

Judgment has also been exercised by the management in determining the net realisable value of finished goods and estimating the stock of bagasse.

We identified this matter as key in our audit due to the judgment and assumptions applied by the Group in determining the cost and net realisable value of stock-in-trade at the reporting date.</td><td>We assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:
• assessed whether the Group’s accounting policy for inventory valuation is in line with the applicable financial reporting standards;
• attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data;
• assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis;
• re-calculated the value of stock in trade by allocating the fixed and variable overheads and reviewed the adequacy of costing methodology;
• performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices; and
• assessed the adequacy of disclosures in these consolidated financial statements to be in accordance with the applicable accounting standards.</td></tr>
</table>

Sr. No.	Key audit matters	How the matter was addressed in our audit
6	Financing obligations and compliance with related covenant requirements Refer notes 8 & 13 to these consolidated financial statements. At the reporting date, the Group has outstanding financing facilities (both long and short term) aggregating Rs. 24,413 million which constitutes 70% of total liabilities of the Group. The Group's key operating / performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Group to comply with. The significance of new financing obtained during the year along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.	Our audit procedures in relation to verification of long and short term financing mainly included the following: • reviewed terms and conditions of financing agreements entered into by the Group with various banks and financial institutions; • obtained direct balance confirmations from banks and financial institutions and verified outstanding obligations and certain other information from such confirmations; • reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities; • assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants; • assessed the adequacy of disclosures made in respect of the long and short term financing / borrowings in these consolidated financial statements; and • checked on test basis the calculations of finance cost recognised in these consolidated statement of profit or loss.
7	Contingencies Refer to note 18.1 to these consolidated financial statements. The Group is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the consolidated financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses. For such reasons, we have considered the contingencies as a key audit matter.	Our audit procedures in this area included, amongst others, the following: • Obtained an understanding of the Group's processes and controls over litigations through meeting with the management, review of the minutes of the Board of Directors; • Reviewing the correspondence of the Group with the relevant authorities and legal advisors including judgments or orders passed by the competent authorities; • Obtained and reviewed direct confirmations from the Group's external advisors for their views on the legal position of the Group in relation to the contingent matters; • Involved our internal tax professionals to assess management's conclusions on contingent tax matters; and • Evaluated the adequacy of disclosures made in respect of these contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2020, but does not include the consolidated and unconsolidated financial statements and our auditor's 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 accounting and reporting standards as applicable in Pakistan and 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.

RASG
Result Assured Services for Growth

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.

Other Matter

The consolidated financial statements of the Group for the year ended 30 September 2019 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 02 January 2020.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Ali Rafique.

Riaz Ahmad / Saqib Gohar & Co.

02 January 2021
Lahore

Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		10,084,649,740	9,119,187,967
Equity attributable to owners of the Holding Company		11,360,733,278	10,395,271,505
Non - controlling interest	32	380,384,451	376,342,331
		11,741,117,729	10,771,613,836
NON-CURRENT LIABILITIES			
Long term finances - secured	8	13,693,321,658	6,468,371,804
Lease liabilities	9	766,591,223	151,728,045
Deferred taxation	10	1,050,724,523	639,478,177
Retirement benefits	11	104,616,023	75,116,648
Deferred income - Government grant	12	19,411,355	–
		15,634,664,782	7,334,694,674
CURRENT LIABILITIES			
Short term borrowings - secured	13	7,680,241,848	17,127,247,149
Current portion of non-current liabilities	14	3,781,258,895	4,901,556,265
Trade and other payables	15	2,820,956,936	3,552,525,494
Advances from customers	16	4,514,941,936	9,831,815,580
Unclaimed dividend		33,943,018	31,620,357
Accrued profit / interest / mark-up	17	364,353,524	812,977,488
		19,195,696,157	36,257,742,333
Liabilities classified as held for sale	31	38,967,238	–
		19,234,663,395	36,257,742,333
CONTINGENCIES AND COMMITMENTS	18		
		46,610,445,906	54,364,050,843

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Financial Officer

As at 30 September 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	24,651,487,525	26,813,633,767
Right-of-use assets	20	1,157,421,198	–
Investment property	21	185,854,012	219,015,262
Intangibles	22	614,795,982	616,848,589
Long term investments	23	–	–
Long term deposits	24	57,180,542	50,977,227
		26,666,739,259	27,700,474,845
CURRENT ASSETS			
Right-of-use assets	20	19,040,329	–
Short term investment	23	–	–
Biological assets	25	1,820,115,980	2,018,952,863
Stores, spare parts and loose tools	26	1,778,983,572	1,783,653,439
Stock-in-trade	27	4,709,113,989	12,119,181,293
Trade receivables	28	8,742,611,307	8,353,455,036
Advances, deposits, prepayments and other receivables	29	1,325,352,644	1,749,231,320
Advance tax - net		266,007,902	493,348,640
Cash and bank balances	30	318,004,072	145,753,407
		18,979,229,795	26,663,575,998
Assets classified as held for sale	31	964,476,852	–
		19,943,706,647	26,663,575,998
		46,610,445,906	54,364,050,843

Chief Executive

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 30 September 2020

	Note	2020 Rupees	2019 Rupees
Continuing Operations			
Gross revenue		69,013,179,922	68,231,463,659
Sales tax and commission		(9,571,925,488)	(7,285,061,910)
Revenue from contracts with customers	33	59,441,254,434	60,946,401,749
Cost of revenue	34	(50,915,640,521)	(53,882,042,876)
Gross profit		8,525,613,913	7,064,358,873
Administrative expenses	35	(1,925,471,339)	(1,412,161,913)
Selling expenses	36	(66,066,218)	(68,449,966)
Other income	37	968,412,215	661,595,053
Other expenses	38	(716,244,068)	(914,755,669)
		(1,739,369,410)	(1,733,772,495)
Profit from operations		6,786,244,503	5,330,586,378
Share of loss of associate	23.1	(2,500)	–
Finance cost	39	(3,931,512,829)	(4,130,513,321)
Profit before taxation		2,854,729,174	1,200,073,057
Taxation	40	(1,296,320,063)	269,149,049
Profit from continuing operations		1,558,409,111	1,469,222,106
Discontinued Operations			
Profit from discontinued operations – net of tax	41.1	9,834,841	–
Profit for the year		1,568,243,952	1,469,222,106
Attributable to:			
Owners of the Holding Company		1,564,201,832	1,573,876,437
Non - controlling interest	41.2	4,042,120	(104,654,331)
		1,568,243,952	1,469,222,106
Earnings per share - basic and diluted			
Continuing operations		26.07	24.58
Discontinued operations		0.10	–
Attributable to owners of the Holding Company	42	26.17	24.58

The annexed notes from 1 to 53 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 2020

	Note	2020 Rupees	2019 Rupees
Profit for the year		1,568,243,952	1,469,222,106
Other comprehensive loss			
Items that will not be subsequently reclassified to profit or loss:			
Re-measurement of defined benefit liability	11.4	(1,371,055)	(11,152,967)
Related tax	10.2	397,606	3,234,360
		(973,449)	(7,918,607)
Total comprehensive income for the year		1,567,270,503	1,461,303,499
Attributable to:			
Owners of the Holding Company		1,563,228,383	1,565,957,830
Non - controlling interest	41.2	4,042,120	(104,654,331)
		1,567,270,503	1,461,303,499

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Financial Officer   Chief Executive   Director

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 September 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43	11,043,611,102	21,232,525,368
Taxes paid		(651,850,482)	(308,797,369)
Staff retirement benefits paid		(119,476,815)	(123,487,067)
Workers' Welfare Fund paid	15.3	–	(20,442,242)
Long term deposits		(6,203,315)	(13,424,788)
Interest income received		81,837,089	33,385,057
Workers' Profit Participation Fund paid	15.2	(73,252,002)	–
		(768,945,525)	(432,766,409)
Net cash generated from operating activities		10,274,665,577	20,799,758,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(489,829,053)	(1,603,149,474)
Investment in associate		(2,500)	–
Right-of-use assets		(7,489,445)	–
Acquisition of investment property		(5,542,850)	–
Long term advances		–	5,166,670
Proceeds from disposal of operating fixed assets		36,756,046	48,902,822
Net cash used in investing activities		(466,107,802)	(1,549,079,982)
CASH FLOWS FROM FINANCING ACTIVITIES	50		
Long term finances - net		5,497,199,488	(4,359,403,622)
Short term borrowings - net		(8,833,386,931)	(9,619,477,580)
Financial charges paid as:			
- finance cost		(4,189,189,019)	(3,977,889,645)
- interest on lease liability		(190,947,774)	–
Principal portion of lease liability paid		(669,908,254)	(162,106,672)
Dividend paid		(595,443,949)	(2,452,458)
Net cash used in financing activities		(8,981,676,439)	(18,121,329,977)
Net increase in cash and cash equivalents		826,881,336	1,129,349,000
Cash and cash equivalents at beginning of the year		(4,321,614,816)	(5,450,963,816)
Cash and cash equivalents - discontinued operations	41.3	(41,012,301)	–
Cash and cash equivalents at end of the year		(3,535,745,781)	(4,321,614,816)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances	30	318,004,072	145,753,407
- Running / Morabaha / Karobar / Musharakah finances	13.2 & 13.6	(3,853,749,853)	(4,467,368,223)
		(3,535,745,781)	(4,321,614,816)

The annexed notes from 1 to 53 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 2020

		Reserves					
		Capital	Revenue				
	Share capital	Share premium	Accumulated profit	Total reserves	Equity attributable to owners of the Holding Company	Non-controlling interest	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 October 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
Total comprehensive income for the year							
Profit / (loss) for the year	–	–	1,573,876,437	1,573,876,437	1,573,876,437	(104,654,331)	1,469,222,106
Other comprehensive loss for the year	–	–	(7,918,607)	(7,918,607)	(7,918,607)	–	(7,918,607)
	–	–	1,565,957,830	1,565,957,830	1,565,957,830	(104,654,331)	1,461,303,499
Balance as at 30 September 2019	597,766,610	678,316,928	9,119,187,967	9,797,504,895	10,395,271,505	376,342,331	10,771,613,836
Total comprehensive income for the year							
Profit for the year	–	–	1,564,201,832	1,564,201,832	1,564,201,832	4,042,120	1,568,243,952
Other comprehensive loss for the year	–	–	(973,449)	(973,449)	(973,449)	–	(973,449)
	–	–	1,563,228,383	1,563,228,383	1,563,228,383	4,042,120	1,567,270,503
Transactions with owners of the Holding Company							
Final cash dividend for the year ended							
30 September 2019 @ Rs. 10.00 per share	–	–	(597,766,610)	(597,766,610)	(597,766,610)	–	(597,766,610)
Balance as at 30 September 2020	597,766,610	678,316,928	10,084,649,740	10,762,966,668	11,360,733,278	380,384,451	11,741,117,729

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Chief Financial Officer

Chief Executive

Director

1 CORPORATE AND GENERAL INFORMATION

1.1 The Group consist of the Holding Company and its Subsidiaries Companies:

	2020	2019
	Holding percentage	
Holding Company		
JDW Sugar Mills Limited		
Subsidiaries:		
- Deharki Sugar Mills (Private) Limited ("DSML")	100%	100%
- Ghotki Power (Private) Limited ("GPL")	100%	100%
- Sadiqabad Power (Private) Limited ("SPL")	100%	100%
- Faruki Pulp Mills Limited ("FPML")	57.67%	57.67%
Associates:		
- JDW Power (Private) Limited ('JDWPL")	47.37%	47.37%
- Kathai-II Hydro (Private) Limited ("KHL")	20%	–

1.2 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 principal activity of the Holding Company is production and sale of crystalline sugar, electricity generation and managing corporate farms. Geographical location and addresses of all business units are as follows:

- Head office and registered office: 17 - Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan
- 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

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 Unit-II and Unit-III.

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 commenced 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.

1.3 Deharki Sugar Mills (Private) Limited - "DSML" ("the Subsidiary Company") having financial year end 30 September 2020 was incorporated in Pakistan on 14 July 2010 as a Private Limited Company. The registered office of the DSML is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan. The principal activity of DSML is manufacturing and sale of crystalline sugar.

1.4 Faruki Pulp Mills Limited - "FPML" ("the Subsidiary Company") having financial year end 30 September 2020 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 at 20 km from Gujrat and the registered office is situated at 13-B, Block - K, Main Boulevard Gulberg II Lahore.

The FPML has been unable to commence its commercial operations till date. The trial runs conducted over the years, identified significant additional capital expenditure requirements to make the plant commercially viable.

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that the it may not be able to realize its assets and discharge its liabilities in the normal course of business, and there does not exist any realistic basis to prepare these financial statements on a going concern basis. Accordingly, separate financial statements of the FPML have been prepared on non-going concern basis. As at 30 September 2020, the Holding Company's share in the net assets of the FPML is Rs. 497.19 million. The financial statements of the Group have been prepared on a going concern basis.

Moreover, during the year, FPML through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process. As a result, the Group's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current Assets Held for Sale and Discontinued Ooperations'. Paper Pulp business have been classified as Discontinued operations (for detail, refer to note 31). Continuing operations include Sugar, Co-Generation Power and Corporate Farms business.

1.5 Sadiqabad Power (Private) Limited - "SPL" ("the Subsidiary Company") having financial year end 30 September 2020 was incorporated in Pakistan on 16 December 2016. The SPL 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 SPL is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan.

1.6 Ghotki Power (Private) Limited - "GPL" ("the Subsidiary Company") having financial year end 30 September 2020 was incorporated in Pakistan on 15 December 2016. The GPL 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 GPL is situated at 17-Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan.

1.7 JDW Power (Private) Limited - "JDWPL" ("the associate") is a private limited company incorporated in Pakistan on 08 August 2009 under the repealed Companies Ordinance, 1984. The principal activity of it is to build, own, operate, and maintain a Co-Generation Power Plant. The registered office of JDWPL is situated at 17-Abid Majeed Road, Lahore Cantt.

1.8 Kathai-II Hydro (Private) Limited - "KHL" ("the associate") having financial year end 30 June 2020 is a private limited company incorporated in Pakistan on 27 August 2012 under the repealed Companies Ordinance, 1984. The principal activity of KHL is to generate, distribute and sell electricity. The registered office of KHL is situated at 300 Main Boulevard, Phase 6, DHA, Lahore.

1.9 Impact of COVID-19 on the consolidated financial statements

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services and factories have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Due to the effects of COVID-19 pandemic, as stated above, the State Bank of Pakistan (SBP) took various measures to support the economy. As a part of it, SBP introduced a refinance scheme (as detailed in note 8.2) and relief package for deferment of principal payments of the long-term loans and finances (as detailed in note 8.3). Other than above, the management has evaluated and concluded that presently this outbreak does not have any significant impact on the amounts being reported in these consolidated financial statements.

2 BASIS OF PREPARATION

2.1 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFASs) 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 IFRSs or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees (Rs. / Rupees) which is the Group's functional currency. All amounts have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

3 KEY JUDGMENTS AND ESTIMATES

The preparation of these 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. The revisions to accounting estimates (if any) are recognised in the period in which the estimate is 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 involving a high degree of judgments or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating fixed assets - note 4.4
- Useful lives, residual values and amortization method of intangible assets - note 4.7.2
- Fair value of biological assets - note 4.8 & 25
- Provision for impairment of inventories - note 4.9
- Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses and tax credits) - note 4.11
- Obligation of defined benefit obligation - note 4.12 & 11
- Estimation of provisions - note 4.16
- Estimation of contingent liabilities - note 4.17
- Expected credit losses of certain financial assets under IFRS 9 note - 4.19.5
- Impairment loss of non-financial assets other than inventories and deferred tax assets – note 4.19.7

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed in note 4.3.

4.1 Basis of consolidation and equity accounting

These consolidated financial statements include the financial statements of the Holding Company and its Subsidiaries 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 companies.

4.1.1 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 these 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 are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Changes in the Holding Company's interest in the subsidiaries that do not result in a loss of control are accounted for as equity transactions. Non-controlling interests are presented as separate item in these consolidated financial statements. Non-controlling interest is measured at proportionate share of identifiable net assets at the time of acquisition.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

4.1.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Group does not recognise additional losses unless the entity has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates, which the Group intends to dispose off within twelve months of the reporting date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying amount and fair value less cost to sell.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 4.19.7.

4.2 Disposal group held for sale and discontinued operations

Disposal group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Disposal group classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization.

Additional disclosures are provided in note 31. All other notes to these consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

4.3 Change in significant accounting policies

IFRS 16 'Leases'

The Group has adopted IFRS 16 'Leases' with effect from 01 October 2019 which replaces existing guidance on accounting for leases, including IAS 17 'Leases' along with three Interpretations (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-of-use of the underlying asset and a lease liability representing its obligations to make lease payments in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Group has adopted IFRS 16 retrospectively, effective from 01 October 2019, but has not restated comparatives for prior reporting period, as permitted under the specific transitional provisions in the standard. The cumulative impact of adoption of this standard is, therefore, recognized in current year in the consolidated statement of financial position with effect from 01 October 2019.

In the previous year, the Holding Company only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 'Leases'. The leased assets were presented in property, plant and equipment and the lease liabilities as part of the Group's liabilities. On adoption of IFRS 16, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For such leases, the Group recognizes right-of-use asset and the lease liability applying this Standard from the date of initial application.

On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 14.9%.

On transition to IFRS 16, the Group has elected to use the following practical expedients under IFRS 16 to leases previously classified as operating leases under IAS 17:

- A single discount rate has been applied to portfolio of leases with reasonably similar characteristics; and
- the use of hindsight in determining the lease term where contract contains option to extend or terminate the lease.

The following is a reconciliation of the consolidated financial statement line items from IAS 17 to IFRS 16 as at 01 October 2019:

	Note	Carrying amount as at 30 September 2019	Impact of IFRS 16	Carrying amount as at 01 October 2019
			Rupees	
Non-current assets:				
Property, plant and equipment				
- Operating fixed assets - Leased		230,182,809	(230,182,809)	–
Right-of-use assets	20	–	1,266,948,393	1,266,948,393
Current assets				
Prepaid expense		10,855,455	(10,855,455)	–
Non-current liabilities				
Lease liabilities		(151,728,045)	(1,508,973,262)	(1,660,701,307)
Current liabilities				
Lease liabilities		(72,868,704)	–	(72,868,704)
Trade and other creditors		(483,063,133)	483,063,133	–
		(466,621,618)	–	(466,621,618)

The following is a reconciliation of total operating lease commitments at 30 September 2019 (as disclosed in the audited consolidated financial statements of 30 September 2019) to the lease liabilities recognised as at 01 October 2019:

Impact of IFRS 16	**Rupees**
Total operating lease commitments disclosed at 30 September 2019	1,109,478,322
Discounted using incremental borrowing rate	(318,755,918)
Other adjustments*	246,043,180
Land lease rental payable - net as at 30 September 2019	472,207,678
Total lease liabilities recognised under IFRS 16 at 01 October 2019	1,508,973,262

* This includes Rs. 147 million and 99 million pertaining to future lease rentals commitments on account of buildings and land respectively.

Of which are:	
Current lease liabilities	758,144,797
Non-current lease liabilities	750,828,465
	1,508,973,262

At 01 October 2019, the Group has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The key changes to the accounting policies of the Group on account of adoption of IFRS 16 have been summarised in note 4.5.

4.4 Property, plant and equipment

Operating fixed assets, 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, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.15.

Major stores, spare parts and loose tools held for capital expenditure qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to operating fixed assets category as and when such items are available for use.

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

Depreciation is charged to these consolidated 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.

