Annual Report
for the year ended 30 September **2019**

Continued Excellence

Corporate Social Responsibility

Bond with Growers

Innovative Farming

Community Empowerment

JDW

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.

Table of **Contents**

Company Review

Financial Statements
Unconsolidated

Financial Statements
Consolidated

Other Information

Corporate **Information**

Board of Directors

Mr. Jahangir Khan Tareen
Director / Chief Executive

Mukhdoom Syed Ahmed Mahmud
Director / Chairman

Mr. Raheal Masud
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 / Secretary

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

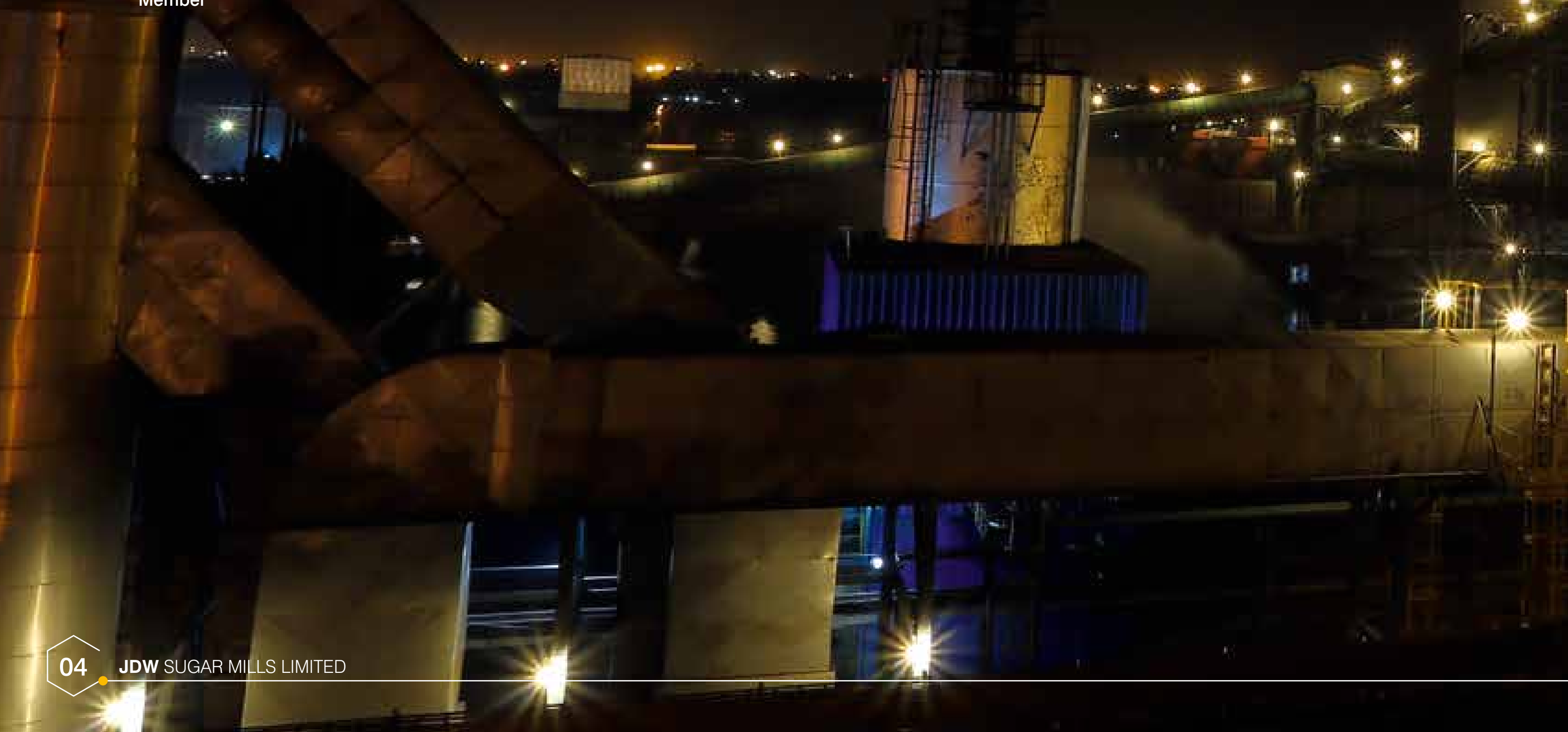
Bankers

Conventional

The Bank of Punjab
National Bank of Pakistan
Askari Bank Limited
MCB Bank Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited
Habib Bank Limited
Pak Brunei Investment Company Limited
United Bank Limited
Pak Oman Investment Company Limited
Allied Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited

Islamic

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



Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Registered Office

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

Legal Advisor

Cornelius, Lane & Mufti

Web Presence

www.jdw-group.com

Mills

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

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

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

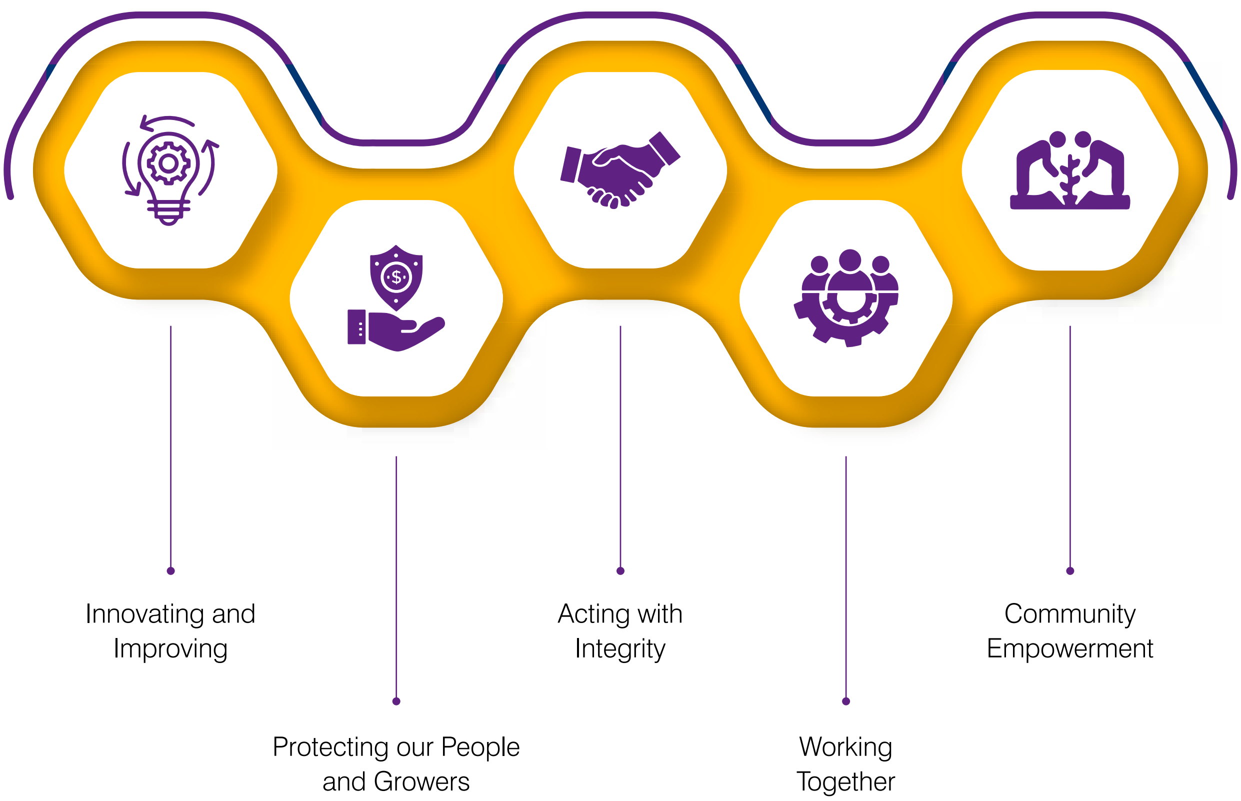
Mission

- To be the market leader and a world-class organization by meeting and proactively anticipating customer needs.
- To maximize the wealth of stakeholders by optimizing the long term returns and growth of the business.
- To be amongst the most efficient and lowest cost producers in the industry.
- To ensure a safe, harmonious and challenging working environment for the employees.

Strategy

- To grow our base business in sugar and build those related activities where there is opportunity to smooth the impact of sugar price cycles.
- To produce sugar which is of highest international standards.
- To make investment in sugarcane crop to ensure regular supply of cane and profitability of growers.
- To offer equal and fair growth opportunities to all employees.
- To undertake and support community development and welfare projects in order to fulfil social commitments.

Values



Notice of
Annual General Meeting

Notice is hereby given that 30th Annual General Meeting ("AGM") of JDW Sugar Mills Limited (the "Company") will be held at Summit Hall, Royal Palm, Golf & Country Club, 52-Canal Bank Road, Lahore on Tuesday, January 28, 2020 at 11:00 a.m., to transact the following business:

Ordinary Business:

1. To confirm the minutes of last Annual General Meeting held on January 28, 2019.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended September 30, 2019 together with Directors' and Auditors' Reports thereon.
3. To approve final cash dividend @ 100% i.e. Rs.10 per share of Rs.10 each for the year ended September 30, 2019, as recommended by the Board of Directors, payable to the Members whose names appear in the Register of Members as at January 20, 2020.
4. To appoint Statutory Auditors for the next financial year 2019-20 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 KPMG Taseer Hadi & Co. Chartered Accountants, who being eligible, have offered themselves for re-appointment as Auditors of the Company.
5. To transact any other business with permission of the Chair.

By Order of the Board

07 January 2020
Lahore

(Maqsood Ahmad Malhi)
Company Secretary

Notes:

A. General

i) All members are entitled to attend and vote at Annual General Meeting ("Meeting").

ii) The share transfer books of the Company will remain closed from Tuesday January 21, 2020 to Tuesday January 28, 2020 (both days inclusive). Transfers received in order at the Company's Office or Corplink (Private) Limited, Wings Arcade, 1-K Commercial, Model Town, Lahore ("Shares' Registrar") by the close of business on 20th January, 2020, will be treated in time and may be considered to exercise voting rights in Annual General Meeting.

iii) A 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.

iv) Duly completed forms of proxy must be deposited with the Company Registered office or with Shares' Registrar no later than 48 hours before the time appointed for the Meeting.

v) Shareholders (Non-CDC) are requested to promptly notify the Shares' Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with Shares' Registrar of the Company. All shareholders holding their shares through CDC are also requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

vi) For prompt payment of dividend, shareholders who have not yet provided to Company or updated in CDS, their International Bank Account Number (IBAN) are requested to submit/update immediately.

vii) The shareholders, who have not yet provided to Company or updated in CDS their CNIC or NTN numbers, are requested to submit/update immediately.

B. For Attending the Meeting

i) In case of individuals, the Account Holders of Sub-Account Holders and / or the persons whose securities are in group account and their registration details are updated as per CDC Regulations, shall authenticate their identity by showing original Computerized National Identity Card (CNIC) or original Passport at the time of Meeting.

ii) In case of a Corporate Entity, the Board of Directors' resolution/Power of Attorney with specimen signature of the nominee shall be produced (if it has not been provided earlier) at the time of attending the Meeting.

C. For appointing the Proxies

i) In case of individuals, the Account Holders of Sub-Account Holders and / or the persons whose securities are in group account and their registration details are updated as per CDC Regulations, shall submit their proxy forms as per the above mentioned requirements.

ii) The proxy form shall be witnessed by two witnesses with their names, addresses, and CNIC numbers shall be stated on the form.

iii) Attested copies of CNIC or passport of the beneficial-owners and proxy shall be provided with the proxy form.

D. Deposit of Physical Shares into CDC Account (Mandatory Requirement)

As per section 72 of the Companies Act, 2017 (the "Act"), every listed company is required to replace its physical shares with book-entry form, therefore, Non-CDC shareholders are requested to convert their shares into CDC.

E. Withholding Tax on Dividend

Withholding tax shall be deducted from dividend (if any), pursuant to the provisions of the Finance Act, 2019, effective from July 1, 2019 as under:

1	Rate of tax deduction for shareholders appearing in the Active Tax Payers list	15%
2	Rate of tax deduction for shareholders not appearing in the Active Tax Payers list	30%

F. Request for Video Conference Facility

In terms of SECP's Circular No. 10 of 2014 dated May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, the Company will arrange video conference facility if it receives request, on below format, from shareholders to participate through video conference. The request must be made by the members having 10% or more shareholding in aggregate and are residing in the same city having sufficient IT facility and the said request is made 10 days before the Meeting. After receiving the request, the Company will arrange the video conference facility and intimate the members 05 days prior to Meeting.

I/We/Messrs. ______________________________
of ____________ being Member(s) of JDW Sugar Mills Limited, holder of ________________ ordinary share(s) as per Folio #__________ and / or CDC Participant ID & Sub-Account No. _________________, hereby, opt for video conference facility at ______________ ___________________ city.

____
Signature of the Member(s)

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

iii بینیفشل اونرز اور پراکسی کے CNIC یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم کے ہمراہ مہیا کرنا ہونگی۔

D۔سی ڈی سی اکاؤنٹ میں مادی شیئرز کا ڈیپازٹ (لازمی تقاضہ):

کمپنیز ایکٹ 2017ء کی دفعہ 72 کے مطابق، ہر ایک لسٹڈ کمپنی کے لئے ضروری ہے کہ اپنے مادی شیئرز کو بُک انٹری فارم کے ساتھ تبدیل کریں، نان سی ڈی سی شیئر ہولڈرز سے درخواست ہے کہ اپنے شیئرز سی ڈی سی میں تبدیل کریں۔

E- منافع پر ودہولڈنگ ٹیکس کی کٹوتی:

یکم جولائی 2019ء سے مؤثر فنانس ایکٹ 2019ء کی دفعات کے مطابق منافع سے ودہولڈنگ ٹیکس حسبِ ذیل منہا کیا جائے گا:

1	حصص داران جن کے نام ایکٹو ٹیکس پیئرز فہرست میں درج ہیں کیلیئے ٹیکس کٹوتی کی شرح	15%
2	حصص داران جن کے نام ایکٹو ٹیکس پیئرز فہرست میں درج نہیں ہیں کیلیئے ٹیکس کٹوتی کی شرح	30%

F- درخواست برائے وڈیو کانفرنس سہولت:

SECP کے سرکلر نمبر 10 آف 2014 مورخہ 21 مئی 2014 اور کمپنیز ایکٹ 2017ء کی دفعہ 134(1)(b) کے تحت شامل دفعات کی شرائط میں، کمپنی اگر وڈیو کانفرنس کے ذریعے شرکت کے لئے حصص داران سے حسبِ ذیل وضع کردہ درخواست وصول کرتی ہے تو کمپنی وڈیو کانفرنس سہولت کا انتظام کرے گی۔ درخواست مجموعی طور پر 10% یا اس سے زیادہ حصص کے حامل آئی ٹی سہولت کے حامل شہر میں سکونتی ارکان کی طرف سے ہونی چاہیئے اور مذکورہ درخواست اجلاس سے 10 یوم قبل کی گئی ہو۔ درخواست وصول کرنے کے بعد، کمپنی وڈیو کانفرنس سہولت کا بندوبست کرے گی اور ارکان کو اجلاس سے 05 یوم قبل مطلع کرے گی۔

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

____
(دستخط رکن)

اطلاع برائے 30واں سالانہ اجلاسِ عام

جے ڈی ڈبلیو شوگر ملز لمیٹڈ

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ جے ڈی ڈبلیو شوگر ملز لمیٹڈ (دی 'کمپنی') کا 30واں سالانہ اجلاسِ عام بمقام سمٹ ہال، رائل پام، گولف اینڈ کنٹری کلب، 52- کینال بنک روڈ، لاہور بروز منگل 28 جنوری 2020ء کو صبح 11:00 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور:

1 28 جنوری 2019ء کو منعقدہ گزشتہ سالانہ اجلاس عام کی کارروائی کی توثیق کرنا۔

2 30 ستمبر 2019ء کو مختتمہ سال کیلئے کمپنی کی سالانہ تصحیح شدہ مالی گوشوارے معہ ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور وخوض اور منظور کرنا۔

3 30 ستمبر 2019ء کو ختم ہونیوالے سال کیلئے بورڈ آف ڈائریکٹرز کی جانب سے 02 جنوری 2020 کو سفارش کردہ حتمی نقد منافع بابت مبلغ 10 روپے (100 فیصد) فی حصص کی منظوری، یہ حتمی منافع ان حصص داران کو واجب الادا ہوگا جن کے نام 20 جنوری 2020 کو ممبر رجسٹر میں درج ہوں گے۔

4 اگلے مالی سال 20-2019ء کیلئے کمپنی کے قانونی آڈیٹرز کا تقرر اور ان کے صلہء خدمت کا تعین کرنا۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش کی بنیاد پر، سبکدوش ہونے والے آڈیٹرز میسرز KPMG تاثیر ہادی 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۔

5 صاحبِ صدر کی اجازت سے کسی دیگر امر پر کاروائی کرنا۔

۷ جنوری ۲۰۲۰ء

لاہور

بحکم بورڈ

(مقصود احمد ملہی)

کمپنی سیکرٹری

نوٹس:

A- جنرل:

i تمام ارکان سالانہ اجلاسِ عام (اجلاس) میں شرکت اور ووٹ دینے کے اہل ہیں۔

ii کمپنی کے ٹرانسفر رجسٹر بروز منگل 21 جنوری 2020ء تا 28 جنوری 2020ء (بشمول دونوں ایام) بند رہیں گے۔ منتقلیاں کمپنی کے دفتر یا کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور (شیئرز رجسٹرار) میں 20 جنوری 2020ء کو کاروبار کے اختتام تک موصول ہونے والی بروقت تصور اور سالانہ اجلاسِ عام میں ووٹ کا حق استعمال کرنے کے لئے قابل قبول ہوں گی۔

iii اجلاس میں شرکت اور ووٹ دینے کا مستحق رکن اپنی بجائے اجلاس میں شرکت اور ووٹ دینے کے لئے تحریری طور پر اپنا قائم مقام پراکسی مقرر کرنے کا اہل ہے۔

iv پراکسی کے باقاعدہ مکمل فارمز کمپنی کے رجسٹرڈ دفتر یا شیئرز رجسٹرار کے ہاں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً جمع کرائے جاسکتے ہیں۔

v حصص داران (نان سی ڈی سی) سے درخواست ہے کہ اپنے پتہ میں کسی تبدیلی کے بارے میں شیئرز رجسٹرار کو فی الفور مطلع کریں اور زکوٰۃ فارم CZ-50 بھی جمع کرائیں۔ سی ڈی سی کے حصص داران سے بھی درخواست ہے کہ اپنے بروکر کے ہاں اپنے پتے اور زکوٰۃ سٹیٹس اپ ڈیٹ کروائیں۔ یہ منافع کی فوری وصولی میں مددگار رہوگا۔

vi منافع کی فوری ادائیگی کے لئے، حصص داران جنہوں نے ابھی تک اپنے انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN) کمپنی کو مہیا یا سی ڈی ایس میں اپ ڈیٹ نہیں کئے سے درخواست ہے کہ فی الفور جمع / اپ ڈیٹ کروائیں۔

vii حصص داران جنہوں نے ابھی تک اپنے CNIC یا NTN نمبرز کمپنی کو مہیا یا سی ڈی ایس میں اپ ڈیٹ نہیں کئے، سے درخواست ہے کہ فی الفور جمع / اپ ڈیٹ کروائیں۔