Sugarcane roots (bearer plants) are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalized to cane 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 consolidated 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. Estimated useful lives of the bearer plants has been determined to be 6 years.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged when an asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as referred in note 4.19.7

Gains or losses arising on derecognition of an item of property, plant and equipment is determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the consolidated statement of profit or loss within other income or other expenses. The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.5 Lease liability and right-of-use asset

4.5.1 The Group is the lessee:

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain different terms and conditions. The Group has lease contracts for agricultural land (for cultivation of sugarcane), vehicles and office buildings.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to the consolidated statement of profit or loss as incurred.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

4.5.2 The Group is the lessor:

The Group's accounting policy under IFRS 16 has not changed from the comparative period. As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. However, all leases of the Group are treated as operating leases and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. The Group also earns rental income from operating leases of its investment properties (see note 4.6). Rental income is recognised on a straight-line basis over the term of the lease.

4.6 Investment property

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

The Group's investment property comprises of land which is carried at cost, including transaction cost, less identified impairment loss, if any. The Group assesses at each consolidated 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 consolidated 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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the cost at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The gain or loss on derecognition being difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss as an income or expense in the period of derecognition.

4.7 Intangibles

4.7.1 Goodwill

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses (for impairment testing refer to note 4.19.7).

4.7.2 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. In addition, they are subject to impairment testing as described in note 4.19.7.

Intangible assets with finite useful life are amortized using straight-line method over its useful life as specified in note 22 to these consolidated financial statements. Amortization on additions to intangible assets is charged from the date when an asset is put to use till the asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

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

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the consolidated statement of profit or loss within other income or other expenses.

4.8 Biological assets

The Group recognises a biological asset or agricultural produce when, and only when the Group controls the asset as a result of past events; and it is probable that future economic benefits associated with the asset will flow to the Group, and the fair value or cost of the asset can be measured reliably.

Consumable biological assets, comprising of standing sugarcane and other crops are measured at their fair value determined by discounting future cash flows from operations over the estimated useful life of the biological assets using the 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 in 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 sugarcane and other crops are accounted for as biological assets until the point of harvest. Sugarcane and other crops are transferred to inventory at fair value less costs to sell when harvested.

A gain or loss arising on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset are included in the consolidated statement of profit or loss for the period in which it arises. However, during the previous year, fair value loss on initial recognition of agriculture produce had not been recognized because effect of its recognition was not considered to be material.

Initial and subsequent expenditure incurred for the establishment and conservation of biological assets are capitalised as costs directly attributable to the biological transformation required to obtain the fair value at which biological assets are valued.

Management regularly reviews significant unobservable inputs and valuation adjustments used to arrive at fair value of biological assets. Any change in those inputs and valuation adjustments might affect valuation of biological assets and accordingly charge to the consolidated statement of profit or loss.

4.9 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.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, that have been incurred in bringing the inventories to their present location and condition.

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 respective items of stores, spare parts and loose tools with a corresponding effect on provision.

4.10 Stock-in-trade

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

Cost is determined as follows:

Raw materials	Average cost
Work-in-process & finished goods	Average manufacturing cost
Molasses and bagasse - by products	Net realizable value

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

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.

4.11 Taxation

Taxation for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Income tax expense comprises current and deferred tax.

4.11.1 Current tax

Income tax

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 tax rates (and laws) that have been 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.

Agriculture tax

According to Section 41 of the Income Tax Ordinance, 2001, agriculture income of the Group is exempt from tax under Federal Board of Revenue. Provision for current tax is based on the taxable agriculture income for the year determined in accordance with the Punjab Agriculture Income Tax Act, 1997. The charge for current tax is calculated using prevailing tax rates.

4.11.2 Deferred tax

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 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.12 Employee benefits

4.12.1 Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan is recognized as an employee benefit expense in the consolidated statement of profit or loss when they are due.

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

4.12.2 Defined benefit plan

A defined benefit plan provides an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the consolidated statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets.

The Holding Company operates approved funded gratuity fund covering eligible full time permanent employees who have completed the minimum qualifying period of service as defined under the respective fund. The gratuity fund is managed by the 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 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 the consolidated 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 Holding Company determines the net interest expense (income) on the net defined liability / (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then - net defined benefit liability / (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the consolidated statement of profit or loss.

4.13 Deferred Government grant

Grant from the government is recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grant relating to costs is deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Amortization of deferred grant is presented as reduction of related interest expense.

4.14 Revenue from contracts with customers

4.14.1 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, commissions and government levies. Revenue comprises income arising in the course of the Group's ordinary activities. The Group is engaged in the sale of crystalline sugar, its by-products, sale of electricity and agricultural produce.

a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are dispatched or delivered to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

b) Sale of electricity

Revenue from sale of energy is recognized over time as electricity is delivered and based on the rates determined under the mechanism laid down in the EPA. The delivered electricity units represent a series of distinct goods that are substantially the same and have the same pattern of transfer to the customer as measured using an output method. The amount that the Group has a right to bill the customer corresponds directly with the value of the completed performance to the customer. As a result, the Group applies the "right to invoice" practical expedient under IFRS 15 to measure and recognize revenue.

Invoices are generally raised on a monthly basis and are due after 30 days from acknowledgement by CPPA-G.

Payments to customers are recorded as a reduction in revenue when the payments relate to the Group's performance obligations under the contract (e.g. liquidated damages or penalties).

c) Other income

The Group also generates revenue from following other sources which are enumerated below:

- income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return;
- foreign currency gains and losses are reported on a net basis;
- rental income is 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 consolidated statement of profit or loss as part of other income;
- delayed mark-up on due payments by the CPPA-G is recognized only when the Group has fully received the amount of relevant invoice due.
- 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; 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.

4.14.2 Contract balances

a) Contract liabilities / advances from customers

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the consolidated statement of financial position (refer to note 16). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a trade receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due (refer to note 28).

b) Trade receivables

Trade receivables are amounts due from customers for goods or services that are delivered in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer to note 4.19.5 for a description of the Group's impairment policies.

4.15 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 the consolidated statement of profit or loss as incurred.

4.16 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. 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 / consultants for the estimated financial outcome, an appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

4.17 Contingent liabilities

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.18 Contingent assets

Contingent assets are disclosed when there is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised until their realisation become virtually certain.

4.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.19.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component or for which the Group has applied the practical expedient) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

4.19.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVTOCI), Fair value through Profit or loss (FVTPL) and in case of an equity instrument it is classified as FVTOCI or FVTPL. Currently, the Group does not have any financial assets categorised as FVTPL and FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in consolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade and other receivables.

Financial assets – Business model assessment

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. The Group has not designated any financial liability upon recognition as being at fair value through profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

The Group's financial liabilities comprise of trade and other payables, long and short term financing / borrowings, accrued markup and unclaimed dividend payable.

4.19.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in consolidated statement of profit or loss.

4.19.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when the Group has a legally enforceable right to set off the recognized amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

4.19.5 Impairment of financial assets

Expected Credit Losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost; and
- trade receivables

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances, due from related parties and other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs:

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group has elected to measure loss allowances for trade receivables other than due from 'Government of Pakistan' (see note 4.19.6) using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group reviews the recoverability of its trade receivables, deposits, advances and other receivables to assess the impairment allowances required on an annual basis.

4.19.6 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade receivables due from CPPA-G under the EPA that also includes accrued amounts of mark-up. SECP through SRO 985(I)/2019 dated 02 September 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of Expected Credit Losses method shall not be applicable till 30 June 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

A provision for impairment is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. The Group assesses at the end of each reporting period whether there is objective evidence that the financial asset is impaired. The financial asset 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 that can be reliably estimated.

Evidence of impairment may include indications that the debtor 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 indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. 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 consolidated statement of profit or loss. When the financial asset is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the consolidated statement of profit or loss. 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 recognised in the consolidated statement of profit or loss.

4.19.7 Non - Financial assets

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

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 an annual basis.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. A reversal of impairment loss for a cash generating unit is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets. The increase in the carrying amounts shall be treated as reversals of impairment losses for individual assets and recognized in the consolidated statement of profit or loss unless the asset is measured at revalued amount. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

4.20 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 charged directly in the consolidated statement of profit or loss.

4.21 Foreign currency transactions

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

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

Foreign currency differences arising on retranslation are generally recognized in the consolidated statement of profit or loss.

4.22 Dividend

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

4.23 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding 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 Holding Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.24 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.

5 STANDARDS, AMENDMENTS AND INTERPRETATION AND FORTH COMMING REQUE]IREMENTS

5.1 Standards and amendments to published approved accounting standards that are effective but not relevant

There are new and amended standards that are mandatory for accounting years beginning on 01 October 2019, other than those disclosed in note 4.3 are considered not to be relevant or do not have any significant effect on the Group's consolidated financial statements and are therefore not stated in these consolidated financial statements.

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

As mentioned in note 4.3, adoption of IFRS 16 'Leases' with effect from 01 October 2019 which replaces existing guidance on accounting for leases, including IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease'. However, the SECP through S.R.O. 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies that have executed their Power Purchase Agreement (PPA) before January 1, 2019. The Holding Company's arrangement with CPPA-G covered under respective EPAs are exempt under the aforesaid S.R.O.

Consequently, IFRS 16 will not have any impact on these consolidated financial statements to the extent of its EPA during the current year.

	2020 Rupees	2019 Rupees
De-recognition of property, plant and equipment	–	(4,628,548,635)
Recognition of lease debtor	–	6,175,402,871
Increase in deferred tax liability	–	448,587,728
Increase in un-appropriated profit at beginning of the year	–	492,428,725
Decrease in profit for the year - net of tax	–	(256,519,066)
Increase in un-appropriated profit at end of the year	–	235,909,659

5.3 New accounting standards and amendments to standards not yet effective

The following Standards and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them:

		Effective for the period beginning on or after
IAS-1 **IAS-8**	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Error IAS 8 – Amendments regarding the definition of "material"	January 01, 2020
IAS-1	Presentation of Financial Statements & Accounting Policies – Amendments regarding the classification of liabilities	January 01, 2022
IAS-16	Property, Plant and Equipment – Amendments prohibiting a Group from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use	January 01, 2022
IAS-37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS-41	Agriculture – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)	January 01, 2022
IFRS-1	First-time Adoption of International Financial Reporting Standards – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter)	January 01, 2022
IFRS-3	Business Combinations – Definition of a business	January 01, 2020
IFRS-3	Business Combinations – Amendments regarding Investments in Associates and Joint Ventures resulting from Annual Improvements 2014-2016 Cycle clarifying certain fair value measurements	January 01, 2020
IFRS-4	Insurance Contracts – Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS-9	Financial Instruments – Amendments regarding pre-replacement issues in the context of the IBOR reform Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities)	January 01, 2020
IFRS-7	Financial Instruments: Disclosures – Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS-16	Leases – Amendment to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification	June 01, 2020
	Revised Conceptual Framework	January 01, 2020

5.4 New Standards issued by IASB but not yet been notified / adopted by SECP

Following new standards issued by IASB but not yet been notified / adopted by SECP:

		Effective for the period beginning on or after
IFRS-1	First Time Adoption of IFRS	January 01, 2004
IFRS-17	Insurance Contracts	January 01, 2021

	2020 Rupees	2019 Rupees
6 SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2019: 75,000,000) voting ordinary shares		
of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2019: 25,000,000) preference shares		
of Rs. 10 each	250,000,000	250,000,000
	1,000,000,000	1,000,000,000
6.2 Issued, subscribed and paid up share capital		
32,145,725 (2019: 32,145,725) voting ordinary		
shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2019: 27,630,936) voting bonus		
shares of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

6.2.1 Mr. Jahangir Khan Tareen (Chief Executive Officer & Executive Director) holds 9,552,293 (2019: 9,802,293) and Mukhdoom Syed Ahmed Mahmud (Non Executive Director) holds 16,493,932 (2019: 15,843,932) ordinary shares of Rs. 10 each representing 15.98% (2019: 16.40%) and 27.59% (2019: 26.51%) of the paid up capital of the Holding Company respectively.

6.2.2 The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Holding Company. All shares carry one vote per share without restriction. The Group may not pay dividend until certain financial requirements of lenders are satisfied.

7 SHARE PREMIUM RESERVE

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

	Note	2020 Rupees	2019 Rupees
8 LONG TERM FINANCES - SECURED			
Mark-up bearing finances from conventional			
banks / financial institutions	8.1.1	15,379,004,257	6,556,126,662
Islamic mode of financing	8.1.2	1,405,256,419	4,740,932,703
	8.1 & 8.4	16,784,260,676	11,297,059,365
Current maturity presented under current liabilities:			
Mark-up bearing finances from conventional			
banks / financial institutions		(2,778,820,599)	(3,309,668,326)
Islamic mode of financing		(260,217,950)	(1,519,019,235)
	14	(3,039,038,549)	(4,828,687,561)
Less: Transaction cost		(57,750,000)	–
Add: Amortization of transaction cost	39	5,849,531	–
		(51,900,469)	–
		13,693,321,658	6,468,371,804

8.1 Long term finances - secured

	Mark-up / Interest basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2020	Principal outstanding 2019
		Rupees	Years	Years		Rupees	Rupees
8.1.1 Mark-up bearing finances from conventional banks / financial institutions							
The Bank of Punjab - Led Syndicate							
The Bank of Punjab	*3mk + 1.10	2,500,000,000	06 Years	–	2027	2,500,000,000	–
National Bank of Pakistan	3mk + 1.10	1,500,000,000	06 Years	–	2027	1,500,000,000	–
Askari Bank Limited	3mk + 1.10	1,245,000,000	06 Years	–	2027	1,245,000,000	–
MCB Bank Limited	3mk + 1.10	1,000,000,000	06 Years	–	2027	1,000,000,000	–
Dubai Islamic Bank Limited	3mk + 1.10	1,000,000,000	06 Years	–	2027	1,000,000,000	–
Pak Kuwait Investment Company (Pvt.) Limited	3mk + 1.10	750,000,000	06 Years	–	2027	750,000,000	–
MCB Islamic Bank Limited	3mk + 1.10	750,000,000	06 Years	–	2027	750,000,000	–
Askari Bank Limited (Islamic)	3mk + 1.10	255,000,000	06 Years	–	2027	255,000,000	–
		9,000,000,000				9,000,000,000	–
MCB Bank Limited - Led Syndicate							
MCB Bank Limited	3mk + 1.00	1,000,000,000	07 Years	1.5 Years	2021	90,909,087	181,818,179
Allied Bank Limited	3mk + 1.00	940,000,000	07 Years	1.5 Years	2021	85,454,541	170,909,087
The Bank of Punjab	3mk + 1.00	800,000,000	07 Years	1.5 Years	2021	72,727,273	145,454,544
United Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	2021	45,454,539	90,909,086
Askari Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	2021	45,454,539	90,909,086
Meezan Bank Limited	3mk + 1.00	350,000,000	07 Years	1.5 Years	2021	31,789,071	63,578,144
JS Bank Limited	3mk + 1.00	150,000,000	07 Years	1.5 Years	2021	13,636,370	27,272,733
Habib Metropolitan Bank Limited	3mk + 1.00	100,000,000	07 Years	1.5 Years	2021	9,090,909	18,181,818
		4,340,000,000				394,516,329	789,032,677
Habib Bank Limited – SBP Refinance Scheme	**SBP Rate + 1.50	1,000,000,000	2.5 Years	0.5 Year	2022	769,943,509	–
United Bank Limited – SBP Refinance Scheme	SBP Rate + 3.50	232,398,668	02 Years	0.25 Year	2022	92,044,419	–
MCB Bank Limited (I)	3mk + 1.00	1,000,000,000	05 Years	02 Years	2021	–	422,916,668
MCB Bank Limited (II)	3mk + 1.00	2,000,000,000	03 Years	0.5 Year	2023	2,000,000,000	–
Allied Bank Limited (I)	3mk + 0.50	1,000,000,000	1.5 Years	–	2021	1,000,000,000	–
Pak Brunei Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2024	450,000,000	500,000,000
Pak Brunei Investment Company Limited (III)	3mk + 1.00	200,000,000	05 Years	–	2020	10,000,000	30,000,000
Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	2022	250,000,000	350,000,000
Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	2021	250,000,000	312,500,000
Soneri Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2022	90,000,000	120,000,000
Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2023	312,500,000	375,000,000
Pak Oman Investment Company Limited (I)	3mk + 1.00	500,000,000	06 Years	01 Year	2021	25,000,000	75,000,000
Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2023	225,000,000	275,000,000
Askari Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2021	–	105,000,000
Askari Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	–	406,250,000
Askari Bank Limited (III)	3mk + 1.00	175,000,000	05 Years	01 Year	2023	–	175,000,000
Askari Bank Limited (IV)	3mk + 1.25	500,000,000	04 Years	0.25 Year	2024	500,000,000	–
Pak Libya Holding Company Limited	3mk + 1.00	100,000,000	05 Years	–	2021	10,000,000	25,000,000
The Bank of Punjab (I)	3mk + 1.00	300,000,000	06 Years	01 Year	2020	–	59,985,680
The Bank of Punjab (II)	3mk + 1.00	700,000,000	06 Years	01 Year	2020	–	140,000,000
The Bank of Punjab (III)	3mk + 1.00	500,000,000	05 Years	01 Year	2021	–	250,000,000
The Bank of Punjab (IV)	3mk + 1.00	750,000,000	05 Years	01 Year	2023	–	750,000,000
The Bank of Punjab (V)	3mk + 1.00	500,000,000	05 Years	–	2021	–	200,000,000
MCB Bank Limited (NIB)	3mk + 1.00	500,000,000	05 Years	–	2020	–	51,691,630
National Bank of Pakistan Limited (I)	3mk + 1.00	1,000,000,000	05 Years	01 Year	2020	–	312,500,000
National Bank of Pakistan Limited (II)	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	–	750,000,000
Faysal Bank Limited	3mk + 1.00	650,000,000	06 Years	–	2020	–	81,250,007
		16,707,398,668				5,984,487,928	5,767,093,985
		30,047,398,668				15,379,004,257	6,556,126,662

		Mark-up / Interest basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2020	Principal outstanding 2019
			Rupees	Years	Years		Rupees	Rupees
8.1.2	**Islamic mode of financing**							
	Al Baraka Bank Limited	3mk + 1.00	1,000,000,000	05 Years	01 Year	2022	687,500,000	812,500,000
	Bank Alfalah Limited	3mk + 0.90	500,000,000	05 Years	01 Year	2023	311,506,419	373,807,703
	National Bank of Pakistan (I)	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	–	750,000,000
	National Bank of Pakistan (II)	3mk + 1.00	250,000,000	05 Years	01 Year	2024	250,000,000	250,000,000
	Dubai Islamic Bank (Pakistan) Limited (I)	3mk + 1.00	500,000,000	5.5 Years	0.5 Year	2020	–	34,000,000
	Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	156,250,000	218,750,000
	Askari Bank Limited (I)	6mk + 1.00	300,000,000	06 Years	01 Year	2020	–	60,000,000
	Askari Bank Limited (II)	3mk + 1.00	200,000,000	05 Years	–	2021	–	70,000,000
	Askari Bank Limited (III)	3mk + 1.00	250,000,000	05 Years	01 Year	2023	–	250,000,000
	Faysal Bank Limited (I)	3mk + 1.00	750,000,000	05 Years	01 Year	2023	–	703,125,000
	Faysal Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	–	406,250,000
	MCB Islamic Bank Limited	3mk + 0.8	1,000,000,000	05 Years	01 Year	2022	–	812,500,000
			6,750,000,000				1,405,256,419	4,740,932,703
			36,797,398,668				16,784,260,676	11,297,059,365
	* 3 mk i.e. 3 months KIBOR							
	** SBP rate i.e. 0%							

8.2 The Group has obtained borrowing under Refinance Scheme for payment of Wages & Salaries by the State Bank of Pakistan (SBP) at subsidized rate in five tranches on various dates, earmarked from running and cash finance limit, which is repayable in 8 quarterly installments to a commercial bank under the SBP Refinance Scheme. This loan is recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment has measured as difference between subsidized rate i.e. 0% KIBOR plus 150 to 350 bps per annum and prevailing market rate i.e. three months KIBOR plus 100 to 150 bps per annum which has been recognised as Government grant in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" (refer to note 12 to these consolidated financial statements) and will be amortised to interest income in line with the recognition of interest expense the grant is compensating. The grant is conditional subject to fulfillment of certain conditions as defined in the SBP Refinance Scheme.

8.3 Due to evolution of COVID-19 pandemic, the State Bank of Pakistan vide BPRD Circular Letter No. 13 of 2020 dated 26 March 2020 allowed deferment of principal repayments on loan obligations due to banks by a period of one year. The Group has availed this opportunity and deferred the loan repayments for one year of long term financing accumulating to Rupees 12,423 million, accordingly, banks have approved the deferment / grace period of loan repayments as requested by the Group.

8.4 Long term finances are secured against ranking / joint parri passu charge over all present and future fixed assets including land, building and plant and machinery of the Group amounting to Rs. 22,879 million (2019: Rs. 25,482 million) and personal guarantees of sponsor directors of the Group.

		Note	2020 Rupees	2019 Rupees
9	**LEASE LIABILITIES**			
	Balance at beginning of the year		224,596,749	249,959,511
	Impact of initial application of IFRS 16	4.3	1,508,973,262	–
	Adjusted balance as at 01 October		1,733,570,011	249,959,511
	Additions during the year		398,032,110	119,957,301
	Early termination / remeasurment of lease liabilities		(1,219,120)	–
	Finance cost regarding lease arrangement		165,857,652	–
	Lease payments / adjustments		(835,765,906)	(145,320,063)
			1,460,474,747	224,596,749
	Less: Current maturity presented under current liabilities	14	(693,883,524)	(72,868,704)
	Balance at end of the year	9.1	766,591,223	151,728,045

9.1 This includes Rs. 194.97 million and Rs. 56.80 million (2019: Rs. 148.34 million and Rs. 76.26 million) outstanding under Diminishing Musharakah financing arrangement and conventional banks respectively.

9.2 Implicit borrowing rate against lease liabilities towards financial institutions is six month KIBOR plus 100 bps per annum (2019: six month KIBOR plus 100 bps per annum). The Group has the option to purchase the leased assets upon completion of lease period and has the intention to exercise such option.

Leases from commercial banks / Islamic financial institution are secured against charge on the leased assets and security deposits (refer to note 20 & 24).

9.3 The maturity analysis of lease liabilities is presented in note 46.1.2 to these consolidated financial statements.

		Note	2020 Rupees	2019 Rupees
10	**DEFERRED TAXATION**			
	Deferred tax liability on taxable temporary differences			
	arising in respect of:			
	- accelerated tax depreciation on operating fixed assets		3,472,470,395	3,608,960,098
	- right-of-use assets		305,636,276	–
	- leased assets		–	66,753,015
			3,778,106,671	3,675,713,113
	Deferred tax asset on deductible temporary differences			
	arising in respect of:			
	- lease liabilities against right-of-use assets		(382,484,192)	–
	- liabilities against assets subject to finance lease		–	(65,133,057)
	- provisions for doubtful debts and obsolescence		(87,083,924)	(60,982,018)
	- impairment of investment in associate		–	(26,100,000)
	- provision for Workers' Profit Participation Fund		(41,394,330)	(18,257,823)
	- provision for Workers' Welfare Fund		(30,167,651)	(14,352,986)
	- tax losses		(281,207,335)	(655,639,206)
	- staff retirement benefits		(32,773,410)	(25,923,961)
	- tax credits	10.1	(1,872,271,306)	(2,169,845,885)
			(2,727,382,148)	(3,036,234,936)
		10.2	1,050,724,523	639,478,177

10.1 As of reporting date, the Group has not recognised deferred tax assets on tax credits amounting to Rs. 224.87 million having expiry upto tax year 2022 in line with accounting policies of the Group as stated in note 4.11 to these consolidated financial statements.

		Note	2020 Rupees	2019 Rupees
10.2	**Movement in deferred tax balances is as follows:**			
	As at 01 October		639,478,177	1,679,775,836
	Recognized in statement of profit or loss:			
	- accelerated tax depreciation on operating fixed assets		(136,489,703)	258,991,552
	- right-of-use assets		305,636,276	–
	- leased assets		(66,753,015)	(91,427,408)
	- lease liabilities against right-of-use assets		(382,484,192)	–
	- liabilities against assets subject to finance lease		65,133,057	7,355,201
	- provisions for doubtful debts and obsolescence		(26,101,906)	(36,424,185)
	- impairment of investment in associate		26,100,000	–
	- provision for Workers' Profit Participation Fund		(23,136,507)	(18,257,823)
	- provision for Workers' Welfare Fund		(15,814,665)	(14,352,986)
	- staff retirement benefits		(6,451,843)	(3,450,737)
	- tax losses		374,431,871	19,281,981
	- origination and reversal of tax credits		297,574,579	(1,158,778,894)
		40	411,643,952	(1,037,063,299)
	Recognized in other comprehensive income:			
	- staff retirement benefits		(397,606)	(3,234,360)
		10	1,050,724,523	639,478,177

11 RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company's defined benefit plan was conducted on 30 September 2020 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

		Note	2020 Rupees	2019 Rupees
11.1	**Statement of financial position reconciliation**			
	Present value of defined benefit obligation	11.2	189,817,372	158,380,380
	Fair value of plan assets	11.3	(85,201,349)	(83,263,732)
	Net liability at end of the year		104,616,023	75,116,648
11.2	**Movement in liability for funded defined benefit obligation**			
	Present value of defined benefit obligation at beginning of the year		158,380,380	142,649,329
	Current service cost for the year		19,955,012	17,121,658
	Interest cost for the year		19,194,455	12,709,977
	Benefits paid during the year		(7,802,123)	(13,224,592)
	Remeasurement on obligation		89,648	(875,992)
	Present value of defined benefit obligation at end of the year	11.1	189,817,372	158,380,380

		Note	2020 Rupees	2019 Rupees
11.3	**Movement in fair value of plan assets**			
	Balance at beginning of the year		83,263,732	88,865,210
	Return on plan assets excluding interest income		9,985,088	8,769,424
	Contributions made during the year		1,036,059	10,882,649
	Remeasurement on plan assets		(1,281,407)	(12,028,959)
	Benefits paid during the year		(7,802,123)	(13,224,592)
	Fair value of plan assets at end of the year	11.1	85,201,349	83,263,732
11.4	**Charge for the year**			
	Statement of profit or loss			
	Current service cost		19,955,012	17,121,658
	Interest cost for the year		19,194,455	12,709,977
	Return on plan assets excluding interest income		(9,985,088)	(8,769,424)
			29,164,379	21,062,211
	Other comprehensive income			
	Remeasurement on obligation		89,648	(875,992)
	Remeasurement on plan assets		1,281,407	12,028,959
			1,371,055	11,152,967
			30,535,434	32,215,178
11.5	**Movement in experience losses**			
	Opening experience losses		–	–
	Experience losses		(1,371,055)	(11,152,967)
	Charge to other comprehensive income		1,371,055	11,152,967
	Closing experience losses		–	–

	2020		2019	
Break up of plan assets	**Rupees**	**%**	**Rupees**	**%**
Units of mutual funds	58,257,557	68%	82,818,819	99%
Cash at bank	26,943,792	32%	444,913	1%
	85,201,349	100%	83,263,732	100%

11.6 Risks on account of defined benefit plan

The Holding Company faces the following risks on account of defined benefit plan:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Holding Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Longevity Risks - The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Investment risk - The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

11.7 Expected future contribution

Expected future contribution for the year ending 30 September 2021 is Rs. 13.33 million (2019: Rs. 12.74 million).

11.8 Actuarial assumptions sensitivity analysis

The below sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in these consolidated statement of financial position. If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 September 2020 would have been as follows:

		Impact on defined benefit obligation			
		2020		2019	
	Change	Increase	Decrease	Increase	Decrease
		Rupees			
Discount rate	100 BPS	(16,344,062)	17,210,034	(13,100,441)	15,284,211
Salary growth rate	100 BPS	16,563,968	(16,077,812)	14,756,788	(12,886,578)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

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.

	2020	2019
11.9 Principal actuarial assumptions used		
Valuation discount rate	9.75%	12.50%
Salary increase rate	9.75%	12.50%
Expected return on plan assets	9.75%	12.50%
Average expected remaining working life time of employees	8.8	9.02
Mortality rate	SLIC 2001 - 2005	SLIC 2001 - 2005
Withdrawal rate	Medium	Medium

	2020 Rupees	2019 Rupees
11.10 Maturity profile		
1 - 5 years	86,576,460	95,089,277
6 - 10 years	83,288,681	85,752,016
11 - above years	483,588,801	739,697,048
	653,453,942	920,538,341

12 DEFERRED INCOME - GOVERNMENT GRANT

	Note	2020 Rupees	2019 Rupees
Recognized during the year	8.2	81,331,438	–
Amortized during the year	39	(13,583,261)	–
		67,748,177	–
Less: Current maturity presented under current liabilities	14	(48,336,822)	–
Balance as at 30 September		19,411,355	–

	Note	2020 Rupees	2019 Rupees
13 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks			
- Cash finances	13.1	1,823,866,061	8,197,873,997
- Running finances	13.2	2,053,749,853	1,967,368,223
- Inland bill discounting	13.3	–	1,190,858,115
- Finance against trust receipts	13.4	82,925,934	301,946,814
		3,960,541,848	11,658,047,149
Islamic mode of financing			
- Salam / Istisna / Musawamah finances	13.5	1,919,700,000	2,969,200,000
- Morabaha / Karobar / Musharakah finances	13.6	1,800,000,000	2,500,000,000
		3,719,700,000	5,469,200,000
		7,680,241,848	17,127,247,149

13.1 The Group has obtained during the year cash finance facilities from various banks aggregating to Rs. 13,300 million (2019: Rs. 19,238 million) out of which Rs. 10,300 million (2019: Rs. 13,100 million) available as at reporting date. The mark-up rates applicable during the year ranges from one to three months KIBOR plus 20 to 100 bps per annum (2019: one to three months KIBOR plus 20 to 100 bps per annum). These are secured against pledge charge over refined sugar bags and personal guarantees of sponsor directors of the Group.

13.2 The Group has obtained running finance facilities aggregating to Rs. 2,196 million (2019: Rs. 2,330 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 65 to 100 bps per annum (2019: one to three months KIBOR plus 50 to 100 bps per annum). These are secured against ranking charge / joint pari passu charge over all present and future current assets of the Group and personal guarantees of the sponsor directors of the Group.

13.3 The Group has obtained inland bill discounting facility aggregating to Rs. 1,300 million (2019: Rs. 1,300 million) and fully settled during the year. The mark-up rate applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2019: one to three months KIBOR plus 50 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.

13.4 The limit of this facility is Rs. 679 million (2019: Rs. 1,100 million). It carries mark-up ranging from one to six months KIBOR plus 100 bps per annum (2019: three to six months KIBOR plus 90 to 250 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets of the Group and personal guarantees of the sponsor directors of the Group.

13.5 The Group has obtained Salam / Istisna / Musawamah financing facilities from various banks aggregating to Rs. 7,335 million (2019: Rs. 7,085 million). The mark-up rates applicable during the year ranging from three to twelve months KIBOR plus 20 to 100 bps per annum (2019: three to nine months KIBOR plus 20 to 50 bps per annum). These are secured against pledge charge over refined sugar bags and personal guarantees of sponsor directors of the Group.

13.6 The Group has obtained Morabaha / Karobar / Musharakah finance facilities aggregating to Rs. 1,800 million (2019: Rs. 2,500 million). The mark-up rates applicable during the year ranges from three to six months KIBOR plus 75 to 100 bps per annum (2019: three to nine months KIBOR plus 50 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.

13.7 The available facilities for opening letters of credit and guarantee as on the reporting date aggregate to Rs. 1,577 million (2019: Rs. 1,500 million) of which facilities unutilized as on reporting date amounting to Rs. 350 million (2019: Rs. 350 million). These are secured by charge on present and future current assets of the Group and by lien over import documents.

		Note	2020 Rupees	2019 Rupees
14	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long term finances - secured	8	3,039,038,549	4,828,687,561
	Lease liabilities	9	693,883,524	72,868,704
	Deferred income - Government grant	12	48,336,822	–
			3,781,258,895	4,901,556,265

		Note	2020 Rupees	2019 Rupees
15	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors		1,403,017,643	2,179,116,817
	Sales tax payable		554,956,890	791,056,070
	Accrued expenses	15.1	327,783,384	270,762,042
	Payable to Workers' Profit Participation Fund	15.2	153,367,056	67,793,471
	Payable to Workers' Welfare Fund	15.3	112,528,220	54,248,739
	Tax deducted at source		67,383,382	49,655,349
	Payable to Employees' Provident Fund		19,571,572	16,867,862
	Retention money		20,701,395	32,408,279
	Due to related parties	15.4	1,009,027	935,090
	Agriculture income tax payable		2,898,976	–
	Other payables		157,739,391	89,681,775
			2,820,956,936	3,552,525,494

15.1 This includes Rs. 68 million (2019: Rs. 36.9 million) in respect of market committee fee pertaining to the Holding Company (for details, refer to note 18.1.19).

		Note	2020 Rupees	2019 Rupees
15.2	**Payable to Workers' Profit Participation Fund**			
	Balance as at 01 October		67,793,471	–
	- allocation for the year	38	153,367,056	67,793,471
	- interest on funds utilized	39	5,458,531	–
			226,619,058	67,793,471
	Less: Paid during the year		(73,252,002)	–
	Balance as at 30 September		153,367,056	67,793,471
15.3	**Payable to Workers' Welfare Fund**			
	Balance as at 01 October		54,248,739	26,574,555
	Allocation for the year	38	58,279,481	20,280,971
	Prior year provision		–	33,967,768
			112,528,220	80,823,294
	Less: Paid during the year		–	(20,442,242)
	Reversal prior year provision		–	(6,132,313)
	Balance as at 30 September		112,528,220	54,248,739

15.4 This amount represents payable to Agro Industrial Solution in respect of consultancy services provided by the key management personnel. Further, during the year, Chief Executive of the Group has provided the short term advance amounting to Rs. 35 million to the Holding Company for meeting its working capital requirements. This advance has been fully repaid during the year.

16 ADVANCES FROM CUSTOMERS

This also includes taxes payable to the Government authorities in respect of consideration received against sale of sugar bags.

17 ACCRUED PROFIT / INTEREST / MARK-UP

	2020 Rupees	2019 Rupees
Mark-up on financing / borrowings from conventional banks / financial institutions		
- Long term finances - secured	219,052,288	173,304,909
- Short term borrowings - secured	90,091,125	358,030,459
	309,143,413	531,335,368
Profit on Islamic mode of financing		
- Long term finances - secured	6,887,129	41,296,314
- Short term borrowings - secured	48,322,982	240,345,806
	55,210,111	281,642,120
	364,353,524	812,977,488

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 the 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 Income Tax Ordinance, 2001 ("I.T.O") 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 an appeal before Commissioner Inland Revenue (Appeals) ("CIR(A)"), 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 Inland Revenue ("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 the Honorable Lahore 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 (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O for Tax year 2008. The Holding Company has filed Writ Petition before the 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 22-12-2017. The Holding Company filed an appeal before CIR(A), who passed ex-parte order against the Holding Company. The Holding Company has filed second appeal before ATIR. Appeal was heard and matter has been remanded back for denovo consideration.

18.1.5 Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O for tax year 2011 confronting several matters. The said notice was duly complied and plea of the Holding Company 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 30-06-2017. 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.

18.1.6 The Holding Company was selected for audit u/s 177 of I.T.O for Tax year 2014. DCIR passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Holding Company has filed an appeal before CIR(A) who vide order dated 07-03-2018 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 2nd appeal before 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.

18.1.7 The Holding Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period from June 2013 to July 2014 by the FBR. A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Holding Company has filed an appeal before CIR(A) who vide dated 08-02-2018 has granted relief amounting Rs. 57.37 million and the remaining issues with an aggregate amount of Rs. 12.62 million were upheld. The Holding Company has filed 2nd appeal before ATIR. 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 Holding Company was selected for audit u/s 214C of I.T.O for Tax year 2016. ACIR passed order u/s 122(4) / 122(5) by making additions on different issues amounting to Rs. 503 million by reducing brought forward losses. The Holding Company has filed an appeal before CIR(A) which is pending for adjudication. The management of the Holding Company is confident that this case will be decided in its favor.

18.1.9 The Holding Company has filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of I.T.O has been reduced from 10% to 5% for the Tax Year 2019 and period for availing this credit has also been restricted till 30 June 2019. The Holding Company has claimed tax credit at the rate of 10% for the year ended 30 September 2018 and 30 September 2019 amounting to Rs. 254.9 million and Rs. 96.8 million respectively. Management of the Holding Company expects a favorable outcome in this case.

18.1.10 The Subsidiary Company - DSML has filed writ petition before Honorable Lahore High Court ("Court") challenging the amendment inserted vide Finance Act, 2019 whereby tax credit under section 65B of Income Tax Ordinance, 2001 has been reduced from 10% to 5% for tax year 2019 and period for availing this credit has also been restricted till June 30, 2019. DSML prayed for the grant of relief regarding filing of tax returns for tax year 2019 with tax credit @10% i.e. Rs. 26.5 million. Management of DSML expects a favorable outcome in this case. Hence no provision in respect of prior tax year has been made in these consolidated financial statements.

18.1.11 An Order-in-Original bearing Ref. No. 13 November 2018 dated 20 March 2018 had been passed by the DCIR, E&C against DSML, Zone-II, LTU, Karachi wherein a demand of Rs. 6.88 million was raised. DSML had filed an appeal with the office of the CIR(A), Karachi who had subsequently remanded back the proceedings vide Order No. STA/351/LTU/2019/01 dated 12 February 2019. Subsequently, the same demand was once again raised vide assessment order No. 08 December 2020 dated 29 June 2020. DSML has once again filed an appeal with the office of the CIR(A), Karachi. DSML paid an amount equal to 25% of the demand in order to stay the recovery proceedings. The matter is still pending with the office of the CIR(A), Karachi. Management of DSML expects a favorable outcome in this case.

18.1.12 The tax department issued a show cause notice to DSML on 23 May 2013 on the grounds that DSML has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made and raised a demand of Rs. 15.8 million. Consequently, DSML has 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 DSML expects a favorable outcome in this case. Hence no provision has been made in these consolidated financial statements.

18.1.13 The Ministry of Interior (GoP) had constituted the Inquiry Commission under the Pakistan Commission of Inquiry Act, 2017 dated 16 March 2020 to probe into the increase in sugar prices in the country. The Commission of Inquiry selected 10 units of sugar mills including 3 units of the Holding Company, accordingly report of the Inquiry Commission has been issued dated 21 May 2020. The Commission of Inquiry in its report has highlighted discrepancies with respect to Benami Transactions (Prohibition) Act, 2017 with respect to the standard business practice of Pakistan sugar industry. The Commission of inquiry has revealed that names of the brokers may be masked, by the sugar mills, and there is risk of sales in benami / fictitious names. The Commission of Inquiry in its report has also highlighted discrepancies in crushing capacity of the Holding Company (refer to note 49) and claimed that such enhancement and enlargement was made in the period of ban on capacity enhancement/enlargement. (Show cause notices have already been issued by the Directorate of Industries, Punjab for both Units I and II of the Holding Company way back in 2014 and matter is still pending). Pakistan Sugar Mills Association (PSMA) along with its member sugar mills, including the Holding Company and DSML, filed writ petition before the Honorable Islamabad High Court (IHC) challenging the initiation of inquiry, Constitution of the Commission Inquiry and all action taken pursuant thereto. Vide short order dated 20 June 2020 the writ petition was disposed off and the commission's report upheld. PSMA along with its member sugar mills, including the Holding Company and DSML, challenged the order before the Division Bench of IHC in Intra Court Appeal (ICA) No. 156 of 2020. This ICA was dismissed on 08 August 2020. Subsequent to year end, on 26 October 2020, PSMA and the Holding Company and DSML has filed Civil Petition for to Leave to Appeal (CPLA) No. 2697 of 2020 against the judgment dated 08 August 2020 before the Honorable Supreme Court of Pakistan. The Holding Company and DSML has a good prime facie case.