B- اجلاس میں شرکت کے لئے:

i بصورت افراد، سب اکاؤنٹ ہولڈرز کے اکاؤنٹ ہولڈرز اور/ یا افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اُنکی رجسٹریشن تفصیلات سی ڈی سی ریگولیشنز کے مطابق اپ ڈیٹ ہیں، کو اجلاس میں شرکت کے وقت اپنے اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

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

C- پراکسیز تقرری کیلئے:

i بصورت افراد، سب اکاؤنٹ ہولڈرز کے اکاؤنٹ ہولڈرز اور/ یا افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور اُنکی رجسٹریشن تفصیلات سی ڈی سی ریگولیشنز کے مطابق اپ ڈیٹ ہیں، کو مذکورہ بالا ریکوائرمنٹس کے مطابق اپنے پراکسی فارم جمع کرانا ہونگے۔

We Delivered **as Committed** 2018-19

Rs. **68.23** billion

Gross Sales on Group Basis

100%

Cash Dividend

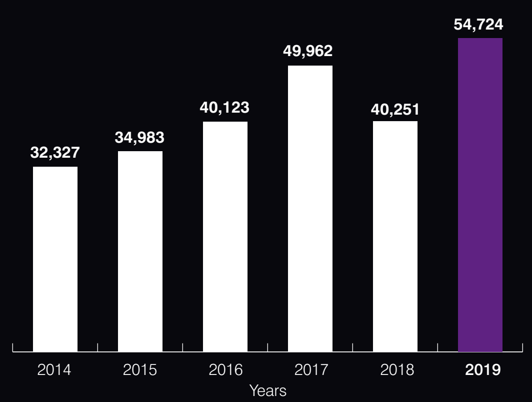
Financial **Performance**

JDW Operating Results

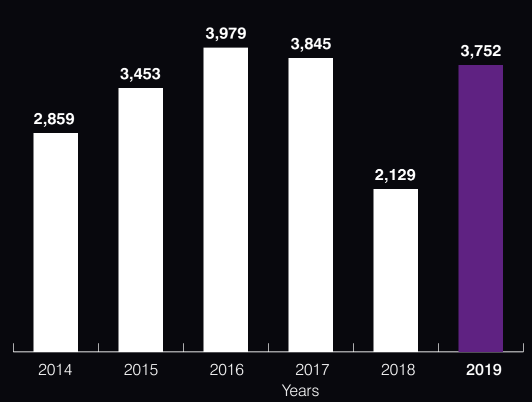
(Rupees in thousand)

		2019	2018	2017	2016	2015	2014
Gross sales		**54,724,042**	40,251,476	49,962,325	40,122,718	34,982,617	32,327,134
Revenue from contracts with customers		**49,119,853**	37,264,506	45,431,957	37,287,426	32,663,443	30,534,864
Cost of revenue		**43,903,668**	34,517,475	40,807,425	30,832,944	27,797,896	27,306,099
Administrative and selling expenses		**1,303,568**	1,088,427	1,184,061	1,045,415	928,077	651,127
Finance cost		**3,511,601**	2,269,761	1,665,294	1,660,106	2,241,797	1,880,761
Other expenses		**754,316**	5,238	166,528	1,696,594	680,314	63,028
Other income		**(593,359)**	(475,637)	(571,049)	(266,648)	(195,925)	(344,544)
Profit from operations		**3,751,660**	2,129,003	3,844,992	3,979,122	3,453,081	2,859,154
Profit / (loss) before taxation		**240,060**	(140,758)	2,179,698	2,319,016	1,211,285	978,394
Profit / (loss) after taxation		**553,296**	(203,441)	1,588,396	2,033,932	1,517,250	979,706
Basic earnings / (loss) per share	Rs.	**9.26**	(3.40)	26.57	34.03	25.38	16.39
Interim dividend - cash	%	**–**	–	100	50	30	20
Final dividend - cash	%	**100**	–	30	150	70	50
Total dividend - cash	**%**	**100**	**–**	**130**	**200**	**100**	**70**

Gross Sales
(Rupees in Million)

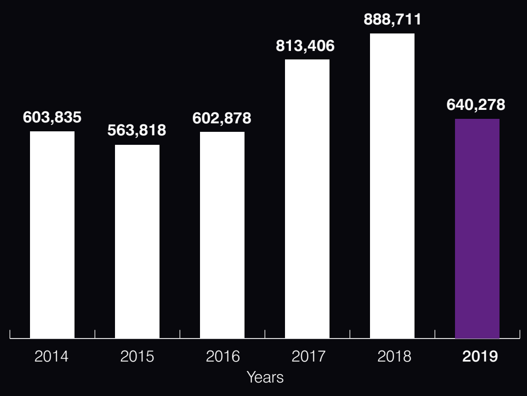


Operating Profit
(Rupees in Million)

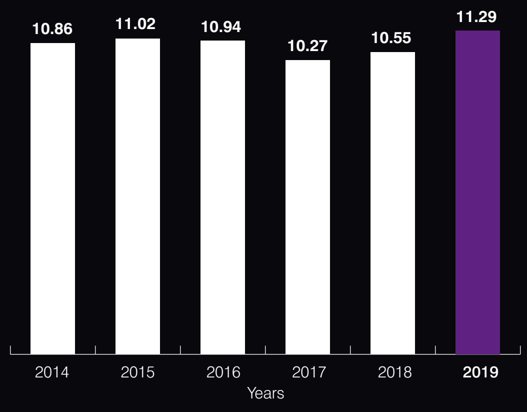


Financial **Performance**

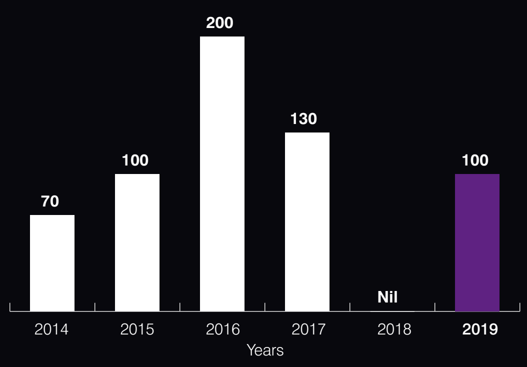
Sugar Production
(M.Tons)



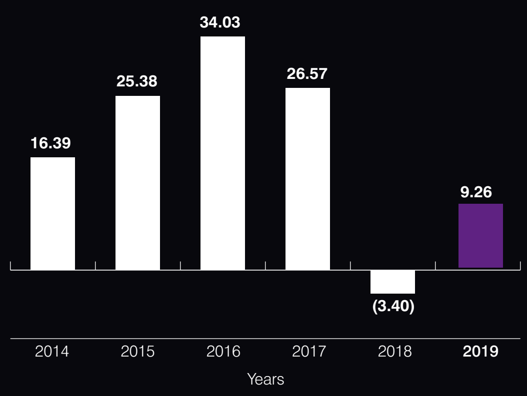
Sucrose Recovery
(%age)



Dividend
(%age)



Earnings / (Loss) Per Share
(Rupees)



Production Data

		2019	2018	2017	2016	2015	2014
Unit - I							
Sugar production	M.Tons	287,394	409,507	357,733	280,418	277,155	312,746
Sugar recovery	% age	11.61	10.91	10.14	10.99	11.19	10.91
Molasses production	M.Tons	96,058	177,607	154,437	101,604	97,400	123,377
Molasses recovery	% age	3.88	4.73	4.38	3.98	3.93	4.30
Unit - II							
Sugar production	M.Tons	190,304	255,879	247,926	169,872	135,102	128,421
Sugar recovery	% age	11.40	10.54	10.45	10.99	10.59	10.83
Molasses production	M.Tons	72,354	133,267	110,324	68,207	54,841	52,304
Molasses recovery	% age	4.33	5.49	4.65	4.41	4.30	4.41
Unit - III							
Sugar production	M.Tons	162,580	223,325	207,747	152,588	151,562	162,668
Sugar recovery	% age	10.65	9.97	10.30	10.78	11.10	10.81
Molasses production	M.Tons	62,882	113,728	83,072	55,150	54,093	62,572
Molasses recovery	% age	4.12	5.08	4.12	3.90	3.96	4.16
JDW Sugar Mills Limited							
Sugar production	M.Tons	640,278	888,711	813,406	602,878	563,819	603,835
Sugar recovery	% age	11.29	10.55	10.27	10.94	11.02	10.86
Molasses production	M.Tons	231,294	424,602	347,833	224,961	206,334	238,253
Molasses recovery	% age	4.08	5.04	4.39	4.08	4.03	4.29

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, 2019 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 2020 **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 گورنرز 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 جاسکے۔

بورڈ کی کارکردگی کو جانچنے کیلئے ایک جامع معیار طے کیا گیا ہے۔ بورڈ نے 30 ستمبر 2019 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 حصول داروں (حصص مالکان، گاہکوں، ملازمین، سپلائرز اور معاشرے) سے مکمل آگاہی ہے۔ بورڈ کو اس بات کا مکمل ادراک ہے کہ اگلے تین سے پانچ سال میں کمپنی کس مقام پر ہوگی۔ مزید برآں بورڈ، منتظمین کیلئے کارکردگی کے حوالے سے تمام اہم امور کے سالانہ اہداف مقرر کرتا ہے۔

بورڈ کے ارکین نے اپنے فرائض تندہی سے ادا کئے۔ 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 اانصرام اور کنٹرول کی بہترین جہتوں کو ظاہر کرتے ہیں۔

۲ جنوری ۲۰۲۰
لاہور

چیئرمین

Directors' **Report**

We, on behalf of the Board of Directors of JDW Sugar Mills Limited, are pleased to present the Company's 30th Annual Report together with the Financial Statements for the year ended 30 September 2019.

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

Operating Results

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

Description	Units	2018-19				2017-18			
		Unit-I	Unit-II	Unit-III	JDW	Unit-I	Unit-II	Unit-III	JDW
Sugarcane Crushed	M.Tons	2,475,196	1,669,315	1,526,984	5,671,495	3,753,175	2,428,571	2,240,689	8,422,435
Sugar Production	M.Tons	287,394	190,304	162,580	640,278	409,507	255,879	223,325	888,711
Sucrose Recovery	%age	11.61	11.40	10.65	11.29	10.91	10.54	9.97	10.55
Molasses Production	M.Tons	96,058	72,354	62,882	231,294	177,607	133,267	113,728	424,602
Molasses Recovery	%age	3.88	4.33	4.12	4.08	4.73	5.49	5.08	5.04

The comment on above operating results is as under:

- Sugarcane crushed this time was 33% less than last crushing season whereas corresponding reduction in sugar production was approx. 28% owing to 74 bps improvement in the sucrose recovery. The crushing season was started in the 2nd week of December, 2018 which resulted in achieving better sucrose recovery on overall country basis. Molasses production achieved this time was approx. 46% down from last year and also molasses recovery dropped from 5.04% to 4.08%. The overall sugar & molasses production have reduced due to short crop which reduced crushing period to around 100 days. Crushing of entire sugarcane crop during the winter was the main reason for higher sucrose recovery and low molasses recovery. Further, low yield per acre experienced by the growers due to inadequate rains & non-availability of adequate water backed up by reduction in area under cultivation were the main reasons for reduction in cane crushing.

Deharki Sugar Mills (Private) Limited being 100 % owned subsidiary of the Company has achieved the following operating results in its 8th year of operation:

Operating Results – Subsidiary Company

		2018-19	2017-18
Sugarcane Crushed	**M.Tons**	**1,316,226**	**1,890,612**
Sugar Production	**M.Tons**	**147,213**	**205,788**
Sucrose Recovery	**%age**	**11.18**	**10.89**
Molasses Production	**M.Tons**	**53,137**	**82,177**
Molasses Recovery	**%age**	**4.04**	**4.35**

Directors' **Report**

Financial Overview

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

(Rs. in Million)

	30 Sep 19	30 Sep 18
Gross Sales	54,724	**40,252**
Revenue from Contracts with Customers	49,120	**37,265**
Operating Profit	3,752	**2,129**
Profit / (Loss) before Tax	240	**(141)**
Profit / (Loss) after Tax	553	**(203)**
Earnings / (Loss) Per Share	9.26	**(3.40)**

- The gross turnover of the Company has increased by 36% which was mainly due to increase in average selling prices of sugar & molasses and sale of carryover sugar stocks. Gross profit ratio has also improved from 7% to 11%.

- This was the difficult year for sugar industry due to increase in sugarcane cost from the preceding year and also increase in costs of various inputs, increase in financial cost and sales tax rate. Despite of all these adverse factors, our Company earned a profit after tax amounting to Rs. 553 million as compared to a loss after tax of Rs. 203 million last year, resultantly earnings per share has reached to Rs. 9.26 from loss per share of Rs. 3.40 caused by favorable sugar and molasses prices which enables the Company to show positive results despite of Rs. 1,242 million increase in financial cost and impairment allowance against investment in subsidiary company of Rs. 663 million.

- Financial cost increased by Rs. 1,242 million as compared to last year due to substantial increase in discount rate by SBP from time to time resulted in higher mark-up rates charged by the financial institutions on long as well as short term financing availed by the Company. In addition to substantial raise in base rate by SBP, carryover of more unsold sugar stocks from last year, pending sugar export subsidies from the Federal & Provincial Governments and substantial increase in receivables from CPPA-G on account of sale of electricity caused more utilization of working capital lines in the current year to meet working capital requirements of the Company.

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

- The minimum notified support price of sugarcane for crushing season 2018-19 remained unchanged in the province of Punjab at Rs. 180 while in the province of Sindh the support price has increased to Rs. 182 per 40 kgs in comparison of last year, where support price was reduced by the Honourable Sindh High Court at Rs. 160 per 40 kgs. The sugarcane growers were happy this time after getting support prices of sugarcane all over Pakistan unlike last crushing season 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.

- In view of the surplus sugar available in the country on account of 1.3 million tons' sugar stocks brought forward from last year, the Federal Government granted permission for export of 1,100,000 tons of sugar for crushing season 2018-19 out of which a quantity of 746,726 tons has so far been booked for export as per latest report on SBP's website and of the total country's sugar exports, we exported 126,413 tons of sugar on group basis which constitute approx. 17% of the total quantity of sugar export 300,000 tons was exported to China and rest to Afghanistan

- The Federal Government in the Finance Act, 2019 has increased the sales tax on sugar from 8% to 17% and abolished further sales tax @ 3% on sugar sales to unregistered persons. Through Finance Act 2019, Government has also attached condition of provision of buyer's CNIC from 1st August, 2019, which is subsequently extended to 31 January 2020, resultantly sugar sales have slowed down in the last quarter of the current year. In order to facilitate sugar dealers / wholesalers, the FBR in the recent budget has reduced rates of turnover tax from 1.5% to 0.25% and withholding income tax from 4.5% to 0.25%. This is a big relief provided by the FBR to dealers / wholesalers involved in sugar & cement trade keeping in view their being engaged in the business of "Volume trade with low margins". However, there are still few impediments in the income tax ordinance which are not allowing the dealers / wholesalers to become filers and get them registered in the sales tax. These issues are being discussed with FBR by dealers / wholesalers and hopefully these would also be resolved by FBR soon.

- The balance sheet size is also stable in this year at Rs. 48 billion and accumulated reserves are now nearly 14 times of the paid-up capital of the Company.

Dividend

If you look at the track record of dividend payouts of the Company, you will find that except for two years the Company has been making regular payments of dividend since 2000-01. The Board of Directors of the Company has proposed 100% final cash dividend (Rs. 10 Per Share) for the year ended 30 September 2019 subject to approval in the Annual General Meeting.

Other Points of your Interest are Summarized Below:

- Over the 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 now storage of molasses in the open pits has now almost been finished which has resulted in maintaining the quality of molasses and also mitigated the risk of fermentation in summer. Company is getting better prices for its good quality molasses. Overall molasses prices have also improved from previous years.

- As usual growers' payment has remained our top priority being one of main keys of our success. Growers' payments on group basis have been fully settled for the crushing season 2018-19 despite stuck up of huge funds with Government on account of sale of energy and substantial increase in financial cost. This was the first crushing season in which all the growers of the Company were paid through bank accounts throughout the season and thereafter which was very well appreciated by the growers as they feel more comfortable by receiving online payments through their bank accounts. Company is regularly providing financial assistance and technical support to its growers. Due to these policies and preferential treatment with growers, the Company enjoys excellent relationship with them.

- Pakistan Stock Exchange has announced 'Top 25 Companies Awards' on 28th December, 2019. Your Company was placed at No. 12 among top 25 companies for the year 2016 and awards were distributed by PSX in a ceremony held on 28th December, 2019 which was chaired by the Prime Minister of Pakistan.

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, seed, agricultural implements, turbines & tube wells, fertilizers and pesticides.

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

- Enhance technical skills through various extension and advisory programs.

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

Future Outlook

- The crushing season 2019-20 was started in the last week of November, 2019 and on group basis up to 1st January 2019, the Company has produced 170,465 tons of sugar with average sucrose recovery of 9.59% which is lower than last crushing season. Estimated Crop size this time is approx. 15% lesser & sucrose recovery is also showing declining trend. In view of these factors Company is expecting 15% to 20% reduction in its sugar production over last year.

- For current crushing season 2019-20, notified support prices of sugarcane have been revised to Rs. 190 per 40 kgs in Punjab and Rs. 192 per 40 kgs in the Province of Sindh.

- Despite export of approx. 750,000 tons of sugar, the sugar industry is still having carryover sugar stocks from last year so any reduction in sugar production in 2019-20 would be supplemented by the carryover sugar stocks. Sugarcane cost is also expected to be on higher side even from the current fixed price of sugarcane i.e. Rs. 190 and Rs. 192 per 40 kgs. in the province of Punjab and Sindh respectively. Sugar and molasses prices are better than last year and it is expected that despite massive increase in financial

Directors' **Report**

charges and increase in sugarcane support prices company is expecting improvement in financial results.

- In this nick of time when Pakistan is undergoing one of the most challenging economic situations (inflation and higher borrowing costs) that has affected almost all the sectors adversely but even in this adverse scenario our Company is planning to keep its finance cost low by reducing its debt in the ongoing year.

- Federal Government and Government of Punjab have released its entire share of export subsidies for export of sugar during crushing season 2017-18 whereas release of export subsidy from Government of Sindh is still awaited. PSMA is continuously pursuing the provincial Government of Sindh to release its share on immediate basis which can also help in managing better cash flow during the ongoing season. Further PSMA also requesting to reduce the assessable value of sugar sale price which is fixed at Rs. 60 per kg since last more than three years which is not compatible with the current market sales prices. In view of this fixation and increase in sales tax rate to 17 % the sales tax on sugar has increased from Rs. 6.66 to Rs. 10.20 per kg.