18.1.14 The Holding Company has accrued the delayed payment mark-up at the rate of three months KIBOR plus 4.5% per annum amounting to Rs. 169.34 million (2019: Rs. 111.14 million) on fully received invoices due from CPPA-G as per policy defined in note 4.14 to these consolidated financial statements. However, delayed payment mark-up under the EPA is not accrued by reference to the amount outstanding and the applicable rate of return under the EPA which is more than above mentioned amount.

18.1.15 A petitioner has filed Constitution Petition (CP) No. 3823 of 2018 in the Honorable High Court of Sindh against the Holding Company and DSML along with other sugar mills dated 15 May 2018 for withdrawal/ cancellation/refunding of the cash freight subsidy on sugar export approved by the Cabinet Economic Coordination Committee and additional cash freight subsidy approved by the Sindh Cabinet. The management of the both companies based on opinion of their legal advisor believes that the matter will ultimately be decided in their favor.

18.1.16 The matter of fixation of minimum price of sugarcane fixed under relevant notifications for crushing season 2014 - 2015 and 2017 - 2018 issued by the Government of Sindh is still subjudice before the Honorable High Court of Sindh (the Honorable Court). The Honorable Court has subjected its interim arrangement to the decision before the Honorable Supreme Court of Pakistan which is still pending. The Honorable Court has also an ordered that the fate of remaining differential amount per 40 kg i.e. Rs. 10 (Rs. 182 and 172) and Rs. 22 (Rs. 182 and Rs. 160) for respective crushing seasons will be dependent upon the decision of the Honorable Supreme Court of Pakistan. The management of the Holding Company and DSML believes that the matter will ultimately be decided in their favor. Furthermore, the Holding Company and DSML along with other sugar mills have also filed petition in the Honorable Supreme Court challenging the minimum price fixation mechanism, which is also pending before the Honorable Supreme Court.

18.1.17 The Sindh Abadgar Board and Sindh Grower Alliance have filed constitution petitions against PSMA and various sugar mills in Sindh including the Holding Company (Unit III) and DSML. Through these petitions, the petitioners sought an implementation of Supreme Court order dated 05 March 2018, in the quality premium payment from sugar mills. The legal advisors of the Holding Company and DSML is of the view that the Supreme Court has now simply prescribed the criteria for future. However, the Holding Company (Unit III) and DSML has already paid price higher than the minimum notified price since the order of the Supreme Court.

18.1.18 The Holding Company (Unit II) is in a civil suit no. 1296 of 2015 with a plaintiff who has claimed a sum of Rs. 446 million and entitlement to retain the possession of and run the Unit II unless the dues of the plaintiff have been fully paid.

18.1.19 The Secretary and Administrator of the Market Committee (MC) issued notices to the Holding Company demanding arrears on account of market fee for crushing season 2016-17 to 2018-2019 amounting to Rs. 16.45 million. The Holding Company has filed an appeal before the Director Agriculture (E&M) against such notices which is pending adjudication.

Further, the Holding Company is in a Constitutional Writ Petition challenging notification No. DIR (FB) XV-II8I-VIII dated 02 August 2017 issued by the Govt of the Punjab whereby market committee fee was enhanced for purchase of sugarcane from 50 paisa to 1 rupee per 100 kg and for Sugar & molasses from 1 rupee to 2 rupees per 100 kg. The notification was suspended and the matter is pending further adjudication (for details, refer to note 15.1).

18.1.20 The Holding Company has filed a writ petition no. 2739 against National Electric Power Regularity Authority (NEPRA) & Others in the Islamabad High Court (IHC). Through this writ petition, the Holding Company has impugned the NEPRA in the matter of suo moto review proceedings regarding modification of fuel price mechanism of bagasse-based power project in 2013 upfront tariff. The IHC has vide its order dated 26 July 2019 suspended the impugned modification.

18.1.21 The United Ethanol Industries Limited has filed a civil suit on 5th day of November, 2008 against the Holding Company in the Court of Senior Civil Judge, Lahore for the recovery of Rs. 169.76 million with damages at the rate of 15% p.a. on all outstanding amounts from the date of filing of the suit till actual payment. This suit was filed against non-supply of 24,251.80 MT of molasses in the crushing season of 2007-2008 against which payment had been made to the Holding Company.

18.1.22 Provincial Employees Social Security (PESSI) vide different notifications issued from 2012 to 2017 enhanced monthly wage ceiling from Rs. 10,000 to Rs. 22,000 for contribution of every ensured person @ 6%. The Holding Company along with other petitioners filed writ petition no. 135666/2018 before the Lahore High Court by challenging these notifications, however, the matter was decided against the Holding Company dated 12 June 2019. Thereafter, ICA 42845/2019 against the mentioned order has been filed by the Holding Company. In the said ICA, the impugned judgment dated 12 June 2019 was suspended and PESSI was restrained from recovering any amount from the Holding Company consequent of the findings in the impugned judgement and notification was challenged.

Based on the opinion of the Group's legal advisors, management is expecting a favorable outcome of the above cases from 18.1.15 to 18.1.18 and from 18.1.20 to 18.1.22. Therefore no provision has been recognized in these consolidated financial statements.

18.1.23 The Honorable Sindh High Court passed an order in C.P. no. D-1313/2013 dated 12 February 2018, according to which, in the case of trans-provincial companies, the companies are required to pay Workers' Profit Participation Fund (WPPF) under the Sindh Companies Profits (Workers' Participation Act), 2015. Sindh Revenue Board (SRB) vide the impugned judgment issued notice to the Holding Company for the non payment of WPPF as per the impugned judgement. The Holding Company has filed an an appeal against this order in the Honorable Supreme Court and impugned judgment of the Honorable Sindh High Court has been suspended. However, allocation for the year has been recognized in accordance with provision of the Companies Profit (Workers' Participation) Act, 1968 (for details, refer to note 15.2).

18.1.24 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 mills. The actual date of further hearing in this case is yet to be notified by the High Court. While in the view of legal advisor, DSML 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 DSML.

18.1.25 "The Writ Petition No. 1571 of 2018 titled Central Power Purchasing Agency (Guarantee) Limited Vs National Electric Power Regulatory Authority ('NEPRA') & 14 others filed by Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) impugning NEPRA decision dated 11-09-2017 in the matter of Application for Unconditional Acceptance of Bagasse 2013 Upfront Tariff filed by SPL and GPL and NEPRA decision dated 18-04-2018 in the matter of Review Motions filed by CPPA-G against the award of Upfront Tariff, 2013 to Twelve Bagasse Co-Generation Projects. The Subsidiary Companies position in these proceedings are that NEPRA rightly held in the decision dated 18-04-2018 that the Framework, 2013 does not specify any number of annual plant factor of 45% after considering all relevant factors. The Subsidiary Companies has submitted detailed written submissions (along with supporting documents) and also made oral submission in support of its position and the matter is still pending before Islamabad High Court. 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 cases, is of the opinion that matters shall be decided in the Subsidiary Companies favour.

18.1.26 Certain cases have been filed against the Holding Company by some former employees. No provision has been made in these consolidated financial statements as the management of the Holding Company, based on the advice of its legal advisors handling the subject cases, is of the opinion that matters shall be decided in the Holding Company's favour. The claims amount can't be quantified due to nature of the claims.

18.1.27 Guarantees issued by the banks on behalf of the Holding Company and its Subsidiary Companies (SPL, GPL and DSML) in favour of various parties as at the reporting date amounts to Rs. 809.4 million (2019: Rs. 689.84 million).

18.1.28 Counter guarantee given by the Holding Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 1,800 million (2019: Rs. 800 million).

		2020 Rupees	2019 Rupees
18.2	**Commitments**		
18.2.1	Letters of credit for import of machinery and its related components related to:		
	Holding Company - JDWSML	111,385,896	235,071,327
	Subsidiary Company - DSML	21,661,010	18,078,746
		133,046,906	253,150,073

18.2.2 Commitments in respect of operation and maintenance cost of Co - Generation Power Plants of the Holding Company contracted for but not incurred as at 30 September 2020 amounts to Rs. 344 million (2019: Rs. 586 million).

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

	Note	2020 Rupees	2019 Rupees
Less than one year		–	235,537,112
Between one and five years		–	869,767,460
More than five years		–	4,173,750
	4.3	–	1,109,478,322

	Note	2020 Rupees	2019 Rupees
19 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	19.1	24,478,190,425	25,376,430,407
Capital work in progress	19.2	14,599,420	1,290,406,966
Stores, spare parts and loose tools held for capital expenditure	19.3	158,697,680	146,796,394
		24,651,487,525	26,813,633,767

19.1 Operating fixed assets

19.1.1 Reconciliation of ending balances by classes of assets is as follows:

	Cost						Depreciation				
	As at 01 October 2019	Additions / (deletions) during the year	Transfers during the year	Classified as held for sale (note 31)	As at 30 September 2020	Rate	As at 01 October 2019	For the year	Transfers / (deletions) during the year	As at 30 September 2020	Carrying amount as at 30 September 2020
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	2,380,994,125	–	38,704,100	(70,000,000)	2,349,698,225	–	–	–	–	–	2,349,698,225
Factory building on	2,706,778,959	252,079,234	–	–	2,958,858,193	10	1,341,443,021	150,423,677	–	1,491,866,698	1,466,991,495
freehold land		–							–		
Non–factory building on	1,041,996,010	1,813,281	–	–	1,043,809,291	5–20	384,156,991	33,784,916	–	417,941,907	625,867,384
freehold land		–							–		
Plant and machinery	26,417,726,192	543,124,437	–	–	26,958,453,782	5–20	7,679,975,294	977,753,462	–	8,655,507,342	18,302,946,440
		(2,396,847)							(2,221,414)		
Sugarcane roots	788,526,285	287,079,904	–	–	744,430,754	17	204,784,368	124,071,792	–	211,930,205	532,500,549
		(331,175,435)							(116,925,955)		
Motor vehicles	2,032,561,880	29,915,700	10,552,000	–	2,016,156,996	20	1,532,954,580	159,735,577	5,515,888	1,654,561,271	361,595,725
		(56,872,584)							(43,644,774)		
Electrical installation	187,335,776	6,475,101	–	–	193,810,877	10	86,419,604	10,340,136	–	96,759,740	97,051,137
		–							–		
Office equipment	80,113,527	2,022,063	–	–	81,939,032	20	54,893,836	5,516,251	–	60,221,754	21,717,278
		(196,558)							(188,333)		
Tools and equipment	88,513,140	2,367,896	–	–	90,881,036	10–20	37,156,287	5,267,626	–	42,423,913	48,457,123
		–							–		
Furniture and fixture	29,307,102	1,885,872	–	–	31,164,026	10	15,502,113	2,215,505	–	17,698,802	13,465,224
		(28,948)							(18,816)		
Weighbridge	47,424,436	–	–	–	47,424,436	10	24,656,229	2,276,821	–	26,933,050	20,491,386
		–							–		

19.1 Operating fixed assets

19.1.1 Reconciliation of ending balances by classes of assets is as follows:

	Cost						Depreciation				Carrying amount as at 30 September 2020
	As at 01 October 2019	Additions / (deletions) during the year	Transfers during the year	Classified as held for sale (note 31)	As at 30 September 2020	Rate	As at 01 October 2019	For the year	Transfers / (deletions) during the year	As at 30 September 2020	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	170,152,947	715,193	–	–	170,868,140	10	93,148,936	7,736,214	–	100,885,150	69,982,990
		–							–		
Arms and ammunitions	8,224,057	–	–	–	8,224,057	10	5,550,284	267,378	–	5,817,662	2,406,395
		–							–		
Fire fighting equipment	82,815,232	–	–	–	82,815,232	20	56,196,751	5,323,697	–	61,520,448	21,294,784
		–							–		
Aircraft	873,689,731	–	–	–	873,689,731	10–25	303,995,507	56,969,423	–	360,964,930	512,724,801
		–							–		
Tube well	10,173,641	–	–	–	10,173,641	10	5,340,075	483,357	–	5,823,432	4,350,209
		–							–		
Computers	74,827,440	12,102,772	–	–	84,897,192	33	48,739,006	10,719,424	–	58,247,912	26,649,280
		(2,033,020)							(1,210,518)		
	37,021,160,480	1,139,581,453	49,256,100	(70,000,000)	37,747,294,641		11,874,912,882	1,552,885,256	5,515,888	13,269,104,216	24,478,190,425
		(392,703,392)							(164,209,810)		
Leased											
Motor vehicles (note 19.1.5)	313,494,127	–	–	–	–	20	83,311,318	–	–	–	–
		–	(313,494,127)						(83,311,318)		
	37,334,654,607	1,139,581,453	49,256,100	(70,000,000)	37,747,294,641		11,958,224,200	1,552,885,256	5,515,888	13,269,104,216	24,478,190,425
		(392,703,392)	(313,494,127)						(247,521,128)		

19.1.2 Additions in operating fixed assets included transfer from capital work in progress amounting to Rs. 1,035 million (2019: Rs. 1,492 million).

19.1.3 Transfers to / (from) freehold land and motor vehicles represents transfer of land and vehicles from / (to) investment property and right-of-use assets during the year amounting to Rs. 38.7 million and Rs. 10.5 million (2019: Rs. 0.42 million and Rs. nil) respectively.

19.1.4 Property, plant and equipment of the Group are kept secured with the banks under ranking and joint pari passu charge, for obtaining financing. This charge will exist till 31 January 2027. For details, refer to note 8.

19.1.5 This represents leased assets reclassified to right-of-use assets (refer to note 20).

19.1.6 Reconciliation of beginning balances by classes of assets is as follows:

	Cost					Depreciation & impairment loss					
	As at 01 October 2018	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2019	Rate	As at 01 October 2018	Depreciation for the year	Transfers/(deletions) adjustment during the year	Impairment loss	As at 30 September 2019	Carrying amount as at 30 September 2019
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned											
Freehold land	2,360,601,663	20,808,127	(415,665)	2,380,994,125	–	–	–	–	–	–	2,380,994,125
		–						–			
Factory building on freehold land	2,615,011,366	91,767,593	–	2,706,778,959	10	1,175,666,063	148,623,775	–	17,153,183	1,341,443,021	1,365,335,938
		–						–			
Non-factory building on freehold land	1,041,901,654	229,325	–	1,041,996,010	5-20	348,678,836	35,514,147	–	–	384,156,991	657,839,019
		(134,969)						(35,992)			
Plant and machinery	24,955,684,231	1,005,669,054	459,439,805	26,417,726,192	5-20	6,586,245,903	997,089,671	85,364,059	13,309,217	7,679,975,294	18,737,750,898
		(3,066,898)						(2,033,556)			
Sugarcane roots	673,807,851	445,109,108	–	788,526,285	17	186,871,335	131,421,048	–	–	204,784,368	583,741,917
		(330,390,674)						(113,508,015)			
Motor vehicles	2,037,742,497	45,931,942	23,824,000	2,032,561,880	20	1,371,363,694	202,393,000	13,469,891	1,113,959	1,532,954,580	499,607,300
		(74,936,559)						(55,385,964)			
Electrical installation	178,267,492	9,068,284	–	187,335,776	10	75,548,966	10,870,638	–	–	86,419,604	100,916,172
		–						–			
Office equipment	75,473,085	4,681,416	–	80,113,527	20	47,287,111	6,512,066	–	1,113,633	54,893,836	25,219,691
		(40,974)						(18,974)			
Tools and equipment	82,724,992	5,788,148	–	88,513,140	10-20	31,702,811	5,453,476	–	–	37,156,287	51,356,853
		–						–			
Furniture and fixture	27,747,322	1,578,383	–	29,307,102	10	12,411,138	2,215,734	–	884,233	15,502,113	13,804,989
		(18,603)						(8,992)			
Weighbridge	47,424,436	–	–	47,424,436	10	22,126,429	2,529,800	–	–	24,656,229	22,768,207
		–						–			

	Cost				Rate	Depreciation & impairment loss					Carrying amount as at 30 September 2019
	As at 01 October 2018	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2019		As at 01 October 2018	Depreciation for the year	Transfers/(deletions) adjustment during the year	Impairment loss	As at 30 September 2019	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	170,152,947	–	–	170,152,947	10	84,592,935	8,556,001	–	–	93,148,936	77,004,011
		–						–			
Arms and ammunitions	8,224,057	–	–	8,224,057	10	5,253,198	297,086	–	–	5,550,284	2,673,773
		–						–			
Fire fighting equipment	82,815,232	–	–	82,815,232	20	49,542,131	6,654,620	–	–	56,196,751	26,618,481
		–						–			
Aircraft	624,453,403	249,236,328	–	873,689,731	10-25	252,076,803	51,918,704	–	–	303,995,507	569,694,224
		–						–			
Tube well	9,833,641	340,000	–	10,173,641	10	4,809,532	530,543	–	–	5,340,075	4,833,566
		–						–			
Computers	67,045,989	8,453,683	–	74,827,440	33	38,464,237	10,846,505	–	–	48,739,006	26,088,434
		(672,232)	–					(571,736)			
	35,058,911,858	1,888,661,391	482,848,140	37,021,160,480		10,292,641,122	1,621,426,814	98,833,950	33,574,225	11,874,912,882	25,146,247,598
		(409,260,909)						(171,563,229)			
Leased											
Plant and machinery	459,439,804	–	(459,439,804)	–	5	77,542,770	7,821,289	(85,364,059)	–	–	–
		–						–			
Motor vehicles	217,945,850	119,372,277	(23,824,000)	313,494,127	20	54,393,150	42,388,059	(13,469,891)	–	83,311,318	230,182,809
		–	–					–	–		
	677,385,654	119,372,277	(483,263,804)	313,494,127		131,935,920	50,209,348	(98,833,950)	–	83,311,318	230,182,809
		–						–			
	35,736,297,512	2,008,033,668	(415,664)	37,334,654,607		10,424,577,042	1,671,636,162	–	33,574,225	11,958,224,200	25,376,430,407
		(409,260,909)						(171,563,229)			

19.1.7 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	318.60
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	0.30
Agricultural Land - Punjab (various locations)	Agriculture land	1014.32
Agricultural Land - Sindh (various locations)	Agriculture land	1,078.98

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

	Note	2020 Rupees	2019 Rupees
19.1.8 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	34.1	1,249,318,014	1,299,213,121
Further cost charged on biological assets	34.1.1.1	69,732,241	103,737,445
Administrative expenses	35	46,273,670	60,924,269
Cost incurred on standing crops	37.1.1	187,561,331	207,761,327
		1,552,885,256	1,671,636,162

19.1.9 Detail of disposals of operating fixed assets

The details of operating fixed assets disposed of during the year are as follows:

Description	Particulars of purchaser	Cost	Accumulated depreciation	Net book value	Sales value	Gain	Mode of disposal	Relationship with the Company
		Rupees	Rupees	Rupees	Rupees	Rupees		
Motor vehicles								
Toyota Altis	Ali Saeed	2,195,500	1,569,182	626,318	658,650	32,332	Group policy	Employee
Honda Civic	Abid Ansar	2,438,000	1,863,330	574,670	1,743,000	1,168,330	Negotiation	Other party
		4,633,500	3,432,512	1,200,988	2,401,650	1,200,662		
Assets - written off								
Sugarcane roots		331,175,435	116,925,955	214,249,480	–	–	Group policy	
Others		3,490,807	2,564,988	925,819	–	–	Group policy	
		334,666,242	119,490,943	215,175,299	–	–		
Assets having net book value less than Rs. 500,000		53,403,650	41,286,355	12,117,295	34,354,396	22,237,101		
2020		392,703,392	164,209,810	228,493,582	36,756,046	23,437,763		
2019		409,260,909	171,563,229	237,697,680	48,902,822	28,219,871		

19.2 Capital work in progress

19.2.1 Reconciliation of carrying amounts by classes of assets is as follows:

	Cost					Impairment					Carrying amount as at 30 September 2020
	As at 01 October 2019	Additions / (deletions) during the year	Transfers to operating fixed assets	Classified as held for sale	As at 30 September 2020	As at 01 October 2019	For the year	Reversals during the year	Classified as held for sale	As at 30 September 2020	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Building & civil work	351,117,847	69,440,549 –	(221,248,665)	(184,792,871)	14,516,860	–	–	–	–	–	14,516,860
Plant and machinery	2,044,489,679	155,706,854 (24,118,205)	(523,063,227)	(1,653,015,101)	–	1,109,196,969	–	(14,894,542)	(1,094,302,427)	–	–
Sugarcane roots	–	287,162,464 –	(287,079,904)	–	82,560	–	–	–	–	–	82,560
Electrical installation	3,281,216	– –	(3,281,216)	–	–	–	–	–	–	–	–
Roads and boundary wall	715,193	– –	(715,193)	–	–	–	–	–	–	–	–
Unallocated expense	2,036,775,919	– (26,498,640)	–	(2,010,277,279)	–	2,036,775,919	–	(26,498,640)	(2,010,277,279)	–	–
	4,436,379,855	512,309,867 (50,616,845)	(1,035,388,205)	(3,848,085,251)	14,599,420	3,145,972,888	–	(41,393,182)	(3,104,579,706)	–	14,599,420

	Cost					Impairment					Carrying amount as at 30 September 2019
	As at 01 October 2018	Additions / (deletions) during the year	Transfers to operating fixed assets	Classified as held for sale	As at 30 September 2019	As at 01 October 2018	For the year	Reversals during the year	Classified as held for sale	As at 30 September 2019	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Building & civil work	267,792,959	176,555,915 –	(93,231,027)	–	351,117,847	–	–	–	–	–	351,117,847
Plant and machinery	2,392,958,702	545,921,480 (26,400,206)	(867,990,297)	–	2,044,489,679	919,457,998	189,738,971	–	–	1,109,196,969	935,292,710
Sugarcane roots	11,087,511	434,021,597 –	(445,109,108)	–	–	–	–	–	–	–	–
Motor vehicles	–	30,611,310 –	(30,611,310)	–	–	–	–	–	–	–	–
Electrical installation	–	3,281,216 –	–	–	3,281,216	–	–	–	–	–	3,281,216
Roads and boundary wall	715,193	– –	–	–	715,193	–	–	–	–	–	715,193
Unallocated expense	2,065,655,316	– (28,879,397)	– –	–	2,036,775,919	2,036,775,919	–	–	–	2,036,775,919	–
	4,738,209,681	1,190,391,518 (55,279,603)	(1,436,941,742)	–	4,436,379,854	2,956,233,917	189,738,971	–	–	3,145,972,888	1,290,406,966

19.2.2 Additions to capital work in progress also include borrowing costs of Rs. nil (2019: Rs. 34.64 million) relating to specific borrowings at the rates ranging from 9.44% to 13.53% per annum in 2019.

		Note	2020 Rupees	2019 Rupees
19.3	**Stores, spare parts and loose tools held for capital expenditure**			
	As at 01 October		146,796,394	141,580,936
	Additions during the year		17,062,029	11,367,779
			163,858,423	152,948,715
	Transferred to operating fixed assets		(3,767,560)	(5,066,823)
	Charged to consumption / adjustments		(1,393,183)	(1,085,498)
			(5,160,743)	(6,152,321)
	As at 30 September	19	158,697,680	146,796,394

20 RIGHT-OF-USE ASSETS

	Building Rupees	Land Rupees	Vehicles Rupees	Total Rupees
As at 01 October	–	–	–	–
Impact of adoption of IFRS 16	114,741,212	922,024,372	230,182,809	1,266,948,393
Addition during the year	7,667,179	308,610,175	88,487,100	404,764,454
Deletion during the year	–	(462,019)	–	(462,019)
Transfer to operating fixed assets - net book value	–	–	(5,036,112)	(5,036,112)
Depreciation charged for the year	(38,847,070)	(390,873,378)	(60,032,741)	(489,753,189)
As at 30 September	83,561,321	839,299,150	253,601,056	1,176,461,527
Less: Current maturity presented under current assets	–	–	(19,040,329)	(19,040,329)
	83,561,321	839,299,150	234,560,727	1,157,421,198
Useful life (rate) / lease term	3 to 5 years	3 to 5 years	20%	

20.1 The Group's obligations under vehicles leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options which are further discussed in note 4.5.

20.2 The depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of goods manufactured	34.1	48,475,778	–
Further cost charged on biological	34.1.1.1	5,662,148	-
Administrative expenses	35	38,847,070	–
Cost incurred on standing crops	37.1.1	396,768,193	–
		489,753,189	–

21 INVESTMENT PROPERTY

	2020 Rupees	2019 Rupees
Balance as at 01 October	219,015,262	218,599,597
Purchased during the year	5,542,850	–
Transferred (to) / from operating fixed assets	(38,704,100)	415,665
Balance as at 30 September	185,854,012	219,015,262

21.1 Investment property represents agricultural land measuring 400.71 acres (2019: 486.68 acres) situated at various locations of Tehsil Sadiqabad, District Rahim Yar Khan given on operating lease having the fair value of Rs. 345 million (2019: Rs. 380 million) as at 30 June 2019. The value of investment property was determined by approved external, independent property valuer i.e. Hamid Mukhtar and Co. (Pvt.) Limited by using the market comparable method and categorise as level 2 fair value. The most significant input in this valuation approach is price / rate per acre in particular locality. The management foresee, there is no significant change since last valuation.

21.2 Forced sale value of the investment property has been assessed as Rs. 276 million (2019: Rs. 304 million).

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

	2020 Rupees	2019 Rupees
Less than one year	7,763,875	10,530,999
More than one year	–	7,513,875
	7,763,875	18,044,874

22 INTANGIBLES

	Note	2020 Rupees	2019 Rupees
Goodwill	22.1	608,310,693	608,310,693
Oracle computer software	22.2	6,485,289	8,537,896
		614,795,982	616,848,589
22.1 Goodwill			
As at 01 October		608,310,693	1,063,350,995
Less: Impairment charge for the year	22.1.2	–	(455,040,302)
As at 30 September		608,310,693	608,310,693

22.1.1 Goodwill on United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited

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 Holding Company. For impairment testing, the recoverable amount of both cash generating unit is determined based on value in use calculation which uses cash flow projections covering a five year period using the average discount rate of 20.49% per annum (2019: 23.24% per annum). The calculation of value in use is sensitive to discount rate and local inflation rates. Management's key assumptions include stable profit margins, based on past experience in this market. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry. Based on this calculation, no impairment is required to be accounted for against the carrying amount of goodwill.

22.1.2 Goodwill on Faruki Pulp Mills Limited - FPML

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, the management had estimated the recoverable amount of the underlying assets and liabilities of FPML, which resulted in impairment of Rs. 455.04 million which had been charged to FPML goodwill in pervious year.

Fair value hierarchy

The recoverable amount of the FPML was based on fair value less costs of disposal. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

Valuation techniques used to derive fair values of the underlying assets

The key assumptions which were used in previous year for estimation of the recoverable amount are set out below.

	Carrying Value Rupees	Recoverable amount Rupees	Valuation technique used
Net current assets	54,744,937	54,744,937	The carrying amount is assumed to approximate the fair value as these are reported at amounts not less than those at which these are expected to be recovered.
Property, plant and equipment	1,205,073,590	527,466,708	Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment.
	1,259,818,527	582,211,645	

The fair value of plant, machinery and ancillary equipment is based on depreciated replacement cost approach taking into account the prevailing market value of identified items and net realizable value assets grouped according to machinery class, adjusted against depreciation, price indices and exchange differences on imported assets. The fair value of building and civil work is based on depreciated replacement cost approach taking into account the construction features and measurements of built area involved.

The following table summarizes the quantitative and qualitative information about the significant unobservable inputs used in fair value measurements.

Description	Significant unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings and civil works	Cost of construction of a similar building and structure.	The prevailing market rate of construction has been determined by taking into account the finishes required in wood pulp manufacturing industry.
	Straight line depreciation applied for usage from date of construction. Forced sale value used since FPML is liquidating its assets	The versatility and general conditions of the building have been used to estimate the straight line basis of depreciation of the building.
Plant and machinery and ancillary equipment	Cost of acquisition of similar machinery with similar level of technology.	The market value has been determined by using cost of acquisition of similar plant and machinery with similar level or technology and applying a suitable depreciation factor based on remaining useful lives of plant and equipment.
	Straight line depreciation rate to arrive at depreciated replacement value. Forced sale value used since FPML is liquidating its assets.	The higher the cost of acquisition of similar machinery, the higher the fair value of plant and equipment. Furthermore, higher the depreciation rate, the lower the fair value of items.

		Note	2020 Rupees	2019 Rupees
22.2	**Oracle computer software**			
	Cost		22,747,279	22,747,279
	Accumulated amortization			
	As at 01 October		14,209,383	12,150,432
	Amortization for the year	35	2,052,607	2,058,951
			16,261,990	14,209,383
	As at 30 September		6,485,289	8,537,896
	Rate of amortization		10%	10%

	Note	2020 Rupees	2019 Rupees
23 LONG TERM INVESTMENTS			
Kathai-II Hydro (Private) Limited ("KHL")	23.1	–	–
JDW Power (Private) Limited ("JDWPL")	23.2	–	–
		–	–
Less: Classified under current assets			
as short term investments			
JDW Power (Private) Limited ("JDWPL")	23.2	–	–
Classified under non-current assets		–	–

		Note	2020 Rupees	2019 Rupees
23.1	**Kathai-II Hydro (Private) Limited ("KHL")**			
	250 (2019: nil) fully paid shares of Rs. 10 each			
	Equity held 20% (2019: nil%)		2,500	–
	Share of loss for the year		(2,500)	–
	Balance as at 30 September	23.1.1	–	–

23.1.1 Equity method has been applied on audited financial statements for the year ended 30 June 2020. Post acquisition reserves restricted to the cost of investment, therefore share of loss amounted to Rs. 105,855 for the year has not taken under equity method.

		Note	2020 Rupees	2019 Rupees
23.2	**Investment in associated companies - unquoted**			
	JDW Power (Private) Limited ("JDWPL")			
	9,000,000 (2019: 9,000,000) fully paid shares of Rs. 10 each			
	Equity held 47.37% (2019: 47.37%)		90,000,000	90,000,000
	Less: Accumulated impairment allowance		(90,000,000)	(90,000,000)
	Balance as at 30 September	23.2.1	–	–

23.2.1 On 11 July 2019 the shareholders of JDWPL through an extra ordinary general meeting passed a resolution for the winding up of JDWPL, subsequently management of the JDWPL has applied to Securities and Exchange Commission of Pakistan (SECP) for the approval of winding up.

24 LONG TERM DEPOSITS

These also include security deposits with conventional banks and Islamic financial institution in respect of leasing facilities availed against right-of-use assets amounting to Rs. 16 million and Rs. 30.88 million (2019: Rs. 14.42 million and Rs. 21.4 million) respectively. This also includes an advance amounting to Rs. 4.54 million (2019: 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 (2019: Rs. 4.54 million). These deposits do not carry any interest or markup.

25 BIOLOGICAL ASSETS

		2020							
		Standing sugarcane crop	Wheat	Rhodes grass	Guar	Mustard	Rice	Others	Total
	Note	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		2,013,074,325	–	–	–	–	–	5,878,538	2,018,952,863
Further cost charged during the year	34.1.1.1	803,432,853	28,718,372	60,805,727	–	1,313,640	–	–	894,270,592
Fair value gain on initial recognition of agricultural produce	34.1.1	344,368,355	17,290,830	(26,546,483)	–	(464,321)	–	–	334,648,381
Decrease due to harvest		(3,161,057,406)	(47,140,910)	(34,344,586)	–	(2,934,334)	–	–	(3,245,477,236)
Cost incurred on standing crops	37.1.1	1,662,962,002	955,781	–	–	1,408,533	1,387,860	–	1,666,714,176
Transferred to capital work in progress		–	–	–	–	–	–	(2,394,600)	(2,394,600)
Other changes		181,874	1,131,708	85,342	–	2,085,014	–	(3,483,938)	–
Net fair value gain on biological assets	37	153,401,804	–	–	–	–	–	–	153,401,804
At the end of the year at fair value		1,816,363,807	955,781	–	–	1,408,532	1,387,860	–	1,820,115,980

		2019							
		Standing sugarcane crop	Wheat	Rhodes grass	Guar	Mustard	Rice	Others	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
At the beginning of the year at fair value		1,983,490,606	38,110,114	–	3,106,308	–	–	–	2,024,707,028
Further cost charged during the year	34.1.1.1	804,817,096	37,177,592	73,052,340	484,605	1,636,670	–	–	917,168,303
Decrease due to harvest		(2,788,307,702)	(75,287,706)	(73,052,340)	(3,590,913)	(1,636,670)	–	–	(2,941,875,331)
Cost incurred on standing crops	37.1.1	2,011,677,554	–	–	–	–	–	5,878,538	2,017,556,092
Net fair value gain on biological assets	37	1,396,771	–	–	–	–	–	–	1,396,771
At the end of the year at fair value		2,013,074,325	–	–	–	–	–	5,878,538	2,018,952,863

25.1 Measurement of fair values

25.1.1 Fair value hierarchy

In absence of active market for standing sugarcane crop, the fair value measurement for the standing sugarcane crop has been categorised as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined by independent professional valuer, Medallion Services (Pvt.) Limited as at 30 September 2020 on the basis of a discounted cash flow model. The valuation model considers the present value of the net cash flows expected to be generated by the standing sugarcane crop at maturity, in its most relevant market, and includes the potential biological transformation and related risks associated with the asset. The cash flow projections include specific estimates for next year which mainly include crop's expected yield and projected production costs and costs to sell. The expected cash flows are discounted using a risk adjusted discount rate. The fair value estimation of the Holding Company's biological assets was not materially impacted by the COVID-19 pandemic.

25.1.2 Valuation techniques and significant unobservable inputs

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

	Unit	2020	2019
Valued plantations (Actual)			
- Punjab Zone	Acres	10,291	11,698
- Sindh Zone	Acres	11,128	11,368
Projected production costs and costs to sell			
- Punjab Zone	Acres	62,140	54,620
- Sindh Zone	Acres	64,567	64,069
Estimated yield per acre			
- Punjab Zone	Maunds	776	802
- Sindh Zone	Maunds	796	867
Harvest age	Months	12 - 14	12 - 14
Estimated future sugarcane market price per maund			
- Punjab Zone	Rupees	200	190
- Sindh Zone	Rupees	202	192
Risk - adjusted discount rate	% per month	0.91%	1.35%

Cost of biological assets other than standing sugarcane crop of Rs. 3.75 million (2019: Rs. 5.87 million) is considered to approximate their respective fair value less costs to sell 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) 2020 Rupees	Increase / (Decrease) 2019 Rupees
Decrease of 10% in expected average yield per acre	(296,633,564)	(318,024,423)
Decrease of 10% in expected average selling price per maund	(311,839,470)	(331,454,367)
Increase of 10% in discount rate	(9,102,870)	(8,724,542)

25.3 Risk management strategy related to agricultural activities

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

Regulatory and environmental risks

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

Climate and other risks

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

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

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

The Group is principally dependent upon the Government's measures for flood control. The Group follows an effective preventive pesticide / insecticide / fungicide program, 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.

	Note	2020 Rupees	2019 Rupees
26 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores			
- Sugar		872,406,130	814,737,693
- Co-Generation Power		134,897,835	101,380,402
- Corporate Farms		403,217,111	388,864,061
		1,410,521,076	1,304,982,156
Spare parts			
- Sugar		517,937,288	568,934,875
- Co-Generation Power		90,859,738	93,639,685
		608,797,026	662,574,560
Loose tools			
- Sugar		107,294,492	43,731,723
- Co-Generation Power		31,681,576	12,857,506
		138,976,068	56,589,229
		2,158,294,170	2,024,145,945
Less: Provision for obsolescence	26.1	(379,310,598)	(240,492,506)
		1,778,983,572	1,783,653,439

26.1 This includes reversals of Rs. 22.15 million (2019: Rs. 7.42 million) which is included in cost of goods manufactured.

26.2 Stores, spare parts and loose tools was pledged as security against short term borrowings (for details, refer to note 13).

	Note	2020 Rupees	2019 Rupees
27 STOCK-IN-TRADE			
Sugar	27.1	4,392,665,631	11,569,358,473
Bagasse		316,448,358	549,822,820
		4,709,113,989	12,119,181,293

27.1 The closing stock of sugar net of 10% to 25% margin having carrying value of Rs. 3,744 million (2019: Rs. 11,167 million) has been pledged against cash finance obtained from commercial and Islamic banks, (for details, refer to note 13).

	Note	2020 Rupees	2019 Rupees
28 TRADE RECEIVABLES			
Considered good			
- Local	28.1	8,742,611,307	8,320,068,847
- Exports		–	33,386,189
		8,742,611,307	8,353,455,036
Considered doubtful - local		57,584,275	39,203,083
		8,800,195,582	8,392,658,119
Less: Impairment allowance	46.1.1	(57,584,275)	(39,203,083)
		8,742,611,307	8,353,455,036

28.1 This includes Rs. 7,266.54 million (2019: Rs. 5,161.61 million) receivable from CPPA-G on account of sale of electricity under Energy Purchase Agreements. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements.

28.1.1 During the previous year, the Holding Company had filed a Writ Petition No. 1298 dated 04 April 2019 against CPPA-G's decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices (fixed energy) of the Holding Company based on its interpretation of the Upfront Tariff for New Bagasse Based Co-Generation Power Projects dated 29 May 2013 (2013 Upfront Tariff) determined by the NEPRA as opted by and applied to the Holding Company.

On the basis of independent legal advice obtained by the Holding Company, the said deduction was in direct conflict with and in contravention of express provisions of the Policy for Development of Renewable Energy for Power Generation Employing Small Hydro, Wind, and Solar Technologies, 2006, the Framework for Power Co-generation, 2013, the 2013 Upfront Tariff, EPA and as well as the regulatory powers and functions of NEPRA under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. The matter was referred to NEPRA by CPPA-G which was dismissed by NEPRA as being devoid of merit and mere a afterthought.

The petition is currently pending adjudication before the Honorable Islamabad High Court. The management and legal advisors are of the opinion that the position of the Holding Company in respect of aforementioned matters is sound on technical basis and eventual outcome is expected to be in favour of the Holding Company. Pending the resolution of the matters stated above, no provision has been made in these consolidated financial statements.