- 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 six years.

- We are maintaining continued good performance and want to focus more on reduction of debt, value addition of by-products, making processes more efficient and saving more bagasse from the system.

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 13 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	Jahangir Khan Tareen	CEO / Executive Director	13
2	Mukhdoom Syed Ahmed Mahmud	Chairman / Non-Executive Director	11
3	Mrs. Samira Mahmud	Female / Non-Executive Director	11
4	Ijaz Ahmed	Non-Executive Director	13
5	Raheal Masud	Executive Director	13
6	Asim Nisar Bajwa	Independent Director	12
7	Qasim Hussain Safdar	Independent Director	13
8	Zafar Iqbal	Retired (1 Nov 18)	2

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

Directors' **Report**

- During the year under review, Mr. Jahangir Khan Tareen was appointed as Chief Executive Officer of the Company on February 11, 2019 and Mr. Maqsood Ahmad Malhi was appointed as Company Secretary on January 14, 2019.

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 Committee consisting of three members including Chairman of the committee in compliance with the Code of Corporate Governance.

Nomination Committee

The Board has constituted a Nomination Committee consisting of two members including Chairman of the committee in compliance with the Code of Corporate Governance.

Risk Management Committee

The Board has constituted a Risk Management Committee consisting of two members including Chairman of the committee in compliance with the Code of Corporate Governance.

Director's Remuneration

The remuneration of Board Members is approved by the Board itself. However, in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, it is ensured that no Director takes part in deciding his own remuneration. Non-Executive Directors are paid remuneration with view of attracting and retaining Directors needed to govern the Company successfully. However, no such remuneration is set at a level that could be perceived to compromise their independence. No meeting fee was paid to any Director. For information on remuneration of Directors and CEO, please refer relevant notes to the financial statements.

Directors' Training Program

The Board remained fully compliant with the provision with regard to their directors' training program. Out of seven 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.

Composition of Board

The total number of directors are seven (07) as per the following:

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

The composition of the Board is as under:

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

Adequacy of Internal Financial Controls

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

Pattern of Shareholding

There were 1,152 shareholders of the Company as of 30 September 2019. 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
- Interest Rates
- Foreign Currency Fluctuations
- 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 2019 is aggregating to Rs. 481 million (2018: Rs. 492 million).

The Company also operates an approved funded Gratuity Fund Scheme covering all its eligible permanent employees in accordance with Gratuity Fund Rules. As per the audited accounts of Gratuity Funds the value of its investments as on 30 June 2019 is aggregating to Rs. 84 million (2018: Rs. 88 million).

National Exchequer

The Company contributed a sum of Rs. 6,098 million (2018: Rs. 3,659 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 38 to 40 during the period under review.

Auditors

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

Acknowledgement

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

Chief Executive **Director**

02 January 2020
Lahore

بورڈ آف ڈائریکٹرز کی تشکیل

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

ا) مرد 6

ب) خاتون 1

بورڈ کی تشکیل مندرجہ ذیل ہے:

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

دیگر واقعات/نمایاں تبدیلی

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

داخلی مالیاتی کنٹرول

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

پیٹرن آف شیئر ہولڈنگ

30 ستمبر 2019 میں 1,152 حصہ داران موجود تھے۔ جن کی علیحدہ سے تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ڈائریکٹرز 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 وضوابط پر مکمل کاربند رہا جائے۔

بنیادی خدشات

کمپنی کو درج ذیل بنیادی خدشات کا سامنا ہے:

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

پراویڈنٹ فنڈ اور 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 2019 میں 481 ملین روپے ہے۔ جبکہ سال 2018 میں یہ رقم 492 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 2019 تک 84 ملین روپے تھا، جبکہ 2018 میں یہ حجم 88 ملین روپے تھا۔

نیشنل ایکس چیکر

کمپنی نے رواں سال میں ٹیکسز اور ڈیوٹی کی مد میں 6,098 ملین روپے جمع کروائے جبکہ پچھلے سال یہ رقم 3,659 ملین روپے تھی۔

اداراتی سماجی ذمہ داری

کمپنی نے اپنی رواں سال کی سماجی ذمہ داریوں کا تذکرہ صفحہ نمبر 38 سے لیکر صفحہ نمبر 40 میں کیا ہے۔

آڈیٹرز

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

اظہار تشکر

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

۲ جنوری ۲۰۲۰ چیف ایگزیکٹو ڈائریکٹر

لاہور

- وفاقی حکومت نے سال 18-2017 کی برآمد کی مد میں دی جانے والی سبسڈی کی مکمل ادائیگی کردی ہے جبکہ صوبائی وصولیاں تاحال واجب الادا ہیں۔ پاکستان شوگر ملز ایسوی ایشن اس سلسلے میں کوشاں ہے کہ وفاقی حکومتوں کی طرف سے سبسڈی کی ادائیگیاں جلد سے جلد کردی جائیں تاکہ رواں سیزن کے دوران مالی ضروریات پوری کرنے میں آسانی ہوسکے۔ پاکستان شوگر ملز ایسوی ایشن یہ بھی کوشش کررہی ہے کہ چینی کی 60 روپے فی کلو فروخت پر عائد شدہ 17% سیلز ٹیکس پر نظرثانی کی جائے۔ ایک کلو گرام چینی پر سیلز ٹیکس 6.66 روپے سے بڑھ کر 10.20 روپے ہوگیا ہے جو کہ کسی بھی صورت موزوں نہیں ہے۔
- TDAP, Inland Freight Subsidy کی مد میں کے جے ڈی ڈبلیو شوگر ملز اور ڈہرکی شوگر ملز کو واجب الادا 306 ملین روپے کی سبسڈی میں تاحال کوئی پیش رفت نہیں ہوئی۔ کمپنی نے اس ضمن میں تمام کاغذی کارروائی مکمل کررکھی ہے، کچھ مواقع پر TDAP نے بینکوں کو رقم کی ادائیگی کے احکامات بھی دیئے لیکن تاحال کوئی بھی ادائیگی وصول نہیں ہوئی۔ صنعتی سطح پر 2.6 ارب روپے کی رقم گزشتہ چھ سال سے واجب الادا ہے۔
- ہم تسلسل کے ساتھ اچھی کارکردگی کا مظاہرہ کررہے ہیں اور ہماری توجہ اس امر کی طرف بھی مرکوز ہے کہ ہم سسٹم کو مزید فعال بنا کر اور زیادہ بگاس (پھوک) بچا کر چینی کی ذیلی مصنوعات کی قدر میں اضافہ کریں۔

ادارتی اور مالیاتی جائزے کا نظام

کمپنی کا کارپوریٹ اور مالیاتی جائزے کا نظام مطلوبہ معیار کے مطابق ہے جیسا کہ سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے کارپوریٹ گورنس کے کوڈ میں درج ہے اور ہم اس کی تصدیق کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے شفاف طریقے سے معاملات میں اس کی حیثیت، اس کے طریق کار کے نتائج، پیسے کا بہاؤ اور حصص کی مالیت میں تبدیلی کو ظاہر کرتے ہیں۔
- کمپنی کی جانب سے اکاؤنٹس کی باقاعدہ بکس تیار کی جاتی ہیں۔
- موزوں اکاؤنٹنگ پالیسیوں کو مالیاتی گوشواروں کی تیاری میں مستقل بنیادوں پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں۔
- بین الاقوامی مالیاتی جائزوں کے معیار جیسا کہ پاکستان میں 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 مدنظر رکھا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابل بھروسہ ہے اور موثر طور پر نافذ العمل اور زیر نگرانی ہے۔
- کمپنی کے آگے بڑھتے رہنے کی اہلیت میں کوئی خاطر خواہ شک وشبہ نہیں ہے۔
- کارپوریٹ گورنس کے طے کردہ ریگولیشنز سے کوئی انحراف نہیں کیا گیا۔
- کمپنی کی صلاحیت کے بارے میں اس حوالے سے کوئی شبہ نہیں کہ یہ چلتا ہوا کاروباری ادارہ ہے۔
- گزشتہ چھ (06) سالوں کے لیے بنیادی آپریٹنگ اور مالیاتی تفصیل لف ہے
- ٹیکس اور لیویوں کے بارے میں معلومات مالیاتی گوشواروں کے نوٹس میں دی گئی ہیں۔
- کمپنی کی طرف سے حاصل کردہ تمام قرضوں کے بارے میں کسی بھی تاخیر کی ادائیگی یا ادائیگی سے گریز کا کوئی امکان نہیں ہے۔

- سال رواں کے دوران 13 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	13
2	جناب مخدوم سید احمد محمود	11
3	محترمہ سمیرا محمود	11
4	جناب اعجاز احمد	13
5	جناب راحیل مسعود	13
6	جناب عاصم نثار باجوہ	12
7	جناب قاسم حسین صفدر	13
8	جناب ظفر اقبال (ریٹائرڈ 01 نومبر 2018)	2

وہ ڈائریکٹرز جو مصروفیت کی بنا پر میٹنگ میں شامل نہیں ہوسکے اُن کو غیر حاضری کی چھٹی دی گئی۔

اس سال کے دوران، 11 فروری 2019 کو جناب جہانگیر خان ترین کو چیف ایگزیکٹو آفیسر کے عہدے پر فائز کیا گیا۔ جناب مقصود احمد ملہی کو 14 جنوری 2019 کو کمپنی سیکرٹری تعینات کیا گیا۔

آڈٹ کمیٹی

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

انسانی وسائل اور معاوضہ کمیٹی

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

نامزدگی کمیٹی

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

رسک مینجمنٹ کمیٹی

بورڈ نے کارپوریٹ گورنس 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 گورنس 2019 کے ضابطہ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا تعین نہیں کرسکتا 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 کرسکے۔ 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 جاسکتا ہے۔

ڈائریکٹرز کے تربیتی پروگرام

کمپنی نے اپنے ڈائریکٹرز کیلئے پچھلے کئی سالوں میں تربیتی پروگرام منعقد کیے۔

- کرشنگ سیزن 19-2018 کیلئے صوبہ پنجاب میں فی 40 کلوگرام گنے کی قیمت بغیر کسی تبدیلی کے 180 روپے من رہی جبکہ صوبہ سندھ میں گنے کی قیمت بڑھا کر 182 روپے فی من مقرر کی گئی جو کہ گزشتہ سال قابلِ احترام سندھ ہائی کورٹ نے 160 روپے فی من مقرر کی تھی۔ اس بار گنے کے کاشتکار ملک بھر میں گنے کی قیمت سے کافی خوش نظر آئے۔ گزشتہ سال بیشتر شوگر ملز نے کسانوں کو مقرر کردہ قیمت سے نہایت کم قیمت کی ادائیگی کر کے ان کا استحصال کیا تھا۔ اب گنے کی فصل کا کپاس، چاول، گندم اور مکئی کی فصلوں کے ساتھ سخت مقابلہ ہے، جس کی وجہ سے آنے والے وقت میں گنے کے زیرِ کاشت رقبے کو برقرار رکھنا ایک چیلنج ہوگا۔
- گزشتہ سال کی پیداوار میں چینی کے 1.3 ملین ٹن کے ذخائر کی موجودگی کی وجہ سے وفاقی حکومت نے سال 19-2018 کے دوران 1,100,000 ٹن چینی کی برآمدگی کی اجازت دی تھی۔ سٹیٹ بنک آف پاکستان کے فراہم کردہ اعداد و شمار کے مطابق اب تک 746,726 ٹن چینی برآمد کی جا چکی ہے۔ جے ڈی ڈبلیو گروپ نے کل برآمد شدہ چینی میں سے 126,413 ٹن چینی برآمد کی جو کہ 17 فیصد ہے۔ کل ملکی برآمد میں سے 3 لاکھ ٹن چینی چین اور باقی افغانستان برآمد کی۔
- 2019 کے فنانس ایکٹ میں وفاقی حکومت نے چینی پر سیلز ٹیکس کی شرح 8% سے بڑھا کر 17% کر دیا جبکہ غیر رجسٹر شدہ افراد کو چینی کی فروخت پر لاگو 3% فیصد سیلز ٹیکس ختم کر دیا۔ فنانس ایکٹ میں حکومت نے یکم اگست 2019 سے چینی کے خریدار کے شناختی کارڈ کی شرط عائد کر دی جسے بعد میں 31 جنوری 2020 تک موخر کر دیا گیا۔ نتیجے کے طور پر رواں سال کی آخری سہ ماہی میں چینی کی سیل میں کمی آئی۔ شوگر ڈیلرز اور ہول سیلرز کو ریلیف دینے کیلئے ایف بی آر نے حالیہ بجٹ میں ٹرن اوور ٹیکس کی شرح 1.5% سے کم کر کے 0.25% کر دیا۔ چینی اور سیمنٹ کے تاجروں کیلئے ایف بی آر کی جانب سے یہ ایک بڑا ریلیف تھا۔ تاہم ابھی تک کچھ ٹیکس قوانین شوگر ڈیلرز کو سیلز ٹیکس میں رجسٹرڈ ہونے کی طرف مائل نہیں کر رہے جن پر ایف بی آر سے جلد معاملات طے پا جائیں گے۔
- بیلنس شیٹ کا حجم 48 ارب روپے کی مستحکم سطح پر ہے اور جمع شدہ ریزرو ادا شدہ سرمائے کا 14 گنا ہیں۔

منافع کی ادائیگی

- اگر آپ کمپنی کے منافع کی ادائیگی کے ریکارڈ پر نظر ڈالیں تو آپ دیکھیں گے کہ صرف دو سال کے علاوہ کمپنی نے سال 01-2000 سے متواتر منافع کی ادائیگی کی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے تجویز کیا ہے کہ 30 ستمبر 2019 کو ختم ہونے والے سال کے منافع کی 100% فیصد حتمی ادائیگی (دس روپے فی حصہ) کی جائے۔ یہ ادائیگی سالانہ اجلاس عام میں منظوری سے مشروط ہے۔

دیگر اُمور کا خلاصہ

- 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۔

- ہمیشہ کی طرح سال 19-2018 کے دوران بھی کسانوں کو گنے کی قیمت کی بروقت ادائیگی ہماری اولین ترجیح رہی۔ اوپر بیان کی گئی مالی مشکلات کے باوجود کسانوں کو اس سال کی مکمل ادائیگی کر دی گئی ہے۔ یہ پہلا 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۔
- پاکستان اسٹاک ایکسچینج نے 28 دسمبر 2019 کو منعقدہ تقریب میں کمپنی کو ٹاپ 25 کمپنیز کی فہرست میں 12 نمبر پر آنے میں ایوارڈ سے نوازا جو کہ سال 2016 کیلئے تھا۔ اس تقریب میں وزیراعظم پاکستان بھی موجود تھے۔

کاشتکاروں کے ساتھ تعلقات

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

- متواتر طور پر گنے کی خرید کی بروقت ادائیگی کی پالیسی پر قائم رہنا۔
- کسانوں کی مالی ضروریات پورا کرنے کے لیئے کمپنی کی طرف سے 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۔
- تکنیکی مہارت میں بڑھوتی کے لیئے مختلف مشاورتی پروگرام ہیں
- نیز کوالٹی اور بہتر پیداواری صلاحیت سے فی ایکڑ پیداوار میں اضافہ شامل ہے۔

مستقبل کا منظر نامہ

- چاروں یونٹ میں سال 20-2019 کے گنے کے پیائی کا آغاز نومبر 2019 کے آخری ہفتے سے ہو چکا ہے جبکہ کمپنی نے 1 جنوری 2020 تک 9.59% فیصد ریکوری سے 170,465 ٹن پیداوار حاصل کی۔ اس دفعہ گنے کی فصل پچھلے سال کی نسبت تقریباً 15% کم ہے اور فی ایکڑ پیداوار بھی کم ہے۔ ان حقائق کے تناظر میں کمپنی توقع کرتی ہے کہ اس سال چینی کی پیداوار میں سے 15% سے 20% کمی واقع ہوگی۔
- رواں سال 20-2019 میں گنے کی تعین شدہ قیمت خرید پنجاب میں 190 روپے فی 40 کلو گرام اور سندھ میں 192 روپے فی 40 کلوگرام ہے۔
- چینی کی 750,000 ٹن برآمد کے باوجود چینی وافر مقدار میں بچ گئی اور چینی اور راب کی قیمت فروخت بھی پچھلے سال سے بہتر ہے حالانکہ اس سال گنے کی قیمت خرید متوقع طور پر معین کردہ قیمت سے زیادہ ہوگی اور قرضوں کی لاگت بھی زیادہ رہنے کی توقع ہے۔ اسکے باوجود رواں سال کمپنی کیلئے بہتر ہوگا۔
- اس وقت جبکہ افراط زر اور بلند شرح سود کی بدولت پاکستان مشکل ترین معاشی حالات کا شکار ہے جس نے تقریباً تمام شعبوں کو بری طرح متاثر کیا ہے مشکل کے اس دور میں بھی ہماری کمپنی نے مالیاتی ضروریات کو بہتر طریقے سے پورا کر کے اخراجات کو کم رکھنے کی منصوبہ بندی کی ہوئی ہے۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی 30 ویں رپورٹ بمعہ آڈٹ شدہ مالیاتی دستاویزات برائے مالی سال 30 ستمبر 2019 پیش کرتے ہیں۔

جائزہ

JDW شوگر ملز 31 مئی 1990 میں بطور پرائیوٹ لمیٹڈ کمپنی قائم کی گئی۔ جسکو 24 اگست 1991 میں پبلک لمیٹڈ کمپنی میں تبدیل کر دیا گیا۔ کمپنی کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ کی لسٹ میں شامل ہیں۔ کمپنی کا رجسٹرڈ شدہ دفتر 17 عابد مجید روڈ، لاہور کینٹ میں واقع ہے۔ کمپنی کا بنیادی کام چینی اور بجلی کی پیداوار و فروخت اور کارپوریٹ فارمنگ ہے۔

آپریٹنگ نتائج

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

		2018-2019				2017-2018			
		یونٹ-I	یونٹ-II	یونٹ-III	جے ڈی ڈبلیو	یونٹ-I	یونٹ-II	یونٹ-III	جے ڈی ڈبلیو
گنے کی کرشنگ (پسائی)	میٹرک ٹن	2,475,196	1,669,315	1,526,984	**5,671,495**	3,753,175	2,428,571	2,240,689	8,422,435
چینی کی پیداوار	میٹرک ٹن	287,394	190,304	162,580	**640,278**	409,507	255,879	223,325	888,711
چینی کا پیداواری تناسب	فیصد %	11.61	11.40	10.65	**11.29**	10.91	10.54	9.97	10.55
راب کی پیداوار	میٹرک ٹن	96,058	72,354	62,882	**231,294**	177,607	133,267	113,728	424,602
راب کا پیداواری تناسب	فیصد %	3.88	4.33	4.12	**4.08**	4.73	5.49	5.08	5.04

اوپر موجود نتائج کا جائزہ حسب ذیل ہے:

گزشتہ سال کے مقابلے میں گنے کی پسائی کا تناسب 33 فیصد کم تھا جبکہ سکروس کی بہتر وصولی کی بدولت چینی کی پیداوار میں کمی کی شرح 28 فیصد رہی۔ گنے کی پسائی وسط دسمبر 2018 میں شروع ہوئی جس کی وجہ سے ملک بھر میں سکروس کی وصولی کی شرح بہتر رہی۔ راب کی وصولی کی شرح 5.04% سے کم ہو کر 4.08% ہو گئی جس کی وجہ سے راب کی مجموعی پیداوار میں 46% کمی آئی۔ چینی اور راب کی مجموعی پیداوار میں کمی اس لئے ہوئی کہ رواں سیزن بمشکل 100 ایک سو دن پر محیط تھا۔ مزید برآں زیر کاشت رقبے میں کمی، ناکافی بارشوں اور مناسب مقدار میں پانی کی عدم فراہمی کی بدولت کسانوں کو گنے کی فی ایکڑ پیداوار میں کمی کا سامنا کرنا پڑا جس کے نتیجے میں گنے کی پسائی میں نمایاں کمی آئی۔

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

ذیلی کمپنی کے آپریٹنگ نتائج

		2018-19	2017-18
گنے کی پسائی	میٹرک ٹن	1,316,226	1,890,612
چینی کی پیداوار	میٹرک ٹن	147,213	205,788
چینی کا پیداواری تناسب	فیصد %	11.18	10.89
راب کی پیداوار	میٹرک ٹن	53,137	82,177
راب کا پیداواری تناسب	فیصد %	4.04	4.35

مالیاتی جائزہ

کمپنی کے نتائج مندرجہ ذیل ہیں

	30 ستمبر 2019	30 ستمبر 2018
مجموعی فروخت	54,724	40,252
خالص فروخت	49,120	37,265
کارکردگی منافع	3,752	2,129
قبل از ٹیکس منافع / خسارہ	240	(141)
بعد از ٹیکس منافع / خسارہ	553	(203)
فی حصہ آمدنی / خسارہ	9.26	(3.40)

- چینی اور راب کی قیمتِ فروخت میں اضافے کی وجہ سے گزشتہ سال کی نسبت کمپنی کی مجموعی فروخت میں 36% اضافہ گزشتہ سال بچ جانے والی چینی کے ذخائر میں سے بیچی جانے والی چینی کی وجہ سے ہوا اور خام منافع بھی 7% سے بہتر ہو کر 11% ہو گیا۔
- گزشتہ سال کے مقابلے میں گنے کی قیمت اور پیداواری لاگت میں اضافے کی وجہ سے رواں چینی کی صنعت کیلئے بہت مشکل سال تھا۔ ان مشکلات کے باوجود کمپنی نے گزشتہ سال کے بعد از ٹیکس 203 ملین روپے کے خسارے کے برعکس 553 ملین روپے کا بعد از ٹیکس منافع کمایا جس کے نتیجے میں فی حصص 3.40 روپے کا نقصان 9.26 روپے فی حصص کے منافع میں تبدیل ہو گیا۔ اگرچہ مالیاتی اخراجات میں 1,242 ملین روپے اور ذیلی کمپنی میں 663 ملین روپے کی سرمایہ کاری کی گئی لیکن چینی کی بہتر اور موافق قیمت کی بدولت کمپنی یہ قابل ذکر منافع کما سکی۔
- کمپنی کی طرف سے لی گئی طویل مدتی اور قلیل مدتی مالیاتی خدمات کے عوض ادا کردہ زیادہ شرح سود کی بدولت گزشتہ سال کے مقابلے میں اس سال مالیاتی اخراجات میں 1242 ملین روپے کا اضافہ ہوا۔ سٹیٹ بینک کی جانب سے مقرر کردہ بلند شرح سود، غیر فروخت شدہ چینی کے ذخائر کی موجودگی، چینی کی برآمد کے سلسلہ میں وفاقی اور صوبائی حکومتوں کی طرف سے غیر ادا شدہ سبسڈی اور CPPA-G کی جانب سے فروخت شدہ بجلی کے واجبات کی عدم ادائیگی کی بدولت رواں سال مالیاتی اخراجات پورے کرنے کیلئے مالیاتی خدمات کا حاصل کرنا ناگزیر تھا۔
- مندرجہ بالا بہتر مالیاتی نتائج کی بدولت کمپنی گزشتہ سال کے اسی دورانئے سے مقابلتاً بہتر مالیاتی نتائج فراہم کر سکی ہے۔ کمپنی اپنی تمام مالیاتی ذمہ داریوں سے بروقت عہدہ برآ ہو رہی ہے اور تمام مالیاتی اداروں سے بہترین تعلقات قائم کئے ہوئے ہے۔

Pattern of **Shareholding**

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

1.1 Name of the Company — JDW Sugar Mills Limited

2.1 Pattern of holding of the shares held by the shareholders as at — 30 Sep 2019

2.2 No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
319	1	100	9,832
391	101	500	121,704
90	501	1,000	70,442
271	1,001	5,000	435,370
18	5,001	10,000	125,521
12	10,001	15,000	153,154
5	15,001	20,000	96,006
2	20,001	25,000	47,623
5	25,001	30,000	142,228
2	30,001	35,000	63,578
2	35,001	40,000	77,014
2	45,001	50,000	99,816
1	50,001	55,000	54,500
2	55,001	60,000	110,811
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	275,001	280,000	278,270
1	345,001	350,000	348,494
1	365,001	370,000	367,327
1	530,001	535,000	533,223
1	650,001	655,000	651,864
1	775,001	780,000	775,378
1	820,001	825,000	825,000
1	1,425,001	1,430,000	1,430,000
1	1,700,001	1,705,000	1,703,281
1	2,120,001	2,125,000	2,123,648
1	2,140,001	2,145,000	2,143,648
1	2,215,001	2,220,000	2,216,145
1	2,285,001	2,290,000	2,285,636
1	2,955,001	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	15,840,001	15,845,000	15,843,932
1,152			**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	19,965	0.0334%
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	6,100	0.0102%
2.3.7	Shareholders holding 10% or more	36,783,213	61.5344%
2.3.8	General Public		
	a. Local	26,530,919	44.3834%
	b. Foreign	–	0.0000%
2.3.9	Others (to be specified)		
	Joint Stock Companies	1,561,908	2.6129%
	Investment Companies	2,085	0.0035%
	Foreign Companies	2,997,145	5.0139%
	Others	54,928	0.0919%

Categories of **Shareholding**

required under Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") as on 30 September 2019

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise):		–	–
Mutual Funds (Name Wise Detail):		–	–
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	Mr. Jahangir Khan Tareen	9,802,293	16.3982%
2	Mukhdoom Syed Ahmed Mahmud	15,843,932	26.5052%
3	Mr. Ijaz Ahmed	2,429	0.0041%
4	Mr. Asim Nisar Bajwa	1,421	0.0024%
5	Mr. Raheal Masud	500	0.0008%
6	Mrs. Samira Mahmud	651,864	1.0905%
7	Mr. Qasim Hussain Safdar	500	0.0008%
8	Mrs. Amina Tareen w/o Jahangir Khan Tareen	2,285,636	3.8236%
Executives:		5,262,381	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	9,802,293	16.3982%
2	Mukhdoom Syed Ahmed Mahmud	15,843,932	26.5052%
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	Transfer Back to Seller on Account of Ab-Initio Termination of Shares Purchase Agreement
1	Mr. Jahangir Khan Tareen	3,000,000	–
2	Mr. Muhammad Rafique	–	800,000

High Pressure **Co-Generation Power Plants**

2019, 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 programme;
- Transfer of technology;
- Application of GIS (Computerized Geographic Information System); and
- Application of precision agriculture methodologies.

Automation and Mechanization

Large scale farming operations cannot be managed effectively without mechanization. We have managed to acquire latest tractors and other farming equipment from local as well as foreign sources. In addition to that, we have rationalized farm layouts and combined the traditional farming techniques with newly acquired technologies to achieve maximum yield in the region. Few of our mechanized operations are given below:-

- Using semi-mechanized planting techniques;
- Fertilizing (2 and 3 row coulter applicators);
- Magnum 340 HP tractors with GPS Scrappers for levelling;
- Magnum 340 HP tractors with GPS enable Ecolotiger Cultivation;

- Puma Tractor 140 HP with hydraulic tilting blade to make drains;
- CNH Tractor 140 HP for Zonal Ripper;
- Gypsum Spreaders;
- Inter row herbicide sprayer;
- High clearance tractor spraying;
- Granular pesticide applicator;
- Harvesting;
- Designing and manufacturing of stubble cultivator or bed degenerator to replace rotavater; and
- Well equipped workshop for high tech maintenance.

Precision Agriculture

Precision Agriculture (PA) is the act of managing different land variables using latest technology such as Global Positioning Systems (GPS), Geographic Information Systems (GIS), Remote Sensing (RS) and Yield Mapping. Adoption of PA practices can improve the efficiency and profitability of farming operations to a great extent. Under the supervision of foreign consultants, our engineering team is making full use of these techniques to achieve higher yield at lower costs.

Sustaining Field Operations by Replacing Rotary HOE with Stumble Cultivator

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

Crop Varieties

Cultivating the right variety is imperative to sustainable and competitive farming. At JDW, we have developed our own sugarcane varieties using conventional sugarcane breeding and selection processes. Parents with valuable traits are used for cross-pollination and are selected from our germplasm collection. This collection includes local selected varieties, clones from previous crosses and wild and foreign varieties. Local varieties are taken as parent material with sugarcane flower forcing. JDW got new seedling with local crosses to have better adoptive new cultivars. Further, selection is underway from local crossed seedlings.

Corporate **Farming**

Pest and Diseases

Due to the inherent nature of sugarcane crop, pest and disease outbreaks like red rot, pokah, sugarcane pyrilla are a common feature. Also since the majority of our cane growing area lies along the Indus River there is a greater risk of presence of harmful weeds and herbs. JDW has established a separate bio-lab with a team of entomologists keeping a continuous check on the pest and disease situation and other entomological challenges common to sugarcane cultivation.

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

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

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

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-term 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 last year and HWT started in 2016-17. Fixed hot water treatment plants of bigger capacity is now constructed at JDW-I & II and DSML. HWT plants at JDW-I and DSML started HWT operation from season 2017-18 and plants at JDW-II is starting in the season of 2019-20. Now we are able to screen out RSD and WLD from economic important varieties of sugar industry.

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. In addition, planting techniques developed by JDW team (The early hill up) leads to save at least 5 irrigations throughout.

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/- m.tons of cane over 13,000/- acres per season. The mechanical harvest and transport system continues to evolve into a world class operation as efficiencies improve with new innovations, improved infrastructure and improved farm designs.

Cane production is affected by both harvesting and field issues which can impact on sugar quality and quantity. Both harvesting efficiency and crop presentation affect cane yield, cane quality and ratooning. Foreign consultants are working with JDW and have developed Harvesting Best Practice (HBP) guidelines to reduce cane loss, improve cane quality, and reduce stool damage. The HBP guidelines also focus on the impact that crop presentation has on harvesting efficiency. Information available covers topics such as farming for efficient harvesting; the effect of extractor fan speed on cane loss, crop yield, Commercial Cane Sugar (CCS), reduction in base cutter / chopper losses; and improvement in billet quality for planting.

Corporate
Social Responsibility

Sugarcane Productivity Enhancement Project (SPEP):

SPEP was initiated as a joint venture between NRSP and the JDW Sugar Mills Limited ("JDW") 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. We have intervened in one hundred eleven (111) union councils and 846 revenue villages within these union councils, 193,026 acres of land and 101,988 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 JDW with the objective to double the production of sugarcane of 10,000 small farmers living in designated Union Council around the JDW 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 trainings
- Development of marketing channels

Extension services carried out by JDW;

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

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

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

With continued support from JDW, NRSP expanded its operation in 111 union councils. The number of active COs grew in 2018-19 up to 9,658 with a membership of 101,988 farmers. The main features of the SPEP include:

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

NRSP has distributed loan of Rs. 2,412.13 million in the year 2018-19 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. JDW 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 and we are successfully producing disease free seed nurseries.

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

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

Farmer Support Program

Livestock provides cash flows 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 animal's health, nutrition and management through printed pamphlets.

Unconsolidated
Financial Statements

for the year ended 30 September 2019

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

Telephone + 92 (42) 111-KPMGTH (576484)
Fax + 92 (42) 37429907
Internet www.kpmg.com.pk

Independent Auditors' **Review Report**

To the members of JDW Sugar Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 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 30 September 2019 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2019.

02 January 2020
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement **of Compliance**

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

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

Year Ended: **30 September 2019**

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

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 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 has 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 with regard to their directors' training program. Out of seven 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.

    During the year under review, Mr. Jahangir Khan Tareen was appointed as CEO of the Company on February 11, 2019 and Mr. Maqsood Ahmad Malhi was appointed as Company Secretary on January 14, 2019.

11. CFO and CEO 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 committee 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
3.	Nomination Committee	01

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.

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

02 January 2020
Lahore

Mukhdoom Syed Ahmed Mahmud
Chairman

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

Telephone + 92 (42) 111-KPMGTH (576484)
Fax + 92 (42) 37429907
Internet www.kpmg.com.pk

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 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of the profit, the comprehensive profit, 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.

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer to notes 4.9 and 28 to the unconsolidated financial statements. The Company principally generates revenue from sale of sugar, agriculture produce and electricity in the domestic market. Additionally revenue is also generated from sale of sugar in the international market. 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: • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales; • assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assessed whether the sale was recorded in the appropriate accounting period; • for a sample of invoices, recalculating the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA); • inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	**Capitalization of property, plant and equipment** Refer notes 4.2 and 17 to the unconsolidated financial statements. The Company has made significant capital expenditure on balancing, modernization and replacement of plant and equipment. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures, amongst others, included the following: • obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over capital expenditure; • comparing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and

Sr. No.	Key audit matters	How the matter was addressed in our audit
		• inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation.
3	**Growing cane valuation** Refer note 4.6 and 22 to the unconsolidated financial statements. The Company's biological assets include standing cane, wheat and guar crops which are measured at fair value less costs to sell. The carrying value of the growing cane as at 30 September 2019 was Rs. 2,018.95 million. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to a lack of relevant and reliable observable inputs. Consequently, we have determined the valuation of growing cane to be a key audit matter.	Our audit procedures, amongst others, included the following: • assessing the design and implementation of the controls around the valuation of the biological assets; • assessing the appropriateness of the principles used in the valuation of growing cane, and analyzing the significant assumptions used by management in their valuation models; • evaluating the Company's inputs used in calculating the estimated cash flows by comparing them with historical performance and the Company's plans; • involving our own valuation expert to determine the reasonableness and validity of the assumptions and methodologies used by the management expert; and • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 September 2019, 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 are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

KPMG Taseer Hadi & Co.
Chartered Accountants

02 January 2020
Lahore

Unconsolidated **Statement of Financial Position**

	Note	2019 Rupees	2018 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		7,496,780,938	6,951,403,122
		8,772,864,476	8,227,486,660
NON-CURRENT LIABILITIES			
Long term finances - secured	8	4,962,121,804	8,785,694,471
Liabilities against assets subject to finance lease - secured	9	151,728,045	144,677,914
Deferred taxation	10	721,985,832	1,617,167,472
Retirement benefits	11	75,116,648	53,784,119
		5,910,952,329	10,601,323,976
CURRENT LIABILITIES			
Short term borrowings	12	16,513,317,010	23,553,685,516
Current portion of non-current liabilities	13	4,146,556,265	4,106,050,113
Trade and other payables	14	3,050,564,167	2,618,215,431
Advances from customers		9,091,672,650	8,138,041,881
Unclaimed dividend		31,620,357	34,072,815
Accrued profit / interest / mark-up	15	742,677,623	534,626,215
		33,576,408,072	38,984,691,971
CONTINGENCIES AND COMMITMENTS	16		
		48,260,224,877	57,813,502,607

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

Lahore

Chief Financial Officer

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	21,958,943,693	22,010,170,144
Investment property	18	219,015,262	218,599,597
Intangibles	19	616,809,560	618,849,288
Long term investments	20	1,651,603,405	2,310,460,383
Long term deposits	21	50,913,227	37,488,439
		24,497,285,147	25,195,567,851
CURRENT ASSETS			
Biological assets	22	2,018,952,863	2,024,707,028
Stores, spare parts and loose tools	23	1,527,111,297	1,309,256,367
Stock-in-trade	24	11,505,748,375	19,730,034,110
Trade debts - unsecured considered good	25	7,254,991,500	5,471,467,968
Advances, deposits, prepayments and other receivables	26	844,332,030	3,028,850,483
Advance tax - net		519,761,421	947,704,351
Cash and bank balances	27	92,042,244	105,914,449
		23,762,939,730	32,617,934,756
		48,260,224,877	57,813,502,607

Chief Executive

Director

Unconsolidated **Statement of Profit or Loss**

For the year ended 30 September 2019

	Note	2019 Rupees	2018 Rupees
Gross sales		54,724,042,194	40,251,476,355
Sales tax and commission		(5,604,189,026)	(2,986,969,986)
Revenue from contracts with customers	28	49,119,853,168	37,264,506,369
Cost of revenue	29	(43,903,667,735)	(34,517,475,229)
Gross profit		5,216,185,433	2,747,031,140
Administrative expenses	30	(1,241,560,050)	(1,033,466,077)
Selling expenses	31	(62,008,119)	(54,961,141)
Other income	32	593,359,062	475,637,156
Other expenses	33	(754,315,845)	(5,237,703)
		(1,464,524,952)	(618,027,765)
Profit from operations		3,751,660,481	2,129,003,375
Finance cost	34	(3,511,600,842)	(2,269,761,395)
Profit / (loss) before taxation		240,059,639	(140,758,020)
Taxation	35	313,236,784	(62,682,495)
Profit / (loss) after taxation		553,296,423	(203,440,515)
Earnings / (loss) per share - basic and diluted	36	9.26	(3.40)

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

Lahore | Chief Financial Officer | Chief Executive | Director

Unconsolidated **Statement of Comprehensive Income**

For the year ended 30 September 2019

	2019 Rupees	2018 Rupees
Profit / (loss) after taxation	553,296,423	(203,440,515)
Other comprehensive loss		
Items that will not be subsequently reclassified to profit or loss:		
Re-measurement of defined benefit liability	(11,152,967)	(13,189,011)
Related tax	3,234,360	3,824,813
	(7,918,607)	(9,364,198)
Total comprehensive income / (loss) for the year	545,377,816	(212,804,713)