	Note	2020 Rupees	2019 Rupees
29 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Short term advances	29.1	600,000,000	630,000,000
Advances to suppliers and contractors	29.2	444,558,852	373,336,293
Advances to growers	29.3	192,795,025	95,509,497
Prepaid expenses		29,953,535	38,133,878
Deposits		24,884,105	7,238,250
Advances to staff	29.4	17,741,913	28,045,653
Sales tax		–	96,636,478
Sugar export subsidy	29.5	–	454,372,590
Other receivables	29.6	15,419,214	25,958,681
		1,325,352,644	1,749,231,320

29.1 The Subsidiary Company 'DSML' has entered into an agreement with JK Sugar Mills (Pvt.) Ltd. to provide the short term un-secured advance up to aggregate amount to Rs. 1 billion (2019: Rs. 1 billion), for period of one year. This is receivable as and when funds were available with JK Sugar Mills (Pvt.) Ltd. or upon demand of the DSML, provided that the entire outstanding principal amount reduced to zero by the end of term. Mark up is receivable quarterly at the average borrowing rate of the DSML ranging from 8.05% to 14.86% per annum (2019: 9.44% to 13.53% per annum).

		Note	2020 Rupees	2019 Rupees
29.2	**Advances to suppliers and contractors**			
	- Considered good		444,558,852	373,336,293
	- Considered doubtful		67,682,920	48,848,997
			512,241,772	422,185,290
	Less: Provision for doubtful advances		(67,682,920)	(48,848,997)
			444,558,852	373,336,293
29.3	**Advances to growers**			
	- Considered good		192,795,025	95,509,497
	- Considered doubtful		4,937,966	4,937,966
			197,732,991	100,447,463
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
		29.3.1	192,795,025	95,509,497

29.3.1 This represents advances provided to various sugarcane growers in the form of cash, seeds and agri-implements. These carry interest rates ranging from 12% to 17% per annum and will be adjusted against sugarcane payment in forthcoming crushing season.

		Note	2020 Rupees	2019 Rupees
29.4	**Advances to staff**			
	- against salaries		5,489,961	12,712,573
	- against expenses		12,251,952	15,333,080
		29.4.1	17,741,913	28,045,653

29.4.1 These represent advances given to staff as in accordance with the Group's policy.

		2020 Rupees	2019 Rupees
29.5	**Sugar export subsidy**		
	Considered good	–	454,372,590
	Considered doubtful	498,333,090	43,800,000
		498,333,090	498,172,590
	Less: Allowance for Expected Credit Loss	(498,333,090)	(43,800,000)
		–	454,372,590
29.6	**Other receivables**		
	Considered good	15,419,214	25,958,681
	Considered doubtful	3,596,334	7,052,647
		19,015,548	33,011,328
	Less: Allowance for Expected Credit Loss	(3,596,334)	(7,052,647)
		15,419,214	25,958,681

	Note	2020 Rupees	2019 Rupees
30 CASH AND BANK BALANCES			
At banks:			
Current accounts			
- Balance with conventional banks		279,733,002	98,367,966
- Balance with Islamic banks		32,131,162	7,786,260
		311,864,164	106,154,226
Saving accounts			
- Deposits with conventional banks	30.1	384,683	35,879,654
		312,248,847	142,033,880
Cash in hand		5,755,225	3,719,527
		318,004,072	145,753,407

30.1 The deposits in saving accounts carry mark-up ranging from 5.5% to 11.25% per annum (2019: 6.5% to 11.25% per annum).

31 ASSETS / (LIABILIITIES) CLASSIFIED AS HELD FOR SALE

Board of Directors of the Subsidiary Company 'FPML' through an extraordinary general meeting held on 25 March 2020, resolved to dispose of its property, plant and equipment either in parts or in their entirety to the prospective buyers after due process.

As at 30 September 2020, the disposal group is stated at lower of carrying value or fair value less cost to sell i.e. carrying value which comprised of the following assets and liabilities:

	Note	2020 Rupees	2019 Rupees
Disposal group			
Operating assets	19.1	70,000,000	–
Capital work-in-progress - net		743,505,546	–
Advances, deposits, prepayments and other receivables		94,687,500	–
Cash and bank balances	41.3	56,283,806	–
Assets held for sale		964,476,852	–
Trade and other payables		34,009,370	–
Provision for tax		4,957,868	–
Liabilities held for sale		38,967,238	–
Net assets		925,509,614	–

	Note	2020 Rupees	2019 Rupees
32 NON-CONTROLLING INTEREST - NCI			
NCI percentage		41.10%	41.10%
Net assets	31	925,509,614	915,674,771
Net assets attributable to NCI		380,384,451	376,342,331

		Note	2020 Rupees	2019 Rupees
33	**REVENUE FROM CONTRACTS WITH CUSTOMERS**			
	Disaggregation of revenue based on:			
33.1	**Segments**			
	Sugar			
	Sugar	33.1.1	48,892,318,805	50,424,975,525
	Molasses - by product	33.1.2	4,271,772,925	2,744,647,573
	Agri Inputs		1,995,460,466	2,601,450,645
	Bagasse - by product		262,768,744	457,463,960
			55,422,320,940	56,228,537,703
	Co-Generation Power	33.1.3	3,897,802,789	4,550,942,155
	Corporate Farms	33.1.4	121,130,705	166,921,891
			59,441,254,434	60,946,401,749
33.1.1	**Sugar**			
	Local		48,733,218,980	43,255,073,157
	Export	33.1.1.1	159,099,825	7,169,902,368
			48,892,318,805	50,424,975,525

33.1.1.1 This includes sugar export subsidy of Rs. nil (2019: Rs. 558.35 million).

		2020 Rupees	2019 Rupees
33.1.2	**Molasses - by product**		
	- Sale under DTRE (Duty & Tax Remission for Exporters)	3,999,924,600	2,689,379,455
	- Others	271,848,325	55,268,118
		4,271,772,925	2,744,647,573
33.1.3	**Co-Generation Power**		
	Variable energy price	1,955,113,862	2,357,686,219
	Fixed energy price	1,942,688,927	2,193,255,936
		3,897,802,789	4,550,942,155
33.1.4	**Corporate Farms**		
	Sugarcane seed and others	121,130,705	166,921,891
33.2	**Geographic (foreign markets)**		
	Asia	159,099,825	7,169,902,368
33.3	**Timing of revenue recognition**		
	Products transferred at a point in time	55,543,451,645	56,395,459,594
	Products transferred over time	3,897,802,789	4,550,942,155
		59,441,254,434	60,946,401,749

33.4 Revenue from contracts with customers included Rs. 9,532.6 million (2019: Rs. 7,798.4 million) that was included in contract liabilities at the beginning of the year.

	Note	2020 Rupees	2019 Rupees
34 COST OF REVENUE			
Opening stock-in-trade		12,119,181,293	24,252,933,912
Add: Cost of goods manufactured	34.1	43,483,543,032	41,512,441,984
Add: Freight and other costs related to contracts		22,030,185	235,848,273
		55,624,754,510	66,001,224,169
Less: Closing stock			
- Sugar		(4,392,665,631)	(11,569,358,473)
- Bagasse		(316,448,358)	(549,822,820)
		(4,709,113,989)	(12,119,181,293)
		50,915,640,521	53,882,042,876

	Note	2020 Rupees	2019 Rupees
34.1 Cost of goods manufactured			
Cost of crops consumed			
(including procurement and other costs)	34.1.1	35,006,073,420	32,274,032,092
Salaries, wages and other benefits	34.1.2	2,938,827,263	2,662,587,533
Cost of agri inputs		1,661,026,049	2,210,949,035
Depreciation of operating fixed assets	19.1.8	1,249,318,014	1,299,213,121
Stores and spare parts consumed		522,201,542	882,309,302
Packing materials consumed		361,398,946	425,740,324
Chemicals consumed		279,061,808	285,434,723
Operation and maintenance costs	34.1.3	241,361,659	247,328,907
Sugarcane roots written off	19.1.9	214,249,480	216,882,659
Cost of bagasse consumed		171,960,539	245,425,264
Provision for obsolescence		138,818,092	71,200,794
Electricity and power		133,604,342	92,070,339
Vehicle running expenses		124,620,002	149,909,156
Insurance		92,027,265	91,040,639
Oil, lubricants and fuel consumed		62,375,682	99,019,842
Depreciation of right-of-use assets	20.2	48,475,778	–
Mud and bagasse shifting expenses		37,742,296	45,371,281
Repairs and maintenance		33,976,434	99,821,621
Handling and storage		31,907,123	42,418,259
Printing and stationery		11,342,320	14,060,476
Freight and octroi		9,135,424	25,332,339
Telephone and fax		7,837,837	7,313,033
Initial land preparation		3,364,520	–
Travelling and conveyance		1,742,163	2,311,496
Assets written off	19.1.9	925,819	132,070
Operating lease rentals		–	635,171
Other expenses		100,169,215	21,902,508
		43,483,543,032	41,512,441,984

		Note	2020 Rupees	2019 Rupees
34.1.1	**Cost of crops consumed**			
	Sugarcane purchased		31,455,702,479	29,127,812,665
	Cost of harvested crops			
	Fair value of standing crops transferred to profit or loss	37.1	2,018,952,863	2,024,707,028
	Fair value gain on initial recognition of agricultural produce	25 & 37	334,648,381	–
	Further cost charged	34.1.1.1	1,199,164,297	1,121,512,399
			3,552,765,541	3,146,219,427
	Less: cost transferred to capital work in progress		(2,394,600)	–
			35,006,073,420	32,274,032,092
34.1.1.1	**Further cost charged**			
	Salaries, wages and other benefits	34.1.1.1.1	244,618,470	228,600,324
	Fuel expenses		151,333,132	149,457,127
	Repairs and maintenance		140,644,329	157,397,539
	Harvesting expense		114,362,792	74,028,598
	Irrigation expenses		72,280,748	93,027,254
	Depreciation of operating fixed assets	19.1.8	69,732,241	103,737,445
	Fertilizer expenses		28,249,169	24,701,619
	Vehicle running expenses		21,476,358	19,230,030
	Bio-laboratory expenses		15,254,699	12,780,196
	Pesticide and herbicide expenses		8,323,356	3,886,015
	Depreciation of right-of-use assets	20.2	5,662,148	–
	Seed expenses		4,034,242	13,927,988
	Insurance		3,007,035	2,591,063
	Land rentals		–	24,696,637
	Others		15,291,873	9,106,468
	Cost charged to biological assets	25	894,270,592	917,168,303
	Transportation expenses		426,032,883	423,334,452
	Road cess		7,681,607	8,271,234
	Less: Own seed consumption		(128,820,785)	(227,261,590)
			304,893,705	204,344,096
		34.1.1	1,199,164,297	1,121,512,399

34.1.1.1.1 Salaries, wages and other benefits include Rs. 5.8 million (2019: Rs. 6.3 million) in respect of contribution towards provident fund.

34.1.2 Salaries, wages and other benefits includes contribution to provident fund of Rs. 67.78 million (2019: Rs. 59.59 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 20.42 million (2019: Rs. 14.74 million).

		2020 Rupees	2019 Rupees
34.1.3	**Operation and maintenance costs**		
	Reimbursable cost	197,212,159	194,815,407
	Operating fee	44,149,500	52,513,500
		241,361,659	247,328,907

		Note	2020 Rupees	2019 Rupees
35	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	35.1	1,409,225,436	1,030,322,458
	Charity and donations	35.2	98,600,000	54,656,500
	Legal and professional services		93,366,062	29,486,053
	Repairs and maintenance		46,381,712	26,932,371
	Depreciation of operating fixed assets	19.1.8	46,273,670	60,924,269
	Depreciation of right-of-use assets	20.2	38,847,070	–
	Travelling and conveyance		36,770,854	32,331,343
	Vehicle running and maintenance		34,124,713	32,336,245
	Insurance		19,899,503	14,163,331
	Subscription and renewals		19,141,203	15,877,620
	Fee and taxes		15,388,579	13,468,914
	Printing and stationery		12,089,263	10,957,553
	Telephone, fax and postage		10,092,436	12,107,731
	Electricity and power		9,674,593	11,599,930
	Auditors' remuneration	35.3	6,897,700	6,933,300
	Entertainment		6,739,409	4,941,730
	Office rent and renovation		5,289,150	48,992,414
	Amortization of intangible asset	22.2	2,052,607	2,058,951
	Advertisement		538,720	923,594
	Newspapers, books and periodicals		273,617	266,095
	Other expenses		13,805,042	2,881,511
			1,925,471,339	1,412,161,913

35.1 Salaries, wages and other benefits includes contribution to provident fund of Rs. 29.78 million (2019: Rs. 24.60 million) and expense recognized in respect of defined benefit gratuity fund of Rs. 8.75 million (2019: Rs. 6.32 million).

		Note	2020 Rupees	2019 Rupees
35.2	**Donations for the year have been given to:**			
	- Tareen Education Foundation		56,500,000	40,300,000
	- Lodhran Pilot Project		37,000,000	11,000,000
	- Special Education and Training Centre		2,000,000	2,000,000
	- Others	35.2.1	3,100,000	1,356,500
			98,600,000	54,656,500

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.

35.2.1 Others include donations paid to various institutions. The aggregate amount paid to a single institution is less than Rs. 1 million.

		2020 Rupees	2019 Rupees
35.3	**Auditors' remuneration**		
	Riaz Ahmad Saqib Gohar & Co.		
	Auditors's of JDWSML, DSML, SPL & GPL		
	Statutory audit	4,525,000	710,000
	Half yearly review	600,000	–
	Out of pocket expenses	85,000	35,000
	Other certificates	555,600	–
	Tax advisory services	799,600	372,800
	Others	332,500	210,500
		6,897,700	1,328,300
	KPMG Taseer Hadi & Co.		
	Auditors's of Holding Company		
	Statutory audit	–	3,750,000
	Half yearly review	–	500,000
	Other certificates	–	515,000
	Out of pocket expenses	–	275,000
		–	5,040,000
	A.F. Ferguson & Co.		
	Auditors's of FPML		
	Statutory audit	500,000	500,000
	Out of pocket expenses	25,000	65,000
		525,000	565,000
	Less: Classified under discontinued operations	(525,000)	–
		6,897,700	6,933,300

		Note	2020 Rupees	2019 Rupees
36	**SELLING EXPENSES**			
	Salaries, wages and other benefits	36.1	42,853,074	44,172,698
	Other selling expenses		23,213,144	24,277,268
			66,066,218	68,449,966

36.1 Salaries, wages and other benefits includes Rs. 0.69 million (2019: Rs. 0.60 million) in respect of contribution towards provident fund.

	Note	2020 Rupees	2019 Rupees
37 OTHER INCOME			
Income from financial assets			
Mark-up on advances to JK Sugar Mills (Pvt.) Ltd.		77,026,568	32,640,189
Mark-up on delayed payment from CPPA-G		58,219,947	–
Interest income on bank deposits		520,696	744,868
Foreign exchange gain		–	279,050,583
		135,767,211	312,435,640
Income from non-financial assets			
Fair value gain on initial recognition of agricultural produce	34.1.1	334,648,381	–
Sale of mud		231,491,918	175,747,491
Net fair value gain on biological assets	37.1	153,401,804	1,396,771
Scrap sales		70,215,695	106,525,725
Gain on disposal of operating fixed assets	19.1.9	23,437,763	28,219,871
Rental income from investment property		11,521,504	11,544,601
Mark-up on advances to growers		4,289,825	–
Reversal of prior period provision of WWF		–	6,132,313
Insurance claim		–	15,300,000
Liabilities no longer payable		–	3,052,249
Others		3,638,114	1,240,392
		832,645,004	349,159,413
		968,412,215	661,595,053

		Note	2020 Rupees	2019 Rupees
37.1	**Net fair value gain on biological assets**			
	Fair value of standing crops		1,820,115,980	2,018,952,863
	Cost incurred on standing crops	25 & 37.1.1	(1,666,714,176)	(2,017,556,092)
			153,401,804	1,396,771
37.1.1	**Cost incurred on standing crops**			
	Depreciation of right-of-use assets	20.2	396,768,193	–
	Fertilizer expenses		260,896,659	269,209,896
	Irrigation expenses		228,844,166	322,495,335
	Salaries, wages and other benefits	37.1.1.1	193,601,575	196,040,500
	Pesticide and herbicide expenses		187,677,846	160,845,297
	Depreciation of operating fixed assets	19.1.8	187,561,331	207,761,327
	Repairs and maintenance		95,255,310	83,977,326
	Fuel expenses		74,229,395	67,260,226
	Vehicle running expenses		14,347,492	17,237,302
	Bio-laboratory expenses		13,773,339	13,773,997
	Insurance		2,140,445	2,966,018
	Land rentals		–	666,764,933
	Others		11,618,425	9,223,935
			1,666,714,176	2,017,556,092

37.1.1.1 Salaries, wages and other benefits include Rs. 5.7 million (2019: Rs. 5.4 million) in respect of contribution towards provident fund.

	Note	2020 Rupees	2019 Rupees

38 OTHER EXPENSES

	Note	2020 Rupees	2019 Rupees
Impairment allowance against sugar export subsidy		454,533,090	43,800,000
Worker's Profit Participation Fund	15.2	153,367,056	67,793,471
Workers' Welfare Fund	15.3	58,279,481	20,280,971
Provision for doubtful advances		21,651,571	21,427,578
Impairment allowance against trade / other receivables		18,381,192	7,052,647
Foreign exchange loss		8,839,481	–
Bad debts written off		1,192,197	–
Loss on disposal of operating fixed assets		–	28,985,416
Impairment against investment in FPML		–	223,313,196
Impairment loss recognised on Goodwill	22.1.2	–	455,040,302
Prior period adjustments of WWF		–	33,967,768
Export subsidy - written off		–	13,094,320
		716,244,068	914,755,669

39 FINANCE COST

	Note	2020 Rupees	2019 Rupees
Mark-up based loans from conventional banks / financial institutions			
- Short term borrowings - secured		1,480,000,246	1,776,393,424
- Long term finances - secured		1,242,266,103	973,548,134
- Interest expense for leasing arrangements		190,947,774	16,786,609
		2,913,214,123	2,766,728,167
Islamic mode of financing			
- Short term borrowings - secured		637,264,635	759,531,447
- Long term finances - secured		316,485,114	595,097,900
		953,749,749	1,354,629,347
Workers' Profit Participation Fund	15.2	5,458,531	–
Markup on short term advance from provident fund		16,043,425	–
Amortization of transaction cost	8	5,849,531	–
Bank charges and commission		50,780,731	43,799,650
		78,132,218	43,799,650
Less: Amortization of deferred Government grant	12	(13,583,261)	–
Less: Borrowing costs capitalized	19.2.2	–	(34,643,843)
		(13,583,261)	(34,643,843)
		3,931,512,829	4,130,513,321

40 TAXATION

	2020 Rupees	2019 Rupees
Income tax	878,768,464	771,453,853
Deferred tax	411,643,952	(1,040,602,902)
Agriculture tax	5,907,647	–
	1,296,320,063	(269,149,049)

40.1 Relationship between tax expense and accounting profit before tax

Numerical reconciliation between tax expense and accounting profit

	Note	2020 Rupees	2019 Rupees
Profit before taxation		–	1,200,073,057
Tax at 29% (2019: 29%)		–	348,021,187
Tax effect of:			
- tax credits on BMR		–	(98,526,800)
- not adjustable for tax purposes		–	(69,103,391)
- income under final tax regime (FTR)		–	93,009,348
- minimum tax		–	775,999,476
- assets not recognized on tax losses		–	(125,734,953)
- deferred tax asset recognized on tax losses		–	(1,196,024,927)
- others		–	3,211,011
	40.2	–	(269,149,049)

40.2 The provision for current taxation represents the minimum tax and final tax liabilities under section 113 and 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation for current year has not been prepared and presented.