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

Lahore | Chief Financial Officer | Chief Executive | Director

Unconsolidated **Statement of Cash Flows**

For the year ended 30 September 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	37	16,039,957,784	(8,531,799,685)
Taxes paid		(150,767,566)	(351,974,142)
Staff retirement benefits paid		(92,912,814)	(64,236,287)
Workers' Welfare Fund paid	14.3	(20,442,242)	–
Long term deposits		(13,424,788)	17,489,626
Workers' Profit Participation Fund paid	14.1	–	(183,088,904)
		(277,547,410)	(581,809,707)
Net cash generated from / (used in) operating activities		15,762,410,374	(9,113,609,392)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,548,914,145)	(2,400,682,903)
Advances for future issuance of shares		(4,450,000)	(7,081,543)
Long term advances		5,166,670	17,194,443
Proceeds from sale of operating fixed assets		48,902,822	534,801,636
Net cash used in investing activities		(1,499,294,653)	(1,855,768,367)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(3,750,653,622)	(221,183,293)
Short term borrowings - net		(5,982,349,260)	11,318,319,333
Finance cost paid		(3,321,406,668)	(1,943,734,214)
Lease rentals paid		(162,106,672)	(184,564,351)
Dividend paid		(2,452,458)	(209,505,570)
Net cash (used in) / generated from financing activities		(13,218,968,680)	8,759,331,905
Net increase / (decrease) in cash and cash equivalents		1,044,147,041	(2,210,045,854)
Cash and cash equivalents at beginning of the year		(4,584,079,813)	(2,374,033,959)
Cash and cash equivalents at end of the year		(3,539,932,772)	(4,584,079,813)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		92,042,244	105,914,449
- Running finances and morabaha finances	12.2 & 12.6	(3,631,975,016)	(4,689,994,262)
		(3,539,932,772)	(4,584,079,813)

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

Lahore | Chief Financial Officer | Chief Executive | Director

Unconsolidated **Statement of Changes In Equity**

For the year ended 30 September 2019

	Share capital	Reserves			Total equity
		Capital	Revenue		
		Share premium	Accumulated profit	Total reserves	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2017	597,766,610	678,316,928	7,343,537,818	8,021,854,746	8,619,621,356
Total comprehensive loss for the year					
Loss for the year ended 30 September 2018	–	–	(203,440,515)	(203,440,515)	(203,440,515)
Other comprehensive loss for the year ended 30 September 2018 - net of tax	–	–	(9,364,198)	(9,364,198)	(9,364,198)
	–	–	(212,804,713)	(212,804,713)	(212,804,713)
Transactions with owners of the Company					
Final cash dividend for the year ended 30 September 2017 @ Rs. 3.00 per share	–	–	(179,329,983)	(179,329,983)	(179,329,983)
Balance as at 30 September 2018	597,766,610	678,316,928	6,951,403,122	7,629,720,050	8,227,486,660
Total comprehensive income for the year					
Profit for the year ended 30 September 2019	–	–	553,296,423	553,296,423	553,296,423
Other comprehensive loss for the year ended 30 September 2019 - net of tax	–	–	(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

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

Lahore | Chief Financial Officer | Chief Executive | Director

1 STATUS AND NATURE OF BUSINESS

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

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

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

1.2 The Company executed Energy Purchase Agreements ("EPA") on 20 March 2014 with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") for its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and JDW Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III achieved COD on 03 October 2014 after completing all independent testing and certification requirements and supplying renewable electricity to the national grid. Further, the Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

2 BASIS OF PREPARATION

2.1 Separate financial statements

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

The Company has following investments:

Name of company	Country of incorporation	Shareholding
Subsidiaries		
- Deharki Sugar Mills (Private) Limited ("DSML")	Pakistan	100%
- Ghotki Power (Private) Limited ("GPL")	Pakistan	100%
- Sadiqabad Power (Private) Limited ("SPL")	Pakistan	100%
- Faruki Pulp Mills Limited ("FPML")	Pakistan	57.67%
Associate		
- JDW Power (Private) Limited ("JDWPL")	Pakistan	47.37%

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

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

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

3 USE OF ESTIMATES AND JUDGMENTS

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

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

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

3.1 Property, plant and equipment

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

3.2 Stores, spare parts and loose tools

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

3.3 Stock-in-trade

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

3.4 Expected credit loss (ECL) / loss allowances against trade debts, deposits, advances and other receivables

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 has elected to measure loss allowances for trade debts other than due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The financial assets due from Government of Pakistan continues to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan vide S.R.O. 985 (I)/2019 dated 02 September 2019 as explained in note 4.1.2. 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 debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 including forward-looking information.

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 amortised cost are deducted from the gross carrying amount of the assets.

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

3.5 Provisions and contingencies

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

3.6 Employee benefits

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

3.7 Recoverable amounts of assets / cash generating units and impairment

The management of the Company reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In case of goodwill formal estimates of recoverable amount is made on annual basis.

3.8 Intangibles

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

3.9 Taxation

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

3.10 Measurement of fair value for biological assets

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Change in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 October 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 outlines a single comprehensive model to account for revenue arising from contracts with customers and replaced the majority of existing IFRS requirements on revenue recognition including IAS 18, “Revenue”. The core principle of IFRS 15 is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

The Company has adopted IFRS 15 from 1 October 2018 and elected to apply the practical expedients available under IFRS 15 to adopt the standard using a modified retrospective approach and exclude completed contracts from its assessment of retrospective impacts. Under the modified retrospective approach, any retrospective impacts from the transition are shown as an adjustment to beginning retained earnings for 2018. Prior period figures are not restated.

The adoption of IFRS 15 had no material impact on revenue recognition or measurement related to contracts with customers except for the reclassification of point of sale cost from selling expenses to cost of revenue and reclassification of “advances from customers” from trade and other payables to a separate line item as ‘advances from customers’.

Company’s revised accounting policy relating to revenue recognition under IFRS 15 is explained in note 4.9 of these unconsolidated financial statements.

4.1.2 IFRS 9 - Financial Instruments

IFRS 9 replaced the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of ‘Expected Credit Loss Method’ in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within 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 principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in the unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the unconsolidated statement of profit or loss.

For assets measured at fair value, gains and losses will either be recorded in unconsolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in the unconsolidated statement of profit or loss. The Company's accounting policy relating to financial instruments is explained in note 4.12 of these unconsolidated financial statements.

4.1.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 October 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying account under IAS 39	New carrying account under IFRS 9
			Rupees	Rupees
Long term deposits	Loans and receivables	Amortized cost	37,488,439	37,488,439
Bank balances	Loans and receivables	Amortized cost	102,878,418	102,878,418
Advances, deposits and other receivables	Loans and receivables	Amortized cost	596,028,518	596,028,518
Trade debts - unsecured, considered good	Loans and receivables	Amortized cost	5,471,467,968	5,471,467,968

4.1.2.3 Impairment

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9 other than due from the Government of Pakistan. As explained in note 4.1.2 , the SECP has granted exemption with respect to application of ECL for companies holding financial assets due from the Government of Pakistan. Accordingly Company's receivables of Rs. 5,161.61 million (2018: Rs. 3,241.66 million) that are due from Government of Pakistan continues to be assessed for impairment under the requirements of IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, deposits (other than from Government of Pakistan) and other receivables are subject to ECLs model but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases:

– 12 months ECLs, these are the ECLs that result from possible default events within the 12 months after the reporting date; and
– Lifetime ECLs, these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables other than due from Government of Pakistan. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances and other receivables is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

The Company has applied IFRS 9 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 9 is recognized in retained earnings at the date of initial application. Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, the Company has no material expected credit loss under IFRS 9 on trade debts at initial application date and at the year end.

4.2 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land and capital work in progress are stated at cost less any identified impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.14.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Sugarcane roots 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 statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognized so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 6 years.

Depreciation is charged to statement of profit or loss on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 17.1, except that straight-line method is used for assets related to Corporate Farms. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

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

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

Leased

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

4.3 Intangibles

Goodwill

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses.

Computer software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortization (for finite useful life of intangible asset) and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with finite useful life are amortized using straight-line method over its useful period. Amortization on additions to intangible assets is charged from the date when an asset is put to use and on disposal up to the date of disposal.

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

4.4 Stores, spare parts and loose tools

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

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

4.5 Stock-in-trade

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

Cost is determined as follows:

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

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

4.6 Biological assets

Consumable biological assets, comprising 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 company's weighted average cost of capital. Significant assumptions used are stated in note 22.1 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. Changes in fair value of sugarcane and other crops are recognized in the statement of profit or loss.

4.7 Employee benefits

Defined contribution plan

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

Defined benefit plans

The Company operates an approved funded gratuity plan covering all of its eligible employees who have completed the minimum qualifying period. The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

4.8 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Deferred

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

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

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

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

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

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

4.9 Revenue recognition

Revenue comprises income arising in the course of the Company's ordinary activities. The Company is engaged in the sale of electricity, the sale of sugar, its by-products and agricultural produce.

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.

Sale of electricity

Revenue from sale of energy is recognized over time as electricity is delivered. 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.

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).

Other income

Other income comprises income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. 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 are recognized on accrual basis and is disclosed under other income in the statement of profit or loss;
- dividend income is recognized when the Company's right to receive the dividend is established and included in operating profit in the statement of profit or loss as part of other income;
- interest income is recognized as and when accrued on effective interest method. Interest income is disclosed under other income in the statement of profit or loss; and
- Government incentive relating to export sales are recognized when the right to receive such incentives has been established and the underlying conditions are met.

4.10 Provisions

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

4.11 Leases

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

Finance leases

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

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

Operating lease / Ijarah contracts

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

4.12 Financial instruments

4.12.1 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 debt without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade debt without a significant financing component is initially measured at the transaction price.

4.12.2 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 (FVOCI), fair value through profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

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.

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 debts and other receivables.

Debt instrument - FVOCI

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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 fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to profit or loss. However, the Company has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss. The Company has classified its investments in mutual funds as at FVTPL.

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. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in unconsolidated statement of 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 trade and other payables, short term borrowings, accrued markup and dividend payable.

4.12.3 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 expire. 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.

4.12.4 Trade debts - due from Government of Pakistan

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

The allowance for doubtful accounts is based on the Company's assessment at the collectability of counterparty accounts. The Company regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect customers ability to pay.

4.12.5 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.

4.12.6 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

– financial assets measured at amortized cost;
– debt investments measured at FVOCI; and
– contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities, bank balances and other receivables 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.

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).

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 and contract assets 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. 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 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.

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. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.13 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

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 statement of profit or loss as incurred.

4.15 Foreign currency transactions

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

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

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

4.16 Investments

Investment in equity instruments of subsidiary companies

Investment in subsidiary company is measured at cost in the Company's separate financial statements, as per the requirements of IAS-27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in unconsolidated statement of profit or loss.

Investments in equity instruments of associated companies

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

4.17 Investment property

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

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

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

4.18 Dividend

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

4.19 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 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

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

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

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

	2019 Rupees	2018 Rupees
De-recognition of property, plant and equipment	(4,628,548,635)	(4,897,686,962)
Recognition of lease debtor	6,175,402,871	6,516,865,697
Increase in deferred tax liability	448,587,728	469,561,833
Increase in un-appropriated profit at beginning of the year	492,428,725	513,825,774
Decrease in profit for the year - net of tax	(256,519,066)	(21,397,049)
Increase in un-appropriated profit at end of the year	235,909,659	492,428,725

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 October 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’ - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company’s financial statements.

- Amendments to IAS 19 ‘Employee Benefits’- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company’s financial statements.

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Company’s financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

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

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

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

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

	2019 Rupees	2018 Rupees
6 SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2018: 75,000,000) voting ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2018: 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 (2018: 32,145,725) voting ordinary shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2018: 27,630,936) voting bonus shares of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

Mr. Jahangir Khan Tareen (Chief Executive Officer & Executive Director) holds 9,802,293 (2018: 12,802,293) and Mukhdoom Syed Ahmed Mahmud (Non Executive Director) holds 15,843,932 (2018: 15,843,932) ordinary shares of Rs. 10 each representing 16.40% (2018: 21.42%) and 26.51% (2018: 26.51%) of the paid up capital of the Company respectively.

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.

	Note	2019 Rupees	2018 Rupees
8 LONG TERM FINANCES - SECURED			
Mark-up bearing finances from conventional bank	8.1.1	6,326,126,662	9,580,302,716
Islamic mode of financing	8.1.2	2,709,682,703	3,206,160,271
	8.1 & 8.2	9,035,809,365	12,786,462,987
Current maturity presented under current liabilities:			
- Mark-up bearing finances from conventional bank		(3,179,668,326)	(3,254,290,948)
- Islamic mode of financing		(894,019,235)	(746,477,568)
	13	(4,073,687,561)	(4,000,768,516)
		4,962,121,804	8,785,694,471

8.1 Long term finances - secured

	Mark-up basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2019	Principal outstanding 2018
		Rupees	Years	Years		Rupees	Rupees
8.1.1 Mark-up bearing finances from conventional bank							
MCB Bank Limited - Led Syndicate							
MCB Bank Limited	3mk + 1.00	1,000,000,000	07 Years	1.5 Years	2020	181,818,179	363,636,363
United Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	2020	90,909,086	181,818,179
Allied Bank Limited	3mk + 1.00	940,000,000	07 Years	1.5 Years	2020	170,909,087	341,818,180
Askari Bank Limited	3mk + 1.00	500,000,000	07 Years	1.5 Years	2020	90,909,086	181,818,179
Habib Metropolitan Bank	3mk + 1.00	100,000,000	07 Years	1.5 Years	2020	18,181,818	36,363,637
The Bank of Punjab	3mk + 1.00	800,000,000	07 Years	1.5 Years	2020	145,454,544	290,909,090
JS Bank Limited	3mk + 1.00	150,000,000	07 Years	1.5 Years	2020	27,272,733	54,545,459
Meezan Bank Limited	3mk + 1.00	350,000,000	07 Years	1.5 Years	2020	63,578,144	127,156,290
		4,340,000,000				789,032,677	1,578,065,377
Pak Oman Investment Company Limited (I)	3mk + 1.00	500,000,000	06 Years	01 Year	2020	75,000,000	175,000,000
Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2022	275,000,000	375,000,000
The Bank of Punjab (I)	3mk + 1.00	300,000,000	06 Years	01 Year	2020	59,985,680	119,985,680
The Bank of Punjab (II)	3mk + 1.00	700,000,000	06 Years	01 Year	2020	140,000,000	280,000,000
The Bank of Punjab (III)	3mk + 1.00	500,000,000	05 Years	01 Year	2021	250,000,000	375,000,000
The Bank of Punjab (IV)	3mk + 1.00	750,000,000	05 Years	01 Year	2023	750,000,000	749,885,094
MCB Bank Limited (NIB)	3mk + 1.00	500,000,000	05 Years	–	2020	51,691,630	155,074,890
Pak Libya Holding Company Limited	3mk + 1.00	100,000,000	05 Years	–	2020	25,000,000	45,000,000
National Bank of Pakistan Limited (I)	3mk + 1.00	1,000,000,000	05 Years	01 Year	2020	312,500,000	562,500,000
National Bank of Pakistan Limited (II)	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	750,000,000	1,000,000,000
Soneri Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2021	120,000,000	180,000,000
Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	375,000,000	500,000,000
Faysal Bank Limited (II)	3mk + 1.00	650,000,000	06 Years	–	2020	81,250,007	189,583,339
Faysal Bank Limited (IV)	3mk + 1.00	1,000,000,000	03 Years	–	2019	–	333,333,336
Pak Brunei Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2024	500,000,000	500,000,000
Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	2021	350,000,000	550,000,000
Askari Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2021	105,000,000	165,000,000
Askari Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	406,250,000	500,000,000
Askari Bank Limited (III)	3mk + 1.00	175,000,000	05 Years	01 Year	2023	175,000,000	175,000,000
MCB Bank Limited	3mk + 1.00	1,000,000,000	05 Years	02 Years	2021	422,916,668	634,375,000
Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	2021	312,500,000	437,500,000
		12,275,000,000				5,537,093,985	8,002,237,339
		16,615,000,000				6,326,126,662	9,580,302,716
8.1.2 Islamic mode of financing							
Dubai Islamic Bank (Pakistan) Limited (I)	3mk + 1.00	500,000,000	5.5 Years	0.5 Year	2020	34,000,000	134,000,000
Dubai Islamic Bank (Pakistan) Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2021	218,750,000	343,750,000
Askari Bank Limited (I)	6mk + 1.00	300,000,000	06 Years	01 Year	2020	60,000,000	120,000,000
Askari Bank Limited (II)	3mk + 1.00	200,000,000	05 Years	–	2021	70,000,000	110,000,000
Askari Bank Limited (III)	3mk + 1.00	250,000,000	05 Years	01 Year	2023	250,000,000	250,000,000
Faysal Bank Limited	3mk + 1.00	750,000,000	05 Years	01 Year	2023	703,125,000	750,000,000
Bank Alfalah Limited	3mk + 0.90	500,000,000	05 Years	01 Year	2022	373,807,703	498,410,271
National Bank of Pakistan	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	750,000,000	1,000,000,000
National Bank of Pakistan (II)	3mk + 1.00	250,000,000	05 Years	01 Year	2024	250,000,000	–
		4,250,000,000				2,709,682,703	3,206,160,271
		20,865,000,000				9,035,809,365	12,786,462,987

* 3 mk i.e. 3 months KIBOR

8.2 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 of Rs. 21,515 million (2018: Rs. 17,049 million) and personal guarantees of sponsor directors of the Company.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

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

		2019		
	Note	Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
		Rupees	Rupees	Rupees
Less than one year	13	91,533,078	18,664,374	72,868,704
Between one and five years		169,390,510	17,662,465	151,728,045
		260,923,588	36,326,839	224,596,749

		2018		
	Note	Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
		Rupees	Rupees	Rupees
Less than one year	13	115,129,719	9,848,122	105,281,597
Between one and five years		152,863,012	8,185,098	144,677,914
		267,992,731	18,033,220	249,959,511

Lease rentals are payable on quarterly / monthly basis and include finance cost at the rate of six months KIBOR plus 100 bps per annum (2018: three months to one year KIBOR plus 100 bps per annum) which has been used as the discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

	2019 Rupees	2018 Rupees
10 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	3,068,573,261	2,836,640,418
- leased assets	66,753,015	158,180,423
	3,135,326,276	2,994,820,841
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(65,133,057)	(72,488,258)
- provisions for doubtful debts and obsolescence	(43,285,233)	(24,354,082)
- impairment of investment in associate	(26,100,000)	(26,100,000)
- provision for Workers' Profit Participation Fund	(3,664,068)	–
- tax losses	(644,466,589)	(519,569,799)
- retirement benefits	(25,923,961)	(19,238,864)
- tax credits	(1,604,767,536)	(715,902,366)
	(2,413,340,444)	(1,377,653,369)
	721,985,832	1,617,167,472
10.1 Movement in deferred tax balances is as follows:		
As at 01 October	1,617,167,472	1,753,983,783
Recognized in statement of profit or loss:		
- accelerated tax depreciation on operating fixed assets	231,932,843	149,127,721
- leased assets	(91,427,408)	(58,346,248)
- liabilities against assets subject to finance lease	7,355,201	19,453,395
- provisions for doubtful debts and obsolescence	(18,931,151)	839,796
- impairment of investment in associate	–	900,000
- provision for Workers' Profit Participation Fund	(3,664,068)	34,791,430
- retirement benefits	(3,450,737)	(15,414,051)
- recognition of current year tax losses	(124,896,790)	(519,569,799)
- (recognition) / derecognition of tax credits	(888,865,170)	255,226,258
	(891,947,280)	(132,991,498)
Recognized in other comprehensive income:		
- retirement benefits	(3,234,360)	(3,824,813)
	721,985,832	1,617,167,472

11 RETIREMENT BENEFITS

The latest actuarial valuation of the Company's defined benefit plan was conducted on 30 September 2019 using projected unit credit method. Details of obligation for defined benefit plan are as follows:

	Note	2019 Rupees	2018 Rupees
Present value of defined benefit obligation	11.1	158,380,380	142,649,329
Fair value of plan assets	11.2	(83,263,732)	(88,865,210)
Liability as at 30 September		75,116,648	53,784,119

		2019 Rupees	2018 Rupees
11.1	**Movement in liability for funded defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	142,649,329	119,018,899
	Current service cost for the year	17,121,658	19,754,774
	Interest cost for the year	12,709,977	8,880,532
	Benefit paid during the year	(13,224,592)	(8,190,955)
	Actuarial (gain) / loss on present value of defined benefit obligation	(875,992)	3,186,079
	Present value of defined benefit obligation at end of the year	158,380,380	142,649,329
11.2	**Movement in fair value of plan assets**		
	Balance at beginning of the year	88,865,210	89,400,143
	Return on plan assets excluding interest income	8,769,424	7,241,088
	Contributions made during the year	10,882,649	10,417,866
	Actuarial loss on fair value of plan assets	(12,028,959)	(10,002,932)
	Benefits paid by the fund	(13,224,592)	(8,190,955)
	Fair value of plan assets at end of the year	83,263,732	88,865,210
	Plan assets comprises of		
	Nafa Money Market Fund	41,575,745	–
	Nafa Income Opportunity Fund	41,243,074	–
	Askari Bank Limited	444,913	1,231,835
	Nafa Islamic Assets Allocation Fund	–	49,574,211
	Nafa Assets Allocation Fund	–	38,059,164
		83,263,732	88,865,210

	2019	2018
	(Percentage)	
Plan assets comprises of		
Equity	99.47%	98.61%
Cash at bank	0.53%	1.39%
	100%	100%

		2019 Rupees	2018 Rupees
11.3	**Charge for the year**		
	Statement of profit or loss		
	Current service cost	17,121,658	19,754,774
	Interest cost for the year	12,709,977	8,880,532
	Return on plan assets excluding interest income	(8,769,424)	(7,241,088)
		21,062,211	21,394,218
	Other comprehensive income		
	Actuarial (gain) / loss on obligation	(875,992)	3,186,079
	Actuarial loss on defined benefit assets	12,028,959	10,002,932
		32,215,178	34,583,229

		2019 Rupees	2018 Rupees
11.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	–
	Actuarial loss during the year	(11,152,967)	(13,189,011)
	Charge to other comprehensive income	11,152,967	13,189,011
	Closing actuarial losses	–	–

11.5 Historical information

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined obligations	158,380,380	142,649,329	119,018,899	101,168,252	75,844,689
Experience adjustment loss	11,152,967	13,189,011	14,204,297	17,810,879	5,293,750

11.6 Expected expense for the next year

The Company expects to charge Rs. 27.66 million to unconsolidated statement of profit or loss on account of defined benefit plan in 2020.

11.7 Sensitivity analysis

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

		Impact on defined benefit obligation			
		2019		2018	
	Change	Increase	Decrease	Increase	Decrease
Discount rate	100 BPS	(13,100,441)	15,284,211	(11,281,262)	13,286,258
Salary growth rate	100 BPS	14,756,788	(12,886,578)	12,823,213	(11,095,841)

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.

		2019	2018
11.8	**Actuarial assumptions**		
	Valuation discount rate	12.5%	10.0%
	Salary increase rate	12.5%	10.0%
	Expected return on plan assets	12.5%	10.0%
	Average expected remaining working life time of employees	9.02	9.15
	Mortality rate	SLIC 2001 - 2015	SLIC 2001 - 2015

12 SHORT TERM BORROWINGS

	Note	2019 Rupees	2018 Rupees
Mark-up based borrowings from conventional banks - secured			
- Cash finances	12.1	7,607,729,625	12,604,714,406
- Running finances	12.2	1,881,975,016	3,639,994,262
- Inland bill discounting	12.3	1,190,858,115	1,599,999,999
- Finance against trust receipts	12.4	263,354,254	165,777,672
		10,943,917,010	18,010,486,339
Islamic mode of financing - secured			
- Salam / Istisna finances	12.5	2,969,200,000	3,417,466,960
- Morabaha finances	12.6	1,750,000,000	1,050,000,000
- Tijarah finances	12.7	–	439,999,568
		4,719,200,000	4,907,466,528
Borrowings from related party - unsecured			
- Deharki Sugar Mills (Private) Limited	12.8	850,200,000	635,732,649
		16,513,317,010	23,553,685,516

12.1 The Company has obtained these facilities from various banks and financial institutions aggregating Rs. 13,100 million (2018: Rs. 18,638 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 20 to 100 bps per annum (2018: one to six 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.

12.2 The Company has obtained running finance facilities aggregating Rs. 2,180 million (2018: Rs. 4,180 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2018: one to six months KIBOR plus 0 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.

12.3 The Company has obtained inland bill discounting facility aggregating Rs. 1,300 million (2018: Rs. 1,900 million). The mark-up rate applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2018: 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.

12.4 The limit of this facility is Rs. 900 million (2018: Rs. 950 million). It carries mark-up ranging from three to six months KIBOR plus 90 to 250 bps per annum (2018: one to six months KIBOR plus 50 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.

12.5 The Company has obtained salam / istisna finances facilities from various banks and financial institutions aggregating to Rs. 5,635 million (2018: Rs. 6,535 million). It carries mark-up ranging from three to nine months KIBOR plus 20 to 50 bps per annum (2018: three to six months KIBOR plus 20 to 55 bps per annum). These are secured against pledge charge over refined sugar bags and personal guarantees of sponsor directors of the Company.

12.6 The Company has obtained morabaha finance facilities aggregating Rs. 1,750 million (2018: Rs. 1,050 million). The mark-up rates applicable during the year ranges from three to nine months KIBOR plus 50 to 100 bps per annum (2018: three to six months KIBOR plus 50 to 75 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets of the Company and personal guarantees of the sponsor directors of the Company.

12.7 The Company has fully settled the facility during the year. The mark-up rate applicable during the year was six months KIBOR plus 55 bps per annum (2018: three months KIBOR plus 55 bps per annum). These were 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.

12.8 This represents interest bearing loan received from Deharki Sugar Mills (Private) Limited to meet working capital requirements at an average interest rate of 9.44% to 13.53% per annum (2018: 7.18% per annum).

13 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2019 Rupees	2018 Rupees
Long term finances - secured	8	4,073,687,561	4,000,768,516
Liabilities against assets subject to finance lease - secured	9	72,868,704	105,281,597
		4,146,556,265	4,106,050,113

14 TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Trade and other creditors		1,904,131,121	2,122,131,622
Sales tax payable		736,555,251	–
Accrued expenses		225,350,176	203,753,232
Tax deducted at source		45,919,038	13,212,662
Retention money		26,438,900	26,202,750
Payable to Provident Fund		14,276,320	12,556,790
Payable to Workers' Profit Participation Fund	14.1	12,634,718	–
Due to related parties	14.2	935,090	143,786,248
Payable to Workers' Welfare Fund	14.3	–	26,574,555
Other payables		84,323,553	69,997,572
		3,050,564,167	2,618,215,431

14.1 Payable to Workers' Profit Participation Fund

	Note	2019 Rupees	2018 Rupees
Balance as at 01 October		–	115,971,432
Add: Allocation for the year	33	12,634,718	–
Interest on funds utilized	34	–	61,879,769
Prior year adjustment	33	–	5,237,703
		12,634,718	183,088,904
Less: Paid during the year		–	(183,088,904)
Balance as at 30 September		12,634,718	–

14.2 Due to related parties

	Note	2019 Rupees	2018 Rupees
Agro Industrial Solutions	14.2.1	935,090	879,078
Deharki Sugar Mills (Private) Limited	14.2.2	–	142,907,170
		935,090	143,786,248

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

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

		2019 Rupees	2018 Rupees
14.3	**Payable to Workers' Welfare Fund**		
	Balance as at 01 October	26,574,555	26,574,555
	Reversal of prior year provision	(6,132,313)	–
		20,442,242	26,574,555
	Less: Paid during the year	(20,442,242)	–
	Balance as at 30 September	–	26,574,555

		2019 Rupees	2018 Rupees
15	**ACCRUED PROFIT / INTEREST / MARK-UP**		
	Mark-up on financing / borrowings from conventional banks		
	Long term finances - secured	167,979,227	140,949,231
	Short term borrowings - secured	325,303,299	281,037,129
		493,282,526	421,986,360
	Profit on Islamic mode of financing		
	Long term finances - secured	23,277,017	16,414,365
	Short term borrowings - secured	226,118,080	96,225,490
		249,395,097	112,639,855
		742,677,623	534,626,215

16 Contingencies and commitments

16.1 Contingencies

16.1.1 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.

16.1.2 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.

16.1.3 The Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. Assistant Commissioner of Inland Revenue ('ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. The Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR"), who vide order dated 06 April 2010 decided appeal in favor of the Company on most of the issues. The department filed appeal before appellate tribunal ("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.

16.1.4 The Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. The Company has filed Writ Petition before Honorable Lahore High Court ("Court") against selection of audit which was rejected by the court. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ('DCIR") passed order u/s 122(4)/(5) by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22-12-2017. The Company filed an appeal before CIR(A), who passed ex-parte order against the Company. The Company has filed second appeal before appellate tribunal ("ATIR"). Appeal was heard and order is still awaited. The management of the Company is confident that this case will be decided in its favor.

16.1.5 Additional Commissioner Inland Revenue ('ACIR") issued show cause notice u/s 122(5A) of I.T.O 2001 for tax year 2011 confronting several matters. The said notice was duly complied and plea of the taxpayer was largely accepted by the department. ACIR passed order u/s 122(5A) by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30/06/2017. 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.

16.1.6 The Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2014. Deputy Commissioner Inland Revenue ('DCIR") passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") who vide order dated 07-03-2018 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 Appellate Tribunal Inland Revenue ("ATIR") against the issues. The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

16.1.7 The Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period June 2013 to July 2014 by the Federal Board of Revenue ("FBR"). A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") who vide dated 08-02-2018 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 Appellate Tribunal Inland Revenue. (ATIR). The hearing of the same is pending. The management of the Company is confident that this case will be decided in its favor.

16.1.8 The Company was selected for audit u/s 214C of I.T.O 2001 for Tax year 2016. Assistant Commissioner of Inland Revenue ('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 appeal before Commissioner Inland Revenue (Appeals) ("CIR") which is pending for adjudication. The management of the Company is confident that this case will be decided in its favor.

16.1.9 The Company 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. The Company has claimed tax credit at the rate of 10% for the year ended September 30, 2018 and September 30, 2019 amounting to Rs.254.9 million and Rs. 96.8 million respectively. Management of the Company expects a favorable outcome in this case.

16.1.10 Guarantees issued by the banks on behalf of the Company in favor of various parties as at the reporting date amounts to Rs. 560 million (2018: Rs. 577 million).

16.1.11 Counter guarantee given by the Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 256 million (2018: Rs. nil).

		2019 Rupees	2018 Rupees
16.2	**Commitments**		
16.2.1	Letters of credit for import of machinery and its related components	235,071,327	539,941,528

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

	2019 Rupees	2018 Rupees
Less than one year	239,114,320	201,961,777
Between one and five years	883,360,852	694,061,398
More than five years	4,173,750	4,173,750
	1,126,648,922	900,196,925

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

	2019 Rupees	2018 Rupees
Less than one year	–	1,098,556

	Note	2019 Rupees	2018 Rupees
17 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	21,365,668,172	21,133,041,009
Capital work in progress	17.6	464,469,761	752,229,377
Stores, spare parts and loose tools held for capital expenditure		128,805,760	124,899,758
		21,958,943,693	22,010,170,144

17.1 Operating fixed assets

	Cost					Depreciation				
	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	Net book value 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	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
freehold land		–						–		
Non-factory building on	817,116,223	229,325	–	817,210,579	5-20	285,487,335	26,781,390	–	312,232,733	504,977,846
freehold land		(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)		

	Cost					Depreciation				
	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	Net book value as at 30 September 2019
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Weighbridge	40,823,357	–	–	40,823,357	10	20,605,992	2,021,736	–	22,627,728	18,195,629
		–						–		
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)		

17.2 Additions in operating fixed assets included transfer from capital work in process amounting to Rs. 1,402.60 million (2018: Rs. 2,574.66 million).

Transfers from freehold land represents transfer of land to investment property during the year amounting to Rs. 0.42 million (2018: Rs. nil).

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

	Cost					Depreciation				
	As at 01 October 2017	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2018	Rate	As at 01 October 2017	For the year	Transfers / (deletions) during the year	As at 30 September 2018	Net book value as at 30 September 2018
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Roads and boundary wall	89,791,493	5,452,036	–	94,889,081	10	46,283,852	4,676,904	–	50,656,236	44,232,845
		(354,448)	–					(304,520)		
Arms and ammunitions	7,907,517	316,540	–	8,224,057	10	4,937,556	315,642	–	5,253,198	2,970,859
		–	–					–		
Fire fighting equipment	82,815,232	–	–	82,815,232	20	41,223,855	8,318,276	–	49,542,131	33,273,101
		–	–					–		
Aircraft	469,981,824	225,807,775	–	624,453,403	10-25	268,059,069	26,287,369	–	252,076,803	372,376,600
		(71,336,196)	–					(42,269,635)		
Tube well	8,267,613	–	–	8,267,613	10	3,843,789	442,382	–	4,286,171	3,981,442
		–	–					–		
Computers	36,890,899	27,922,051	–	63,055,769	33	26,025,217	10,960,654	–	35,448,655	27,607,114
		(1,757,181)	–					(1,537,216)		
	26,631,194,773	3,481,044,984	272,141,834	29,464,232,710		7,765,714,888	1,486,410,038	62,114,166	8,876,641,435	20,587,591,275
		(920,148,881)						(437,597,657)		
Leased										
Plant and machinery	713,607,138	–	(254,167,334)	459,439,804	5	102,057,346	30,577,490	(55,092,066)	77,542,770	381,897,034
		–	–					–		
Motor vehicles	140,574,850	95,345,500	(17,974,500)	217,945,850	20	30,369,072	31,046,178	(7,022,100)	54,393,150	163,552,700
		–	–					–		
	854,181,988	95,345,500	(272,141,834)	677,385,654		132,426,418	61,623,668	(62,114,166)	131,935,920	545,449,734
		–						–		
	27,485,376,761	3,576,390,484	–	30,141,618,364		7,898,141,306	1,548,033,706	–	9,008,577,355	21,133,041,009
		(920,148,881)						(437,597,657)		

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

Location	Usage of immovable property	Total area (Acres)
Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan	Manufacturing facility	318.60
Machi Goth, Sadiqabad, District Rahim Yar Khan	Manufacturing facility	186.72
Village Laluwali, District Ghotki	Manufacturing facility	140.03
59-A, Gulberg, Lahore	Record room / space for corporate office	0.65
29-B, Gulberg, Lahore	Rest house	0.30
Agricultural Land - Punjab (various locations)	Agriculture land	925.22
Agricultural Land - Sindh (various locations)	Agriculture land	1,078.98

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

	Note	2019 Rupees	2018 Rupees
17.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	29.1 & 29.1.1.1	1,201,343,865	1,225,488,005
Administrative expenses	30	58,955,623	66,801,819
Cost of growing crops	32.1.1	207,761,327	255,743,882
		1,468,060,815	1,548,033,706

17.5 Disposal of operating fixed assets

Description	Particulars of purchaser	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sales value Rupees	Gain / (loss) Rupees	Mode of disposal	Relationship with the Company
Plant and machinery								
Transformer	JK Sugar Mills (Pvt.) Ltd.	1,720,307	712,387	1,007,920	1,000,000	(7,920)	Negotiation	Related Party
Various assets having net book value up to Rs. 500,000 each		50,512	48,571	1,941	360,000	358,059		
		1,770,819	760,958	1,009,861	1,360,000	350,139		
Motor vehicles								
Toyota Hilux	JK Sugar Mills (Pvt.) Ltd.	3,190,800	2,432,594	758,206	2,050,000	1,291,794	Negotiation	Related Party
Honda Civic	Maqsood Ahmad Malhi	2,438,000	1,783,884	654,116	1,678,500	1,024,384	-do-	Employee
Toyota Corolla Altis	EFU General Insurance Limited	2,011,500	653,599	1,357,901	1,980,000	622,099	Insurance Claim	Other party
Toyota Corolla Altis	Bashir Ahmed	1,914,700	1,394,692	520,008	574,410	54,402	Company Policy	Employee
Toyota Corolla XLI	Major Saif Ullah (Retired)	1,782,000	408,734	1,373,266	1,775,000	401,734	Negotiation	Ex-employee
Toyota Corolla XLI	Iftikhar Hussain	1,605,000	1,034,881	570,119	1,350,000	779,881	-do-	Other party
Toyota Corolla XLI	Baber Shabbir	1,344,089	502,221	841,868	1,550,000	708,132	-do-	Ex-employee
Suzuki Cultus	Abid Ansar	1,124,000	505,800	618,200	1,000,000	381,800	-do-	Other party
Various assets having net book value up to Rs. 500,000 each		59,526,470	46,669,560	12,856,910	35,463,912	22,607,002		
		74,936,559	55,385,965	19,550,594	47,421,822	27,871,228		
Computers								
Various assets having net book value up to Rs. 500,000 each		672,232	571,736	100,496	113,000	12,504		
Office equipment's								
Asset having net book value up to Rs. 500,000 each		24,000	2,000	22,000	8,000	(14,000)		
Assets - written off								
Sugarcane roots		330,390,674	113,508,015	216,882,659	–	–	Company Policy	–
Other assets		1,466,625	1,334,555	132,070	–	–	-do-	–
		331,857,299	114,842,570	217,014,729	–	–		
2019		409,260,909	171,563,229	237,697,680	48,902,822	28,219,871		
2018		920,148,881	437,597,657	482,551,224	534,801,636	222,815,041		

		Note	2019 Rupees	2018 Rupees
17.6	**Capital work in progress**			
	As at 1 October		752,229,377	1,799,514,371
	Additions during the year	17.6.1	1,114,844,810	1,527,373,141
	Transfers made during the year		(1,402,604,426)	(2,574,658,135)
	As at 30 September		464,469,761	752,229,377
	Break-up of closing balances is as follows:			
	- Advances to suppliers		279,866,882	356,661,979
	- Building		142,825,551	49,104,735
	- Plant and machinery		41,366,107	334,963,931
	- Roads & boundary walls		411,221	411,221
	- Sugarcane roots		–	11,087,511
			464,469,761	752,229,377

17.6.1 Additions to capital work in progress also include borrowing costs of Rs. 34.64 million (2018: Rs. 61.32 million) relating to specific borrowings at the rates ranging from 9.44% to 13.53% per annum (2018: 6.65% to 9.43% per annum).