40.3 The two new high-pressure Co-Generation Power plants had 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.

40.4 For tax contingencies, refer to note 18.1.1 to 18.1.12.

41 PROFIT FROM DISCONTINUED OPERATIONS

	Note	2020 Rupees	2019 Rupees
41.1 Results of discontinued operations			
Revenue		13,188,668	–
Expense		(3,110,269)	–
Results from operating activities		10,078,399	–
Taxation		(243,558)	–
Results from operating activities, net of tax		9,834,841	–
41.2 Allocation of profit between owners of the Holding Company and NCI			
Profit from discontinued operations		9,834,841	–
Owners of the Holding Company		5,792,721	–
Non-controlling interest		4,042,120	–
		9,834,841	–
41.3 Cash flows used in discontinued operations			
Cash and cash equivalents at beginning of the year		41,012,301	–
Net cash used in operating activates		(2,230,719)	–
Net cash from investing activities		17,502,224	–
Net cash flows for the year		15,271,505	–
Cash and cash equivalents at end of the year	31	56,283,806	–

		2020	2019
42 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit from continuing operations	**Rupees**	1,558,409,111	1,469,222,106
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic earnings per share	**Rupees**	26.07	24.58
Profit from discontinued operations	**Rupees**	5,792,721	–
Weighted average number of ordinary shares	**Numbers**	59,776,661	–
Basic earnings per share	**Rupees**	0.10	–

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

	Note	2020 Rupees	2019 Rupees
43 CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,854,729,174	1,200,073,057
Adjustments for non-cash income and expenses:			
Finance cost	39	3,931,512,829	4,130,513,321
Depreciation of operating fixed assets		1,567,606,006	1,719,618,717
Impairment allowance against sugar export subsidy		454,533,090	–
Assets written off	19.1.9	215,175,299	217,014,729
Workers' Profit Participation Fund	15.2	153,367,056	67,793,471
Staff retirement benefits		140,487,678	135,788,773
Provision for obsolescence		138,818,092	71,200,794
Depreciation of right-of-use assets		92,984,996	–
Workers' Welfare Fund	15.3	58,279,481	54,248,739
Provision for doubtful trade receivables / advances		40,032,763	72,280,225
Foreign exchange loss / (gain)	37 & 38	8,839,481	(279,050,583)
Amortization of transaction cost	8	5,849,531	–
Amortization of intangibles	22.2	2,052,607	2,058,951
Share of loss of associate		2,500	–
Impairment allowance on investment in FPML		–	223,313,196
Prior year adjustment of Workers' Welfare Fund		–	(6,132,313)
Goodwill written off		–	455,040,302
Fair value gain on initial recognition of agricultural produce		(334,648,381)	–
Fair value gain on biological assets		(153,401,804)	(1,396,771)
Interest income		(140,057,036)	(33,385,057)
Gain on disposal of operating fixed assets	37	(23,437,763)	(28,219,871)
		6,157,996,425	6,800,686,623
		9,012,725,599	8,000,759,680
Working capital changes:			
Trade receivables		(360,782,982)	(1,818,312,847)
Stores, spare parts and loose tools		(272,723,575)	(275,140,597)
Biological assets		1,068,934,511	7,150,936
Advances, deposits, prepayments and other receivables		(157,371,930)	1,764,520,269
Stock-in-trade		7,410,067,304	12,133,752,619
Trade and other payables		(343,233,240)	427,680,456
Advances from customers		(5,314,004,585)	992,114,852
		2,030,855,503	13,231,765,688
Cash generated from operations		11,043,611,102	21,232,525,368

44 BUSINESS SEGMENT INFORMATION

44.1 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 Power	Generation and sale of electricity to CPPA-G.
Corporate Farms	Managing corporate farms for cultivation of sugarcane and the small quantity of other crops.
Others	Project under construction for manufacture / generation and sale of wood pulp and electricity. However, during the year operation of paper pulp classified as disposal group (for details, refer to note 31).

44.2 Information regarding the Group's reportable segments from continuing operations are presented below:

	Sugar		Co-Generation segment		Corporate Farms segment		Others		Inter segment reconciliation		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
44.2.1 Segment revenues & results												
Net external revenues	55,422,320,940	56,228,537,703	3,897,802,789	4,550,942,155	121,130,705	166,921,891	–	–	–	–	59,441,254,434	60,946,401,749
Inter-segment revenues	2,007,781,208	2,280,311,360	1,097,371,715	993,905,152	3,429,240,236	2,866,431,173	–	–	(6,534,393,159)	(6,140,647,685)	–	–
Reportable segment revenue	57,430,102,148	58,508,849,063	4,995,174,504	5,544,847,307	3,550,370,941	3,033,353,064	–	–	(6,534,393,159)	(6,140,647,685)	59,441,254,434	60,946,401,749
Depreciation	1,123,733,016	1,082,198,643	257,337,157	274,400,973	661,568,272	313,069,784	–	1,966,762	–	–	2,042,638,445	1,671,636,162
Interest income	77,547,264	33,385,057	58,219,947	–	–	–	–	–	–	–	135,767,211	33,385,057
Finance cost	2,832,800,753	2,781,723,786	740,702,939	974,686,861	357,922,445	373,824,280	86,692	278,394	–	–	3,931,512,829	4,130,513,321
Segment profit / (loss) before tax	1,571,532,940	1,372,641,445	1,384,717,081	1,250,229,327	(100,555,453)	(711,447,444)	(965,394)	(711,350,271)	–	–	2,854,729,174	1,200,073,057

44.2.2 Inter-segment sales and purchases

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

44.2.3 Basis of inter-segment pricing

Inter-segment pricing is determined on an arm's length basis.

44.2.4 Segment assets & liabilities of continuing operations

	Sugar		Co-Generation segment		Corporate Farms segment		Others		Inter segment reconciliation		Total	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Total assets for reportable segment	30,763,525,228	41,274,326,729	13,048,606,545	11,050,282,413	8,358,739,817	7,280,763,144	9,490,623	899,326,242	(6,534,393,159)	(6,140,647,685)	45,645,969,054	54,364,050,843
Total liabilities for reportable segment	37,436,397,545	44,569,143,480	2,572,100,630	4,464,060,765	1,355,963,721	659,589,333	292,202	40,291,114	(6,534,393,159)	(6,140,647,685)	34,830,360,939	43,592,437,007
Capital expenditure	828,622,251	1,507,717,563	2,584,673	5,262,645	308,374,529	495,053,460	–	–	–	–	1,139,581,453	2,008,033,668

		2020 Rupees	2019 Rupees
44.3	**Reconciliation of reportable segment profit or loss**		
	Total profit before tax for reportable segments	2,854,729,174	1,200,073,057
	Unallocated corporate (expenses) / income	(1,296,320,063)	269,149,049
	Consolidated profit after tax from continuing operations	1,558,409,111	1,469,222,106

44.4 Geographical information

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

		2020 Rupees	2019 Rupees
44.4.1	**Revenue**		
	Foreign revenue		
	Asia	159,099,825	7,169,902,368
	Local revenue		
	Pakistan	59,282,154,609	53,776,499,381
		59,441,254,434	60,946,401,749

44.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2020 are located in Pakistan.

44.4.3 Unallocated liabilities

Unallocated liabilities include deferred liabilities and unclaimed dividend.

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

			Directors					
	Chief Executive		Executive		Non - Executives		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	269,231,112	72,819,048	1,600,000	38,970,951	83,800,000	67,300,000	441,443,095	362,320,365
House allowance	107,692,445	29,127,619	640,000	15,588,380	33,520,000	26,920,000	176,577,239	144,928,146
Utilities	26,923,111	7,281,905	160,000	3,897,095	8,380,000	6,730,000	44,144,309	36,232,037
Bonus	100,000,000	43,333,335	–	8,666,667	40,000,000	32,400,000	702,598,317	611,357,879
Group's contribution towards provident fund	–	–	–	–	–	–	41,430,938	33,957,512
Staff retirement benefit - gratuity	–	–	–	–	–	–	3,176,704	2,690,357
	503,846,668	152,561,907	2,400,000	67,123,093	165,700,000	133,350,000	1,409,370,602	1,191,486,296
Number of persons	1	1	1	1	2	2	83	76

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

Meeting fee was paid to one Independent Director (2019: nil) of the Group during the year amounting to Rs. 200,000 (2019: Rs. nil).

The Chief Executive and family owned business concerns are permitted to use the Holding Company maintained aircraft for private trips, subject to availability, for which the proportionate share of operating expenses is reimbursed to the Holding Company. During the year, Rs. 51.66 million (2019: Rs. 74.38 million) was charged for the use of aircraft.

46 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

46.1 Risk management framework

The Board of Directors has overall responsibility for establishment and 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.

46.1.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. 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.

Exposure to credit risk

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

	2020 Rupees	2019 Rupees
Financial assets at amortized cost		
Long term deposits	57,180,542	50,977,227
Trade receivables	7,399,193,198	6,414,269,529
Advances, deposits and other receivables	45,793,280	40,527,534
Bank balances	312,248,847	142,033,880
	7,814,415,867	6,647,808,170

Concentration of credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, management focuses on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. However, 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:

	2020 Rupees	2019 Rupees
Customers:		
- Sugar	132,652,555	1,252,656,916
- Co-Generation Power	7,266,540,643	5,161,612,613
Banking companies	312,248,847	142,033,880
Others	102,973,822	91,504,761
	7,814,415,867	6,647,808,170

Credit quality and impairment

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 receivables - considered good

Majority of the Group's revenue are on advance basis and trade receivables mainly represents receivable from Central Power Purchasing Agency (Guarantee) Limited, a Government owned entity and are secured by guarantee from GoP under the Implementation Agreements. Hence, the management believes that no impairment allowance is necessary in respect of these receivables (for details, refer to note 28.1).

The aging of trade receivables at the reporting date is:

	2020		2019	
	Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Rupees	Rupees	Rupees	Rupees
Not past due	1,011,641,474	–	1,018,419,563	–
Past due				
1 - 365 days	2,821,863,608	–	2,979,993,055	–
366 - above days	3,623,272,391	57,584,275	1,356,596,458	39,203,083
	7,456,777,473	57,584,275	5,355,009,076	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 debts / 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. Therefore, the Group has no material expected credit loss under IFRS 9 'Financial Instruments' and incurred loss under IAS 39 'Financial Instrument Recognition and Measurement' at the year end.

The above gross carrying amount includes Rs. 7,278 million (2019: Rs. 5,162 million) amount receivable from CPPA-G against sale of energy.

Based on past experience, the management believes that no impairment allowance is necessary in respect of receivables other than CPPA-G as there are reasonable grounds to believe that they will be recovered.

Bank balances

Impairment on bank balances has been measured on a 12-month expected credit loss basis and reflects the short maturities of the exposures. The Group considers that its bank balances have low credit risk based on the external credit ratings of the counterparties. The credit quality of the Group's bank balances can be assessed with reference to external credit rating agencies as follows:

Banks	Rating Long term	Rating Short term	Rating Agency	2020 Rupees	2019 Rupees
Conventional					
National Bank of Pakistan	AAA	A1+	PACRA	103,528,492	12,173,020
MCB Bank Limited	AAA	A1+	PACRA	121,605,376	42,925,819
The Bank of Punjab	AA	A1+	PACRA	14,117,051	26,266,618
Faysal Bank Limited	AA	A1+	PACRA	6,869,260	892,209
Habib Bank Limited	AAA	A1+	JCR-VIS	6,946,696	5,255,911
United Bank Limited	AAA	A1+	JCR-VIS	5,986,622	4,257,666
Bank Alfalah Limited	AA+	A1+	PACRA	1,686,281	397,670
Askari Bank Limited	AA+	A1+	PACRA	84,137	4,251,786
The Bank of Khyber	A	A1	PACRA	59,402	78,493
Allied Bank Limited	AAA	A1+	PACRA	17,485,706	244,213
Summit Bank Limited	A-	A-1	JCR-VIS	59,830	92,376
Sindh Bank Limited	A+	A1	JCR-VIS	41,850	44,704
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	1,410,588	1,411,284
JS Bank Limited	AA-	A1+	PACRA	37,508	35,760,727
Tameer Bank Limited	A+	A1	PACRA	38,012	38,053
Soneri Bank Limited	AA-	A1+	PACRA	99,815	36,631
The First Microfinance Bank Limited	A+	A1	JCR-VIS	17,438	54,024
MCB Bank					
(Formally NIB Bank Limited)	AAA	A1+	PACRA	14,240	14,240
Bank Al Habib Limited	AA+	A1+	PACRA	8,933	31,728
Silk Bank Limited	A-	A2	JCR-VIS	20,448	20,448
				280,117,685	134,247,620
Islamic					
National Bank of Pakistan	AAA	A1+	PACRA	923,680	334,883
Askari Bank Limited	AA+	A1+	PACRA	8,256,545	218,235
MCB Islamic Bank Limited	A	A1	PACRA	471,068	43,081
Albaraka Bank (Pakistan) Limited	A	A1	PACRA	251,424	18,526
Bank Islamic (Pakistan) Limited	A+	A1	PACRA	156,018	859,534
Al Baraka Bank (Pakistan) Limited					
(Formally Burj Bank Limited)	A	A1	PACRA	740,645	20,016
Faysal Bank Limited	AA	A1+	PACRA	13,148	2,547
Meezan Bank Limited	AA+	A1+	JCR-VIS	20,941,347	1,261,413
Dubai Islamic Bank (Pakistan) Limited	AA	A1+	JCR-VIS	377,287	4,537,981
Bank Alfalah Limited	AA+	A1+	PACRA	–	490,044
				32,131,162	7,786,260
				312,248,847	142,033,880

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.

46.1.2 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. 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 and Islamic 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 of Directors.

Exposure to liquidity risk

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

	2020				
	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	16,732,360,207	20,818,598,557	4,425,937,151	15,435,552,707	957,108,699
Short term borrowings - secured	7,680,241,848	12,809,441,017	12,809,441,017	–	–
Lease liabilities	1,460,474,747	1,666,395,459	787,273,025	879,122,434	–
Accrued profit / interest / mark-up	364,353,524	364,353,524	364,353,524	–	–
Trade and other payables	2,000,104,770	2,000,104,770	2,000,104,770	–	–
Unclaimed dividend	33,943,018	33,943,018	33,943,018	–	–
	28,271,478,114	37,692,836,345	20,421,052,505	16,314,675,141	957,108,699

	2019				
	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	11,297,059,365	13,660,832,623	6,113,925,340	7,546,907,283	–
Short term borrowings - secured	17,127,247,149	17,725,623,414	17,725,623,414	–	–
Liabilities against assets subject to					
finance lease - secured	224,596,749	260,923,588	91,533,078	169,390,510	–
Accrued profit / interest / mark-up	812,977,488	812,977,488	812,977,488	–	–
Trade and other payables	2,572,904,003	2,572,904,003	2,572,904,003	–	–
Unclaimed dividend	31,620,357	31,620,357	31,620,357	–	–
	32,066,405,111	35,064,881,473	27,348,583,680	7,716,297,793	–

Balances due within 12 months equal to their carrying amounts as the impact of discounting is not considered to be significant.

46.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i) **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. The Group's exposure to this risk arises mainly from future economic transactions or receivables and payables that exist due to transactions entered into foreign currencies.

Financial assets of the Group include Rs. nil (2019: Rs. 33.34 million) and financial liabilities of the Group include Rs. 1.64 million (2019: Rs. 1.64 million) in foreign currencies which are subject to currency risk exposure. The Group believes that the foreign exchange risk exposure on financial assets and liabilities is immaterial.

Foreign currency risk management

The Group manages foreign currency risk through due monitoring of the exchange rates, adjusting net exposure and obtaining forward covers where necessary.

ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to these consolidated financial statements. The Group's interest / mark-up bearing financial instruments as at the reporting date are as follows:

		2020		2019	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	**Note**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Fixed rate instruments:					
Long term financing - SBP					
Refinance Scheme	8.1.1	–	769,943,509	–	–
		–	769,943,509	–	–
Variable rate instruments:					
Long term finances - secured	8	–	15,962,416,698	–	11,297,059,365
Lease liabilities	9	–	1,460,474,747	–	224,596,749
Short term borrowings - secured	13	–	7,680,241,848	–	17,127,247,149
Cash at bank	30.1	384,683	–	35,879,654	–
		384,683	25,103,133,293	35,879,654	28,648,903,263
		384,683	25,873,076,802	35,879,654	28,648,903,263

Fair value sensitivity analysis for fixed-rate instruments

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 these consolidated 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 remain constant. The analysis is performed on the same basis for 2019.

	Profit or loss (100 bps)			
	2020		2019	
	Increase	Decrease	Increase	Decrease
	Rupees			
	(251,027,486)	251,027,486	(286,130,236)	286,130,236

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

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 financing / borrowing and obligation under finance lease has variable rate pricing that is mostly dependent on Karachi Inter Bank Offered Rate ("KIBOR") as indicated in respective notes.

iii) 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to other price risk.

46.2 Fair value measurements of financial instruments

Fair value estimation

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 carrying amounts of all the financial instruments reflected in these consolidated financial statements approximate their fair value.

Fair value of financial instruments

The fair value of the financial assets and liabilities is the amount at which the assets could be sold or the liability transferred in a current transaction between market participants at the reporting date, other than in a forced or liquidation sale. Investment in subsidiary companies and associates are carried at cost.

Fair value hierarchy

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

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfers occur. However, there were no transfers amongst levels during the year.

For details of the valuation techniques and significant unobservable inputs related to determining the fair value of biological assets, which are classified in level 3 of the fair value hierarchy, refer to note 25.

47 CAPITAL MANAGEMENT

The Board of Directors' 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 profit before operation 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.

	2020 Rupees	2019 Rupees
Total Debt	25,028,729,809	29,461,880,751
Less: Cash and bank balances	(318,004,072)	(145,753,407)
Net Debt	24,710,725,737	29,316,127,344
Total Equity	11,360,733,278	10,395,271,505
Total Capital Employed	36,071,459,015	39,711,398,849
Gearing	69%	74%

Total debt comprises of long term financing from banking companies / financial institutions, obligation under finance lease, short term borrowings and accrued mark-up.

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

In accordance with the terms of agreement with the lenders of long term finances, the Group is required to comply with certain financial covenants in respect of capital requirements.

48 TRANSACTIONS WITH RELATED PARTIES

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

Name of company	Relationship	Nature of transactions	2020 Rupees	2019 Rupees
JDW Aviation (Pvt.) Limited	**Associated Company** (Common directorship)	Reimbursement of expenses	4,122,462	14,077,991
Post employment benefit plans	**Other related parties**	Provident fund contribution	236,881,511	195,970,613
		Payment to recognised gratuity fund	1,036,059	10,838,327
		Short term advances received	1,130,000,000	–
		Short term advances paid	1,130,000,000	–
		Mark-up paid on short term advances	16,043,425	–
Key management personnel	**Key management**	Consultancy services	13,123,922	12,182,909
		Dividend paid	52,623,810	–
	Kathai-II Hydro (Pvt.) Limited	Investment in shares	2,500	–

48.1 Detail of compensation to Chief Executive, Executive Directors, Non-Executive Directors and Executives is disclosed in note 45.

49 CAPACITY AND PRODUCTION

	2020 Tons	2019 Tons
Sugar		
Holding Company:		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugar production	260,845	287,394
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugar production	153,173	190,304
Unit III		
Crushing capacity	2,100,000	2,100,000
Sugar production	134,202	162,580
Subsidiary Company - DSML:		
Crushing capacity	1,950,000	1,950,000
Sugar production	122,831	147,213

The crushing capacity is based on 150 days (2019: 150 days) (for details, refer to note 18.1.13).

The main reason for under utilization of production capacity is lesser availability of sugarcane during the season.