	2019 Rupees	2018 Rupees
18 INVESTMENT PROPERTY		
Balance as at 01 October	218,599,597	218,599,597
Transferred from operating fixed assets	415,665	–
Balance as at 30 September	219,015,262	218,599,597

18.1 Investment property represents agricultural land given on operating lease, the fair value of the investment property is Rs. 380 million (2018: Rs. 530 million). The current fair value of investment property was determined by Hamid Mukhtar and Co. (Pvt.) Limited.

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

	2019 Rupees	2018 Rupees
Less than one year	13,078,500	12,430,800

	Note	2019 Rupees	2018 Rupees
19 INTANGIBLES			
Goodwill	19.1	608,310,693	608,310,693
Oracle computer software	19.2	8,498,867	10,538,595
		616,809,560	618,849,288

19.1 Goodwill includes Rs. 568,545,391 and Rs. 39,765,302 arisen at the time of mergers of United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited into the Company. For impairment testing, the recoverable amount has been determined based on the recent value in use calculations by discounting the four years cash flow projections at 23.78% and 22.71% per annum respectively. Assumptions used in preparing the cash flows are based on past trends. The calculation of value in use is sensitive to discount rate and local inflation rates.

		Note	2019 Rupees	2018 Rupees
19.2	**Oracle computer software**			
	Cost		20,397,279	20,397,279
	Accumulated amortization			
	As at 01 October		9,858,684	7,818,956
	Amortization for the year	30	2,039,728	2,039,728
			11,898,412	9,858,684
	As at 30 September		8,498,867	10,538,595
	Rate of amortization		10%	10%

20 LONG TERM INVESTMENTS

		Note	2019 Rupees	2018 Rupees
Investment in subsidiary companies - unquoted		20.1	1,651,603,405	2,310,460,383
Investment in associated company - unquoted		20.2	–	–
			1,651,603,405	2,310,460,383
20.1	**Investment in subsidiary companies - unquoted**			
	Deharki Sugar Mills (Private) Limited ("DSML")			
	104,975,000 (2018: 104,975,000) fully paid shares of Rs. 10 each			
	Equity held 100% (2018: 100%)		1,049,750,000	1,049,750,000
	Faruki Pulp Mills Limited ("FPML")			
	310,892,638 (2018: 310,892,638) fully paid shares of Rs. 10 each			
	Equity held 57.67% (2018: 57.67%)		3,154,426,383	3,154,426,383
	Less: Accumulated impairment allowance	20.1.1	(2,584,372,978)	(1,921,066,000)
			570,053,405	1,233,360,383
	Sadiqabad Power (Private) Limited ("SPL")			
	1,000,100 (2018: 1,000,100) fully paid shares of Rs. 10 each			
	Equity held 100% (2018: 100%)		10,001,000	10,001,000
	Advances for future issuance of shares		5,349,000	3,549,000
			15,350,000	13,550,000
	Ghotki Power (Private) Limited ("GPL")			
	1,000,100 (2018: 1,000,100) fully paid shares of Rs. 10 each			
	Equity held 100% (2018: 100%)		10,001,000	10,001,000
	Advances for future issuance of shares		6,449,000	3,799,000
			16,450,000	13,800,000
			1,651,603,405	2,310,460,383
20.1.1	**Accumulated impairment allowance**			
	Opening balance		1,921,066,000	1,921,066,000
	Charged during the year	20.1.1.1 & 33	663,306,978	–
	Closing balance		2,584,372,978	1,921,066,000

20.1.1.1 Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of the FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, management of the Company estimated the recoverable amount of investment in FPML at Rs. 570 million and recognised an additional impairment loss of Rs. 663.31 million. The recoverable amount was estimated based on fair value less cost of disposal of the underlying assets and liabilities of FPML.

Fair value hierarchy

	Level 1	Level 2	Level 3	Total
	Rupees	Rupees	Rupees	Rupees
Investment in Faruki Pulp Mills Limited	–	–	570,053,405	570,053,405
	–	–	570,053,405	570,053,405

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	53,601,707	53,601,707	–	The carrying amount is assumed to be 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	1,179,758,676	516,451,698	(663,306,978)	Sales comparison approach for the freehold land and depreciated replacement cost for plant & machinery and ancillary equipment.
	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.	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 a 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.	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.

		2019 Rupees	2018 Rupees
20.2	**Investment in associated company - unquoted**		
	JDW Power (Private) Limited ("JDWPL")		
	9,000,000 (2018: 9,000,000) fully paid shares of Rs. 10 each		
	Equity held 47.37% (2018: 47.37%)	90,000,000	90,000,000
	Less: Accumulated impairment allowance	(90,000,000)	(90,000,000)
		–	–

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

21 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed. This also includes an advance amounting to Rs. 4.54 million (2018: 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.

22 BIOLOGICAL ASSETS

	Note	Growing cane	Wheat	Guar	Others	Total
		30 September 2019				
		Rupees				
At the beginning of the year at fair value		1,983,490,606	38,110,114	3,106,308	–	2,024,707,028
Fair value adjustments recorded in profit or loss	32.1	2,013,074,325	–	–	5,878,538	2,018,952,863
Transfer to cost of revenue	29.1.1	(1,983,490,606)	(38,110,114)	(3,106,308)	–	(2,024,707,028)
At the end of the year at fair value		2,013,074,325	–	–	5,878,538	2,018,952,863

	Note	Growing cane	Wheat	Guar	Others	Total
		30 September 2018				
		Rupees				
At the beginning of the year at fair value		2,282,737,798	–	–	–	2,282,737,798
Fair value adjustments recorded in profit or loss	32.1	1,983,490,606	38,110,114	3,106,308	–	2,024,707,028
Transfer to cost of revenue	29.1.1	(2,282,737,798)	–	–	–	(2,282,737,798)
At the end of the year at fair value		1,983,490,606	38,110,114	3,106,308	–	2,024,707,028

22.1 Measurement of fair values

22.1.1 Fair value hierarchy

In absence of active market for sugarcane standing crops, the fair value measurement for the standing crop has been categorized as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined on the basis of a discounted cash flow model. The valuation model considers the present value of net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for next year which mainly include crop's expected yield. The expected cash flows are discounted using a risk adjusted discount rate.

22.1.2 Level 3 fair values

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

	Note	2019 Rupees	2018 Rupees
Net fair value gain / (loss) recognized in other income	32	1,396,771	(108,958,903)

22.1.3 Valuation techniques and significant unobservable inputs

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

	Unit	2019 Rupees	2018 Rupees
Valued plantations (Actual)			
- Punjab Zone	Acres	11,698	12,055
- Sindh Zone	Acres	11,368	11,245
Estimated yield per acre			
- Punjab Zone	Maunds	802	883
- Sindh Zone	Maunds	867	878
Harvest age	Months	12-14	12-14
Estimated future sugarcane market price per maund			
- Punjab Zone	Rupees	190	180
- Sindh Zone	Rupees	192	182
Risk - adjusted discount rate	% per month	1.35%	1.15%

Cost of Rs. 5.87 million is considered to approximate their respective fair values less point of harvest costs as these assets are still at a very early stage of plantation and it is considered that in-significant biological transformation has taken place or the impact of fair value measurement is not significant.

22.2 Sensitivity analysis

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

	Increase / (Decrease) 2019 Rupees	Increase / (Decrease) 2018 Rupees
Decrease of 10% in expected average yield per acre	(318,024,423)	(228,365,170)
Decrease of 10% in expected average selling price per maund	(331,454,367)	(330,048,781)
Increase of 10% in discount rate	(8,724,542)	(8,642,588)

22.3 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.

		2019 Rupees	2018 Rupees
23	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores		
	- Sugar	638,560,204	595,384,286
	- Co-Generation Power	101,380,402	74,458,884
	- Corporate Farms	388,864,061	289,409,796
		1,128,804,667	959,252,966
	Spare parts		
	- Sugar	437,848,470	380,260,009
	- Co-Generation Power	93,639,685	80,717,676
		531,488,155	460,977,685
	Loose tools		
	- Sugar	35,375,948	31,192,621
	- Co-Generation Power	12,857,506	12,293,655
		48,233,454	43,486,276
		1,708,526,276	1,463,716,927
	Less: Provision for obsolescence	(181,414,979)	(154,460,560)
		1,527,111,297	1,309,256,367

		2019 Rupees	2018 Rupees
24	**STOCK-IN-TRADE**		
	Sugar	11,100,236,484	18,718,042,895
	Bagasse	405,511,891	1,011,991,215
		11,505,748,375	19,730,034,110

24.1 Stock-in-trade up to a maximum amount of Rs. 10,577 million (2018: Rs. 16,022 million) are under hypothecation of commercial banks as security for short term borrowings.

	Note	2019 Rupees	2018 Rupees
25 TRADE DEBTS - UNSECURED			
Considered good			
Local	25.1 & 25.2	7,241,742,495	5,037,620,440
Exports		13,249,005	433,847,528
		7,254,991,500	5,471,467,968
Considered doubtful - local		39,203,083	39,203,083
		7,294,194,583	5,510,671,051
Less: Impairment allowance	39.2	(39,203,083)	(39,203,083)
		7,254,991,500	5,471,467,968

25.1 This includes Rs. 5,161.61 million (2018: Rs. 3,241.66 million) receivable from Central Power Purchasing Agency (Guarantee) Limited on account of sale of electricity under Energy Purchase Agreement.

25.2 During the year the Company has filed a Writ Petition No. 1298 against Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)'s decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices 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 National Electric Power Regulatory Authority (NEPRA) as opted by and applied to the Company.

On the basis of independent legal advice obtained by the Company, the said deduction is 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, Energy Purchase Agreement (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 an afterthought.

The petition is currently pending adjudication before the Honorable Islamabad High Court. The Counsel of the Company therein considers that there is a fairly reasonable possibility of the said Writ Petition being allowed.

	Note	2019 Rupees	2018 Rupees
26 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Sugar export subsidy - considered good	26.1	355,335,690	1,660,445,300
Advances to suppliers and contractors -			
unsecured, considered good	26.2	320,546,839	408,850,763
Advances to growers - unsecured, considered good	26.3	90,111,663	235,175,609
Prepaid expenses		34,311,728	29,070,499
Advances to staff - unsecured, considered good	26.4	16,211,149	14,668,043
Due from director - unsecured, considered good	26.5	–	22,372,086
Due from related party	26.6	–	502,579,583
Sales tax		–	95,375,398
Current maturity of long term advances		–	5,166,670
Deposits		–	33,834,976
Advances to related party - unsecured, considered good	26.7	–	5,008,092
Other receivables - unsecured, considered good	26.8	27,814,961	16,303,464
		844,332,030	3,028,850,483

		Note	2019 Rupees	2018 Rupees
26.1	**Sugar export subsidy**			
	Considered good		355,335,690	1,660,445,300
	Considered doubtful		43,800,000	–
			399,135,690	1,660,445,300
	Less: Provision for doubtful receivable		(43,800,000)	–
			355,335,690	1,660,445,300
26.2	**Advances to suppliers and contractors**			
	Unsecured - considered good		320,546,839	408,850,763
	Unsecured - considered doubtful		41,693,658	23,810,163
			362,240,497	432,660,926
	Less: Provision for doubtful advances		(41,693,658)	(23,810,163)
			320,546,839	408,850,763
26.3	**Advances to growers**			
	Unsecured - considered good		90,111,663	235,175,609
	Unsecured - considered doubtful		4,937,966	4,937,966
			95,049,629	240,113,575
	Less: Provision for doubtful advances		(4,937,966)	(4,937,966)
			90,111,663	235,175,609
26.4	**Advances to staff - unsecured, considered good**			
	- against salaries	26.4.1	12,712,573	10,763,647
	- against expenses		3,498,576	3,904,396
			16,211,149	14,668,043

26.4.1 Advances given to staff are in accordance with the Company's policy. These advances are secured against provident fund. These includes an amount of Rs. 6.98 million (2018: Rs. 6.01 million) receivable from executives of the Company.

26.5 This represents amount receivable on account of aircraft expenses amounting to Rs. nil (2018: Rs. 22.37 million) due from Jahangir Khan Tareen, the director of the Company.

26.6 This amount includes receivables from JK Sugar Mills (Pvt.) Ltd., JK Dairies (Pvt.) Ltd and ATF Mango Farms (Pvt.) Ltd of Rs. nil (2018: Rs. 465.64 million), Rs. nil (2018: Rs. 11.23 million) and Rs. nil (2018: Rs. 25.72 million) respectively.

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

		2019 Rupees	2018 Rupees
26.8	**Other receivables**		
	Unsecured - considered good	27,814,961	16,303,464
	Unsecured - considered doubtful	3,596,334	–
		31,411,295	16,303,464
	Less: Provision for doubtful receivable	(3,596,334)	–
		27,814,961	16,303,464

	Note	2019 Rupees	2018 Rupees
27 CASH AND BANK BALANCES			
At banks:			
- Current accounts			
- Balance with Islamic banks		6,732,090	22,700,707
- Balance with conventional banks		82,950,983	79,542,155
		89,683,073	102,242,862
- Saving accounts			
- Deposits with conventional banks	27.1	17,970	635,556
		89,701,043	102,878,418
Cash in hand		2,341,201	3,036,031
		92,042,244	105,914,449

27.1 The balances in saving accounts carry mark-up ranging from 6.5% to 11.25% per annum (2018: 3.75% to 5.5% per annum).

	Note	2019 Rupees	2018 Rupees
28 REVENUE FROM CONTRACTS WITH CUSTOMERS			
Disaggregation of revenue based on:			
28.1 Segments			
Sugar			
Sugar	28.1.1	38,755,778,044	27,444,818,358
Molasses - by product	28.1.2	2,231,460,155	2,643,826,219
Agri Inputs		2,176,998,045	1,669,497,930
Bagasse - by product		330,852,578	218,411,581
		43,495,088,822	31,976,554,088
Co-Generation Power	28.1.3	4,550,942,155	4,357,424,877
Corporate Farms	28.1.4	1,073,822,191	930,527,404
		49,119,853,168	37,264,506,369
28.1.1 Sugar			
Local		32,241,090,236	18,304,600,770
Export	28.1.1.1	6,514,687,808	9,140,217,588
		38,755,778,044	27,444,818,358

28.1.1.1 This includes sugar export subsidy of Rs. 558.35 million (2018: Rs. 2,175.23 million).

		2019 Rupees	2018 Rupees
28.1.2	**Molasses - by product**		
	Sales Under DTRE (Duty & Tax Remission for Exporters)	2,177,523,660	2,439,869,038
	Others	53,936,495	203,957,181
		2,231,460,155	2,643,826,219
28.1.3	**Co-Generation Power**		
	Variable energy price	2,357,686,219	2,454,668,616
	Fixed energy price	2,193,255,936	1,902,756,261
		4,550,942,155	4,357,424,877
28.1.4	**Corporate Farms**		
	Sugarcane to Deharki Sugar Mills (Private) Limited	906,900,300	756,603,453
	Sugarcane seed and others	166,921,891	173,923,951
		1,073,822,191	930,527,404
28.2	**Geographic markets**		
	Asia	6,514,687,808	8,524,670,817
	Africa	–	615,546,771
		6,514,687,808	9,140,217,588
28.3	**Timing of revenue recognition**		
	Products transferred at a point in time	44,568,911,013	32,907,081,492
	Products transferred over time	4,550,942,155	4,357,424,877
		49,119,853,168	37,264,506,369

29 COST OF REVENUE

	Note	2019 Rupees	2018 Rupees
Opening stock-in-trade		19,730,034,110	7,939,757,487
Add: Cost of goods manufactured	29.1	35,475,221,218	45,938,398,739
Add: Freight and other point of sale cost		204,160,782	369,353,113
		55,409,416,110	54,247,509,339
Less: Closing stock			
- Sugar		(11,100,236,484)	(18,718,042,895)
- Bagasse		(405,511,891)	(1,011,991,215)
		(11,505,748,375)	(19,730,034,110)
		43,903,667,735	34,517,475,229

		Note	2019 Rupees	2018 Rupees
29.1	**Cost of goods manufactured**			
	Cost of crops consumed			
	(including procurement and other costs)	29.1.1	27,170,335,986	38,779,100,860
	Salaries, wages and other benefits	29.1.2	2,205,221,573	1,726,685,932
	Cost of agri inputs		1,850,607,577	1,436,004,432
	Depreciation	17.4	1,097,606,420	1,057,133,353
	Stores and spare parts consumed		776,793,582	986,736,989
	Cost of bagasse consumed		701,040,811	388,619,927
	Packing materials consumed		348,344,471	363,996,061
	Operation and maintenance costs	29.1.3	247,328,907	220,935,421
	Chemicals consumed		234,978,956	264,752,629
	Sugarcane roots written off		216,882,659	166,432,112
	Vehicle running expenses		124,220,273	117,875,314
	Repairs and maintenance		93,385,606	48,068,686
	Oil, lubricants and fuel consumed		92,295,237	77,001,948
	Insurance		78,483,352	72,915,816
	Electricity and power		77,660,372	68,224,977
	Handling and storage		38,522,794	46,132,534
	Mud and bagasse shifting expenses		34,932,281	36,757,027
	Provision for obsolescence		26,954,419	8,141,975
	Freight and octroi		21,782,645	20,217,492
	Printing and stationery		11,302,070	8,764,343
	Telephone and fax		6,175,942	7,264,325
	Travelling and conveyance		1,801,553	2,223,238
	Operating lease rentals		635,171	1,632,519
	Assets written off		132,070	4,118,320
	Initial land preparation		–	3,482,786
	Other expenses		17,796,491	25,179,723
			35,475,221,218	45,938,398,739
29.1.1	**Cost of crops consumed**			
	Sugarcane purchased		24,024,116,559	35,147,439,150
	Cost of harvested crops			
	Fair value of growing crops transferred			
	to profit or loss	32.1	2,024,707,028	2,282,737,798
	Further cost charged	29.1.1.1	1,121,512,399	1,348,923,912
			3,146,219,427	3,631,661,710
			27,170,335,986	38,779,100,860

		Note	2019 Rupees	2018 Rupees
29.1.1.1	**Further cost charged**			
	Transportation expenses		423,334,452	473,830,266
	Salaries, wages and other benefits	29.1.1.1.1	228,600,324	292,152,412
	Repairs and maintenance		157,397,539	162,258,223
	Fuel expenses		149,457,127	140,466,760
	Depreciation expense	17.4	103,737,445	168,354,652
	Irrigation expenses		93,027,254	59,825,428
	Harvesting expense		74,028,598	56,654,312
	Fertilizer expenses		24,701,619	19,297,536
	Land rentals		24,696,637	6,348,406
	Vehicle running expenses		19,230,030	18,756,029
	Seed expenses		13,927,988	6,349,729
	Bio-laboratory expenses		12,780,196	13,084,490
	Road cess		8,271,234	11,229,324
	Pesticide and herbicide expenses		3,886,015	3,225,129
	Insurance		2,591,063	9,647,598
	Others		9,106,468	14,688,801
			1,348,773,989	1,456,169,095
	Less: Own seed consumption		(227,261,590)	(107,245,183)
			1,121,512,399	1,348,923,912

29.1.1.1.1 Salaries, wages and other benefits include Rs. 6.3 million (2018: Rs. 6.4 million) in respect of provident fund.