	2020 MWh	2019 MWh
Co - Generation Power:		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated	176,510	218,608
Energy delivered to CPPA-G	151,953	192,313
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated	163,084	176,429
Energy delivered to CPPA-G	138,420	156,076

Output delivered to CPPA-G is dependent on the plant availability.

	2020		2019	
Corporate Farms	**Zones**	**Acres**	**Zones**	**Acres**
Land	Punjab & Sindh	26,393	Punjab & Sindh	29,061
Land under cultivation	Punjab & Sindh	22,011	Punjab & Sindh	21,681
Crop harvested (Maunds)	Punjab & Sindh	17,953,529	Punjab & Sindh	17,119,993

Paper Pulp	2020 Tons	2019 Tons
Subsidiary Company - FPML:		
Capacity	–	47,600
Actual production	–	–

50 CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020						
	Equity		Liabilities				
	Issued, subscribed and paid - up capital	Share premium	Unclaimed Dividend	Long term finances - secured	Lease Liabilities	Short term borrowings - secured	Accrued profit / interest / mark - up
	Rupees						
Balance as at 01 October 2019	597,766,610	678,316,928	31,620,357	11,297,059,365	224,596,749	17,127,247,149	812,977,488
Impact of initial application of IFRS 16	–	–	–	–	1,508,973,262	–	–
Balance as at 01 October 2019 - adjusted	597,766,610	678,316,928	31,620,357	11,297,059,365	1,733,570,011	17,127,247,149	812,977,488
Changes from financing cash flows							
Loans received during the year	–	–	–	14,538,024,598	–	153,229,396,874	–
Payments for lease liabilities	–	–	–	–	(860,856,028)	–	–
Dividend paid	–	–	(595,443,949)	–	–	–	–
Transaction cost paid during the year	–	–	–	(57,750,000)	–	–	–
Interest paid during the year	–	–	–	–	–	–	(4,380,136,793)
Loan repaid during the year	–	–	–	(8,983,075,110)	–	(162,062,783,805)	–
	–	–	(595,443,949)	5,497,199,488	(860,856,028)	(8,833,386,931)	(4,380,136,793)
Other changes - liability related							
Interest expense for the year	–	–	–	–	190,947,774	–	3,931,512,829
Addition in lease liabilities	–	–	–	–	398,032,110	–	–
Dividend approved	–	–	597,766,610	–	–	–	–
Decrease in short term finances	–	–	–	–	–	(613,618,370)	–
Impact of IAS 20	–	–	–	(67,748,177)	–	–	–
Amortization of transaction cost	–	–	–	5,849,531	–	–	–
Others	–	–	–	–	(1,219,120)	–	–
Total liability - related other changes	–	–	597,766,610	(61,898,646)	587,760,764	(613,618,370)	3,931,512,829
Balance as at 30 September 2020	597,766,610	678,316,928	33,943,018	16,732,360,207	1,460,474,747	7,680,241,848	364,353,524

	2019						
	Equity		Liabilities				
	Issued, subscribed and paid - up capital	Share premium	Unclaimed Dividend	Long term finances - secured	Liabilities against assets subject to finance lease - secured	Short term borrowings - secured	Accrued profit / interest / mark - up
	Rupees						
Balance as at 01 October 2018	597,766,610	678,316,928	34,072,815	15,656,462,987	249,959,511	27,855,950,339	642,496,578
Changes from financing cash flows							
Loans received during the year	–	–	–	250,114,906	–	41,205,457,432	–
Dividend paid	–	–	(2,452,458)	–	–	–	–
Loan repaid during the year	–	–	–	(4,609,518,528)	(162,106,672)	(50,824,935,012)	–
	–	–	(2,452,458)	(4,359,403,622)	(162,106,672)	(9,619,477,580)	–
Other changes - liability related							
Interest expense for the year	–	–	–	–	16,786,609	–	4,148,370,555
Interest paid during the year	–	–	–	–	–	–	(3,977,889,645)
Decrease in morabaha and running finances	–	–	–	–	–	(1,109,225,610)	–
Assets acquired on finance lease	–	–	–	–	119,957,301	–	–
Total liability related other changes	–	–	–	–	136,743,910	(1,109,225,610)	170,480,910
Balance as at 30 September 2019	597,766,610	678,316,928	31,620,357	11,297,059,365	224,596,749	17,127,247,149	812,977,488

51 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	2020 Number	2019 Number
Average number of employees during the year	9,260	9,533
Total number of employees as at 30 September	6,512	6,774

52 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 02 January 2021 by the Board of Directors of the Group.

53 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.

Chief Financial Officer | Chief Executive | Director

06 SHAREHOLDERS' INFORMATION

NOTICE OF 31ST ANNUAL GENERAL MEETING

Notice is hereby given that 31st Annual General Meeting of JDW Sugar Mills Limited (the "Company") will be held at Summit Hall, Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore on Thursday, January 28, 2021 at 11:30 a.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of last Annual General Meeting held on January 28, 2020.

2. To receive, consider and adopt the Audited Core and Consolidated Financial Statements of the Company for the year ended September 30, 2020 together with Chairman's Review, Directors' and Auditors' Reports thereon.

3. To appoint Statutory Auditors for the next financial year 2020-21 and to fix their remuneration. The Board of Directors, based on the recommendation of Audit Committee, has recommended the appointment of retiring Auditors M/s Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, who 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 2021
Lahore

(Maqsood Ahmad Malhi)
Company Secretary

Notes:

A. General

i) All members are entitled to attend and vote at Annual General Meeting (the **"Meeting"**).

ii) The share transfer books of the Company will remain closed from Thursday January 21, 2021 to Thursday January 28, 2021 (both days inclusive). Transfers received in order at the Company's Registered Office or Corplink (Private) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore (the **"Shares' Registrar"**) by the close of business on 20th January, 2021, will be treated in time and may be considered to exercise voting rights in the Meeting.

iii) Shareholders are requested to promptly notify to the Shares' Registrar / Company / their Participant as the case may be, of any change in their addresses and also submit, if applicable, Form CZ-50 (Non-deduction of Zakat).

iv) The provisions of Section 242 of the Companies Act, 2017 (the **"Act"**) require that any cash dividend shall be paid through bank and electronically into the designated bank account of shareholders. To comply this requirement; non-compliant shareholders are requested to update their Bank Mandate Form/Details as per specimen available on www.jdw-group.com.

v) Corporate shareholders are also requested to provide their information (if applicable) pertaining to Ultimate Beneficial Owners under Regulation No. 19A of the Companies (General Provisions and Forms) Regulations, 2018.

vi) The Meeting notice has issued to comply with statutory and mandatory requirements, however due to prevailing COVID-19 scenario and guidelines of SECP and GoP issued from time to time, shareholders are encouraged to attend Meeting virtually through (Zoom Link). Interested shareholders will have to get register himself/herself seven (07) days prior to the Meeting by providing following details on maqsoodmalhi@jdw-group.com.

Name of Member	CNIC/ Identification Number	Folio Number/ CDC Account No.	Cell Number	Email Address	No. of Shares

vii) Members having 10% or more shareholding in aggregate and are residing in the same city having sufficient IT facility may also request the Company to participate via video-link as required under section 132(2) / 134(1) (b) of Act.

viii) Members can also provide their comments and questions for the agenda items of Meeting at the email address maqsoodmalhi@jdw-group.com.

B. For Attending the Meeting and Identification

i) In case of individuals: Original Computerized National Identity Card or Passport be shown for Identification.

ii) In case of a Corporate Entity: The Board of Directors' resolution/Power of Attorney with specimen signature of the nominee be shown for Identification.

C. For Appointing the Proxies

Individual member entitled to attend and vote at the Meeting may appoint a proxy in writing to attend the Meeting and vote on the member's behalf. Duly completed form of proxy must be deposited with Company at its Registered office or with Shares' Registrar not later than 48 hours before the time scheduled for Meeting. Proxy Form must be complete/ valid and accompanied with following:

i) witnessed by two persons

ii) attested copies of CNIC or passport of Member and proxy

D. Replacement of Physical shares into CDC Account

As per section 72 of the Act, every company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, therefore Non-CDC shareholders are requested to convert their shares into CDC.

B-اجلاس میں شرکت اور شناخت کے لئے

i بصورت افراد: اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ شناخت کے لئے دکھانا ہوگا۔

ii بصورت کارپوریٹ اینٹٹی: بورڈ کی قرارداد/مختارنامہ معہ نامزد کے نمونہ دستخط، اجلاس کے وقت پر مہیا کرنا ہونگے۔

C-پراکسیز تقرری کیلئے

اجلاس میں شرکت اور ووٹ دینے کے اہل انفرادی رکن اپنی جگہ اجلاس میں شرکت اور ووٹ دینے کے لئے تحریری پراکسی مقرر کر سکتے ہیں۔ مکمل پراکسی فارم کمپنی کے رجسٹرڈ دفتر یا شیئرز رجسٹرار کے دفتر میں اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل لازماً جمع ہوجانا چاہیے۔ ہر طرح سے مکمل پراکسی فارم کے ساتھ درج ذیل لازماً لف کئے جائیں۔

i دو افراد سے گواہی

ii رکن اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول۔

D-فزیکل شیئرز کی سی ڈی سی اکاؤنٹ میں منتقلی

ایکٹ کی دفعہ 72 کے مطابق، ہر کمپنی کے لئے ضروری ہے کہ اپنے فزیکل شیئرز کو SECP کی ہدایات کے مطابق بُک انٹری فارم میں تبدیل کریں، لہذا ان سی ڈی سی شیئر ہولڈرز سے التماس ہے کہ اپنے شیئرز سی ڈی سی میں تبدیل کریں۔

اطلاع برائے 31واں سالانہ اجلاسِ عام

جے ڈی ڈبلیو شوگر ملز لمیٹڈ

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ ('کمپنی') کا 31واں سالانہ اجلاس عام بمقام سمٹ ہال، رائل پام، گولف اینڈ کنٹری کلب، 52 - کینال بنک روڈ، لاہور پر بروز جمعرات 28 جنوری 2021ء کو صبح 11:30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور:

1 28 جنوری 2020ء کو منعقدہ گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔

2 30 ستمبر 2020ء کو مختتمہ سال کیلئے کمپنی کے سالانہ آڈٹ شدہ انفرادی اور مشترکہ مالی گوشوارے معہ ان پر چیئر مین، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور وخوض اور منظور کرنا۔

3 اگلے مالی سال 21-2020ء کیلئے کمپنی کے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین کرنا۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کی بنیاد پر، سبکدوش ہونے والے آڈیٹرز میسرز ریاض احمد، ثاقب، گوہر اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس جنہوں نے اہل ہونے کی بناء پر کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کیلئے خود کو پیش کیا ہے، کی تقرری کی سفارش کی ہے۔

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

بمقام: لاہور

مورخہ: 07 جنوری 2021ء

بحکم بورڈ

(مقصود احمد ملہی)

کمپنی سیکرٹری

نوٹس:

A-جنرل

i تمام ارکان سالانہ اجلاس عام میں شرکت اور ووٹ دینے کے اہل ہیں۔

ii کمپنی کی شیئر منتقلی کی کتابیں بروز جمعرات 21 جنوری 2021ء تا جمعرات 28 جنوری 2021ء (بشمول ہر دو ایام) بند رہیں گی۔ شیئر منتقلی کی صرف وہ درخواستیں بروقت تصور ہونگی جو کمپنی کے دفتر یا کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن، لاہور (شیئرز رجسٹرار) کو 20 جنوری 2021ء کے کاروباری اوقات کے اختتام تک موصول ہوں گی اور وہ ہی سالانہ اجلاس عام میں ووٹ کا حق استعمال کرنے کے لئے قابل قبول ہوں گی۔

iii شیئر ہولڈرز سے درخواست ہے کہ اپنے پتہ میں کسی تبدیلی کے بارے میں شیئر رجسٹرار / کمپنی / اپنے پارٹیسپنٹ، جو بھی صورت ہو، کو فی الفور مطلع کریں اور اگر قابل اطلاق ہو تو، فارم CZ-50 (نان ڈیڈکشن آف زکوٰۃ) بھی جمع کرائیں۔

iv کمپنیز ایکٹ 2017 ('ایکٹ') کی دفعہ 242 کے تحت ضروری ہے کہ نقد منافع منقسمہ براہِ راست بینک کے ذریعے حصص داران کے مختص کردہ بینک اکاؤنٹ میں ادا کیا جائے گا۔ اس تقاضہ کی تعمیل کرتے ہوئے، غیر تعمیل حصص داران سے درخواست ہے کہ اپنے بینک مینڈیٹ بذریعہ فارم / تفصیلات جو کہ (www.jdw-group.com) پر موجود ہے پر کمپنی کو مطلع کریں۔

v کمپنیز (جنرل پرویژنز اور فارمز) ریگولیشنز، 2018 کی ریگولیشن نمبر 19A کے تحت کارپوریٹ حصص داران اپنے حتمی بینفشل اونرز کی معلومات (اگر قابل اطلاق ہو) بھی فراہم کریں۔

vi اس اجلاسِ عام کا نوٹس قانونی اور ضروری تقاضوں کی تعمیل میں جاری کیا جا رہا ہے، تاہم موجودہ COVID-19 منظر نامہ کی وجہ سے اور وقتاً فوقتاً SECP اور حکومت پاکستان کی طرف سے جاری کردہ گائیڈ لائنز کے مطابق حصص داران سے درخواست ہے کہ وہ اس اجلاس میں زوم لنک سے شرکت کریں خواہشمند حصص داران کو اجلاس سے سات (07) یوم قبل maqsoodmalhi@jdw-group.com پر درج ذیل تفصیلات فراہم کر کے خود کو رجسٹر کروانا ہوگا۔

نام رکن	شناختی کارڈ نمبر	فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر	موبائل نمبر	ای میل ایڈریس	حصص کی تعداد

vii ایکٹ کی دفعہ 134(1)(b) / 132(2) کے تحت مجموعی 10% یا زیادہ شیئر ہولڈنگ کے مالک اور ضروری آئی ٹی سہولت کے حامل شہر میں سکونتی حصص داران بھی وڈیو لنک کے ذریعے شرکت کے لئے کمپنی سے درخواست کر سکتے ہیں۔

viii ارکان ای میل ایڈریس maqsoodmalhi@jdw-group.com پر اجلاس کے موضوعات پر اپنی آراء اور سوالات سے آگاہ کر سکتے ہیں۔

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 Sep 2020

		Shareholding		
2.2	**No. of Shareholders**	**From**	**To**	**Total Shares Held**
	333	1	100	10,548
	423	101	500	132,420
	94	501	1,000	74,084
	271	1,001	5,000	437,778
	19	5,001	10,000	134,620
	12	10,001	15,000	152,954
	5	15,001	20,000	96,006
	1	20,001	25,000	24,581
	5	25,001	30,000	142,228
	2	30,001	35,000	63,578
	2	35,001	40,000	75,014
	1	40,001	45,000	40,277
	1	45,001	50,000	50,000
	2	50,001	55,000	109,311
	2	60,001	65,000	126,927
	2	75,001	80,000	155,420
	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
	1	195,001	200,000	200,000
	1	205,001	210,000	208,167
	1	245,001	250,000	250,000
	1	275,001	280,000	278,270
	1	345,001	350,000	348,494
	1	365,001	370,000	367,327
	1	595,001	600,000	597,423
	1	650,001	655,000	651,864
	1	775,001	780,000	775,378
	1	820,001	825,000	825,000
	1	1,425,001	1,430,000	1,430,000
	1	1,450,001	1,455,000	1,453,281
	1	1,885,001	1,890,000	1,885,636
	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	2,955,001	2,960,000	2,957,342
	1	4,435,001	4,440,000	4,437,381
	1	8,095,001	8,100,000	8,099,012
	1	9,705,001	9,710,000	9,706,988
	1	16,240,001	16,245,000	16,243,932
	1,202			**59,776,661**

2.3	Categories of Shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children	28,588,575	47.8256%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	–	0.0000%
2.3.3	NIT and ICP	18,150	0.0304%
2.3.4	Banks Development Financial Institutions, Non-Banking Financial Institutions	15,036	0.0252%
2.3.5	Insurance Companies	–	0.0000%
2.3.6	Modarabas and Mutual Funds	8,100	0.0136%
2.3.7	Shareholders holding 10% or more	37,183,213	62.2036%
2.3.8	General Public		
	a. Local	26,524,033	44.3719%
	b. Foreign	–	0.0000%
2.3.9	Others (to be specified)		
	- Joint Stock Companies	1,570,609	2.6275%
	- Investment Companies	2,085	0.0035%
	- Foreign Companies	2,995,145	5.0106%
	- Others	54,928	0.0919%

CATEGORIES OF SHAREHOLDING

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	2,000	0.0033%
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	Mr. Jahangir Khan Tareen	9,552,293	15.9800%
2	Mukhdoom Syed Ahmed Mahmud	16,493,932	27.5926%
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 Mr. Jahangir Khan Tareen	1,885,636	3.1545%
Executives:		5,262,386	8.8034%
Public Sector Companies & Corporations:		–	–
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies and Modarabas:		21,136	0.0354%
Shareholders Holding Five Percent or More Voting Interest in the Listed Company (Name Wise):			
1	Mr. Jahangir Khan Tareen	9,552,293	15.9800%
2	Mukhdoom Syed Ahmed Mahmud	16,493,932	27.5926%
3	Mr. Ali Khan Tareen	11,136,988	18.6310%
4	Rana Nasim Ahmed	4,437,381	7.4233%

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

Sr. No.	Name	Deletion through Gift	Addition through Gift	Purchase / (Sale)
1	Mr. Jahangir Khan Tareen	–	–	(250,000)
2	Mukhdoom Syed Ahmed Mahmud	–	400,000	250,000
3	Mrs. Amina Tareen w/o Mr. Jahangir Khan Tareen	(400,000)	–	–

Proxy Form

JDW Sugar Mills Limited

31st 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 31st Annual General Meeting of the Company to be held on Thursday, January 28, 2021 at 11:30 a.m. at Summit Hall, Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore and at any adjournment thereof or of any ballot to be taken in consequence thereof.

Signed this _________________ day of January, 2021.

____

(Member's Signature)

Affix Revenue stamp of Rs. 5/-

Witnesses:

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

Note:

All Proxy Form, in order to be effective must be received at the Company's registered office not later 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 ڈبلیوشوگر ملزلمیٹیڈ کا31 واں (اکتیسواں) سالانہ اجلاسِ عام

فولیونمبر/سی ڈی سی اکاؤنٹ نمبر: ____________

میں/ہم ____________ ساکن ____________
ضلع ____________ بحثیت رُکن جے ڈی ڈبلیوشوگر ملز لمیٹڈ حامل ____________ عام حصص مبلغ 10 روپے ہر ایک شیئر،
مسمّی/مسماۃ ____________ ساکن ____________
یا اُس کی عدم موجودگی میں ____________ کو بطور مختار (پراکسی) مقرر کرتا/کرتے ہیں تاکہ وہ میری/ہماری طرف سے کمپنی کے
31ویں سالانہ اجلاسِ عام جو کہ بتاریخ 28 جنوری 2021، بروز جمعرات بوقت صبح 11:30 بجے، بمقام سمٹ ہال، رائل پام، گالف اینڈ کنٹری کلب، 52-کینال بینک روڈ، لاہور منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں حق رائے دہی استعمال کرے۔

آج مورخہ ____________ جنوری 2021، کو میرے دستخط سے جاری ہوا۔

پانچ روپے کی ریوینیو ٹکٹ 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.


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2020 | Annual Report

JDW

JDW Sugar Mills Limited

Head Office: 17-Abid Majeed Road,

Lahore Cantonment, Lahore Pakistan.