29.1.2 Salaries, wages and other benefits include Rs. 47.63 million (2018: Rs. 42.99 million) in respect of provident fund and Rs. 14.74 million (2018: Rs. 11.87 million) in respect of staff gratuity.

		2019 Rupees	2018 Rupees
29.1.3	**Operation and maintenance costs**		
	Reimbursable cost	194,815,407	179,327,387
	Operating fee	52,513,500	41,608,034
		247,328,907	220,935,421

	Note	2019 Rupees	2018 Rupees
30 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	30.1	930,074,868	711,797,708
Depreciation	17.4	58,955,623	66,801,819
Office rent and renovation		46,324,642	43,134,892
Vehicle running and maintenance		30,482,009	24,747,977
Travelling and conveyance		30,169,080	35,581,117
Legal and professional services		26,453,264	41,297,315
Repairs and maintenance		24,099,413	21,607,783
Subscription and renewals		13,054,375	11,502,614
Insurance		12,770,945	10,946,626
Telephone, fax and postage		11,859,420	12,360,167
Printing and stationery		10,806,692	10,109,128
Fee and taxes		10,035,975	10,732,519
Electricity and power		9,274,210	7,544,070
Auditors' remuneration	30.2	5,040,000	4,990,000
Entertainment		4,762,397	4,265,773
Charity and donations	30.3	3,356,500	2,872,530
Amortization	19.2	2,039,728	2,039,728
Advertisement		923,594	1,428,579
Newspapers, books and periodicals		259,167	178,213
Arms and ammunition		–	258,900
Assets written off		–	14,197
Other expenses		10,818,148	9,254,422
		1,241,560,050	1,033,466,077

30.1 Salaries, wages and other benefits include Rs. 21.80 million (2018: Rs. 18.00 million) in respect of provident fund and Rs. 6.32 million (2018: Rs. 9.52 million) in respect of staff gratuity.

	Note	2019 Rupees	2018 Rupees
30.2 Auditors' remuneration			
Statutory audit		3,750,000	3,500,000
Half yearly review		500,000	500,000
Other certificates		515,000	740,000
Out of pocket expenses		275,000	250,000
		5,040,000	4,990,000
30.3 Donations for the year have been given to			
- Special Education and Training Centre		2,000,000	–
- National Rural Support Programme		–	1,372,530
- Others	30.3.1	1,356,500	1,500,000
		3,356,500	2,872,530

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.

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

		Note	2019 Rupees	2018 Rupees
31	**SELLING EXPENSES**			
	Salaries, wages and other benefits	31.1	39,318,992	33,820,084
	Other selling expenses		22,689,127	21,141,057
			62,008,119	54,961,141

31.1 Salaries, wages and other benefits include Rs. 0.49 million (2018: Rs. 0.43 million) in respect of provident fund.

		Note	2019 Rupees	2018 Rupees
32	**OTHER INCOME**			
	Income from financial assets			
	Foreign exchange gain		279,050,583	153,668,669
	Interest income on bank deposits		663,760	694,474
	Mark-up on delayed payment from Central Power Purchasing Agency (Guarantee) Limited		–	44,305,469
			279,714,343	198,668,612
	Income from non-financial assets			
	Sale of mud		127,090,941	127,204,290
	Scrap sales		101,523,511	22,532,464
	Gain on sale of operating fixed assets		28,219,871	222,815,041
	Sale of stores & spare parts		18,205,462	–
	Insurance claim		15,300,000	–
	Rental income from investment property		11,544,601	12,430,800
	Liabilities no longer payable		3,052,249	–
	Net fair value gain / (loss) on biological assets	22.1.2 & 32.1	1,396,771	(108,958,903)
	Others		7,311,313	944,852
			313,644,719	276,968,544
			593,359,062	475,637,156
32.1	**Fair value gain / (loss) on biological assets**			
	Fair value of growing crops		2,018,952,863	2,024,707,028
	Cost of growing crops	32.1.1	(2,017,556,092)	(2,133,665,931)
			1,396,771	(108,958,903)
32.1.1	**Cost of growing crops**			
	Land rentals		666,764,933	726,608,788
	Irrigation expenses		322,495,335	317,981,533
	Fertilizer expenses		269,209,896	274,164,272
	Depreciation expense	17.4	207,761,327	255,743,882
	Salaries, wages and other benefits	32.1.1.1	196,040,500	224,696,329
	Pesticide and herbicide expenses		160,845,297	109,799,466
	Repairs and maintenance		83,977,326	128,853,968
	Fuel expenses		67,260,226	53,080,822
	Vehicle running expenses		17,237,302	16,685,108
	Bio-laboratory expenses		13,773,997	13,268,970
	Insurance		2,966,018	3,892,070
	Others		9,223,935	8,890,723
			2,017,556,092	2,133,665,931

32.1.1.1 Salaries, wages and other benefits include Rs. 5.4 million (2018: Rs. 6.3 million) in respect of provident fund.

	Note	2019 Rupees	2018 Rupees
33 OTHER EXPENSES			
Impairment against investment in FPML	20.1.1	663,306,978	–
Provision for doubtful receivables	26.1 & 26.8	47,396,334	–
Provision for doubtful advances	26.2	17,883,495	–
Worker's Profit Participation Fund	14.1	12,634,718	–
Export subsidy receivable - written off		13,094,320	–
Prior year adjustment of			
Worker's Profit Participation Fund	14.1	–	5,237,703
		754,315,845	5,237,703

	Note	2019 Rupees	2018 Rupees
34 FINANCE COST			
Mark-up based loans from conventional banks			
- Short term borrowings - secured		1,503,445,125	927,638,756
- Long term finances - secured		939,164,592	709,785,381
- Finance leases		16,786,609	17,037,141
- Redeemable capital - secured		–	1,495,987
		2,459,396,326	1,655,957,265
Islamic mode of financing			
- Short term borrowings - secured		576,758,819	335,725,100
- Long term finances - secured		322,324,951	191,996,209
		899,083,770	527,721,309
Borrowings from related party - unsecured			
- Deharki Sugar Mills (Private) Limited		150,293,989	34,465,820
Bank charges and commission		37,470,600	51,061,356
Workers' Profit Participation Fund	14.1	–	61,879,769
		37,470,600	112,941,125
Less: Borrowing costs capitalized	17.6.1	(34,643,843)	(61,324,124)
		3,511,600,842	2,269,761,395

	2019 Rupees	2018 Rupees
35 TAXATION		
Income tax		
- current year	578,710,497	152,917,186
- change in estimate related to prior years	–	42,756,807
	578,710,497	195,673,993
Deferred tax	(891,947,281)	(132,991,498)
	(313,236,784)	62,682,495

35.1 Tax Charge Reconciliation

Numerical reconciliation between tax expense and accounting profit

	2019 Rupees	2018 Rupees
Profit / (loss) before taxation	240,059,639	(140,758,020)
Tax at 29% (2018: 29%)	69,617,295	(40,819,826)
Tax effect of:		
- permanent differences	(31,029,761)	102,438,680
- tax credits on BMR	(96,811,756)	(254,927,975)
- not adjustable for tax purposes	83,227,145	(449,837,190)
- income under final tax regime (FTR)	81,338,644	94,048,614
- minimum tax	593,736,509	311,494,539
- change in estimate related to prior years	–	42,756,807
- (recognition) / derecognition of prior year tax losses and credits	(1,013,761,960)	255,226,838
- others	447,100	2,302,008
	(313,236,784)	62,682,495

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

As per the aforementioned policies, the Company's sale of electricity from the power plants to 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.

35.3 For tax contingencies, refer note 16.1.

36 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

		2019	2018
Basic earnings / (loss) per share			
Profit / (loss) after taxation	**Rupees**	553,296,423	(203,440,515)
Weighted average number of ordinary shares	**Numbers**	59,776,661	59,776,661
Basic earnings / (loss) per share	**Rupees**	9.26	(3.40)

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

	2019 Rupees	2018 Rupees

37 CASH GENERATED FROM OPERATIONS

	2019 Rupees	2018 Rupees
Profit / (loss) before taxation	240,059,639	(140,758,020)
Adjustments for non-cash and other items:		
Finance cost	3,511,600,842	2,269,761,395
Depreciation	1,516,043,371	1,541,382,447
Impairment allowance on investment in subsidiary	663,306,978	–
Assets written off	217,014,729	170,564,629
Staff retirement benefits	104,811,906	97,931,694
Provision for doubtful trade debts / advances	65,279,829	–
Provision for obsolescence	26,954,419	8,141,975
Workers' Profit Participation Fund	12,634,718	–
Amortization of intangibles	2,039,728	2,039,728
Fair value (gain) / loss on biological assets	(1,396,771)	108,958,903
Prior year adjustment of Workers' Welfare Fund	(6,132,313)	–
Gain on disposal of operating fixed assets	(28,219,871)	(222,815,041)
Prior year adjustment of Worker's Profit Participation Fund	–	5,237,703
	6,083,937,565	3,981,203,433
Operating profit before working capital changes	6,323,997,204	3,840,445,413
(Increase) / decrease in current assets		
Trade debts	(1,783,523,532)	(2,530,250,715)
Stores, spare parts and loose tools	(244,809,349)	95,277,018
Biological assets	7,150,936	149,071,867
Advances, deposits, prepayments and other receivables	2,114,656,978	(854,693,260)
Stock-in-trade	8,224,285,735	(11,790,276,623)
	8,317,760,768	(14,930,871,713)
Increase in current liabilities		
Trade and other payables	444,569,043	838,943,374
Advances from customers	953,630,769	1,719,683,241
	1,398,199,812	2,558,626,615
Cash generated from / (used in) operations	16,039,957,784	(8,531,799,685)

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors: Executive		Directors: Non - Executives		Executives	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Managerial remuneration	72,819,048	840,000	38,970,951	80,000,000	67,300,000	54,200,000	326,248,816	272,233,258
House allowance	29,127,619	336,000	15,588,380	32,000,000	26,920,000	21,680,000	130,499,526	108,893,303
Utilities	7,281,905	84,000	3,897,095	8,000,000	6,730,000	5,420,000	32,624,882	27,223,326
Bonus	43,333,335	–	8,666,667	33,333,335	32,400,000	22,500,000	501,727,808	142,764,002
Company's contribution towards provident fund	–	–	–	–	–	–	30,278,874	25,307,771
Staff retirement benefit - gratuity	–	–	–	–	–	–	2,690,357	2,230,502
	152,561,907	1,260,000	67,123,093	153,333,335	133,350,000	103,800,000	1,024,070,263	578,652,162
Number of persons	1	1	1	1	2	2	67	60

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

No meeting fee was paid to directors during the year (2018: 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. 74.38 million (2018: Rs. 78.81 million) was charged for the use of aircraft.

39 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

The effect of initially applying IFRS 9 on the Company's financial instruments is described in note 4.1.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

39.1 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.

39.2 Credit risk

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

39.2.1 Exposure to credit risk

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

	2019 Rupees	2018 Rupees
Financial assets at amortized cost		
Long term deposits	50,913,227	37,488,439
Trade debts	7,254,991,500	5,471,467,968
Advances, deposits and other receivables	40,527,534	596,028,518
Bank balances	89,701,043	102,878,418
	7,436,133,304	6,207,863,343

39.2.2 Concentration of credit risk

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:

	2019 Rupees	2018 Rupees
Customers	7,254,991,500	5,471,467,968
Banking companies	89,701,043	102,878,418
Others	91,440,761	633,516,957
	7,436,133,304	6,207,863,343

39.2.3 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.

Long term deposits

Long term deposits represent mainly deposits with financial institutions against finance lease, hence the management believes that no impairment allowance is necessary in respect of these long term deposits.

Trade debts - considered good

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

The aging of trade debts at the reporting date is:

		2019		2018	
		Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Note	Rupees	Rupees	Rupees	Rupees
Not past due		1,018,419,563	–	902,814,107	–
Past due					
1 - 365 days		4,919,178,562	–	4,492,379,819	–
366 - above days		1,356,596,458	39,203,083	115,477,125	39,203,083
	39.2.3.1	7,294,194,583	39,203,083	5,510,671,051	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 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' on trade debts at initial application date and at the year end.

39.2.3.1 This includes Rs. 5,161.61 million (2018: Rs. 3,241.66 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy however no impairment is charged because the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021.

Advances, deposits and other receivables

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

Bank balances

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial application of IFRS 9, no impairment was determined as at 30 September 2018 and there has been no change in management assessment at the reporting date.

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

	2019 Rupees	2018 Rupees
At banks:		
Current accounts	89,683,073	102,242,862
Saving accounts	17,970	635,556
	89,701,043	102,878,418

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

	Rating		Rating	2019	2018
Banks	Long term	Short term	Agency	Rupees	Rupees
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	6,985	32,859
Allied Bank Limited	AAA	A1+	PACRA	58,889	68,965
Askari Bank Limited	AA+	A1+	PACRA	476,645	89,299
Askari Bank Limited (Islamic)	AA+	A1+	PACRA	218,235	8,365,715
Bank Al Habib Limited	AA+	A1+	PACRA	31,728	76,815
Bank Alfalah Limited	AA+	A1+	PACRA	171,297	100,902
Bank Alfalah Limited (Islamic)	AA+	A1+	PACRA	490,044	3,189,309
Bank Islami (Pakistan) Limited	A+	A1	PACRA	106,238	23,444
Dubai Islamic Bank (Pakistan) Limited	AA-	A-1	JCR-VIS	4,537,981	31,504
Faysal Bank Limited	AA	A1+	PACRA	786,963	57,946
Faysal Bank Limited (Islamic)	AA	A1+	PACRA	2,547	27,945
Habib Bank Limited	AAA	A-1+	JCR-VIS	4,698,162	519,368
JS Bank Limited	AA-	A1+	PACRA	–	711,420
MCB Bank Limited	AAA	A1+	PACRA	39,886,043	28,230,931
MCB Islamic Bank Limited	A	A1	PACRA	25,813	3,027,455
Meezan Bank Limited	AA+	A-1+	JCR-VIS	1,000,567	6,843,510
National Bank of Pakistan	AAA	A1+	PACRA	7,034,741	13,169,613
National Bank of Pakistan (Islamic)	AAA	A1+	PACRA	334,883	1,184,425
Silk Bank Limited	A-	A-2	JCR-VIS	5,386	5,386
Sindh Bank Limited	AA	A-1+	JCR-VIS	44,704	29,478
Soneri Bank Limited	AA-	A1+	PACRA	24,941	25,262
Summit Bank Limited	A-	A-1	JCR-VIS	90,230	10,208,629
The Bank of Khyber	A	A1	PACRA	78,493	92,747
The Bank of Punjab	AA	A1+	PACRA	26,168,433	26,331,830
The First Micro Finance Bank Limited	A+	A-1	JCR-VIS	54,024	50,464
Tameer Bank Limited	A+	A1	PACRA	38,053	38,458
United Bank Limited	AAA	A-1+	JCR-VIS	3,294,762	344,739
MCB Bank Limited					
(Formally NIB Bank Limited)	AAA	A1+	PACRA	14,240	–
Al-Baraka Bank (Pakistan) Limited					
(Formally Burj Bank Limited)	A	A1	PACRA	20,016	–
				89,701,043	102,878,418

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.

39.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

39.3.1 Exposure to liquidity risk

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

	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	–

	2018				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances - secured	12,786,462,987	15,658,363,596	5,393,363,596	10,265,000,000	–
Short term borrowings	23,553,685,516	23,930,948,135	23,930,948,135	–	–
Liabilities against assets subject to					
finance lease - secured	249,959,511	267,992,731	115,129,719	152,863,012	–
Accrued profit / interest / mark-up	534,626,215	534,626,215	534,626,215	–	–
Trade and other payables	2,565,871,424	2,565,871,424	2,565,871,424	–	–
Unclaimed dividend	34,072,815	34,072,815	34,072,815	–	–
	39,724,678,468	42,991,874,916	32,574,011,904	10,417,863,012	–

39.4 Market risk

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

39.4.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from sales, purchases and resulting balances that are denominated in a currency other than functional currency.

The Company is not exposed to foreign currency risk as at the reporting date.

39.4.2 Interest rate risk

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

		2019		2018	
		Financial asset	Financial liability	Financial asset	Financial liability
Non-derivative financial instruments	Note	Rupees	Rupees	Rupees	Rupees
Advance to Deharki Sugar Mills (Private) Limited	26	–	–	5,008,092	–
Due to Deharki Sugar Mills (Private) Limited	14.2	–	–	–	142,907,170
Long term finances - secured	8	–	9,035,809,365	–	12,786,462,987
Liabilities against assets subject to finance lease - secured	9	–	224,596,749	–	249,959,511
Short term borrowings	12	–	16,513,317,010	–	23,553,685,516
Cash at bank	27.1	17,970	–	635,556	–
Variable rate instruments		17,970	25,773,723,124	5,643,648	36,733,015,184

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Profit or loss 100 bps			
2019		2018	
Increase	Decrease	Increase	Decrease
Rupees			
(257,737,052)	257,737,052	(367,273,715)	367,273,715

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

39.4.3 Interest rate risk management

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

39.4.4 Other price risk

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

39.4.5 Fair values

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

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

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

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

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

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

39.4.5.1 Fair value measurement of financial instruments

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

	Note	Carrying amount			Fair value		
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments		Rupees					
30 September 2019							
Financial assets measured at fair value		–	–	–	–	–	–
Financial assets not measured at fair value							
Long term deposits		50,913,227	–	50,913,227	–	–	–
Trade debts - unsecured considered good		7,254,991,500	–	7,254,991,500	–	–	–
Advances, deposits and other receivables		40,527,534	–	40,527,534	–	–	–
Cash and bank balances		92,042,244	–	92,042,244	–	–	–
	39.4.5.2	7,438,474,505	–	7,438,474,505	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–
Financial liabilities not measured at fair value							
Long term finances - secured		–	9,035,809,365	9,035,809,365	–	–	–
Short term borrowings		–	16,513,317,010	16,513,317,010	–	–	–
Liabilities against assets subject to finance lease - secured		–	224,596,749	224,596,749	–	–	–
Accrued profit / interest / mark-up		–	742,677,623	742,677,623	–	–	–
Trade and other payables		–	2,241,178,840	2,241,178,840	–	–	–
Unclaimed dividend		–	31,620,357	31,620,357	–	–	–
	39.4.5.2	–	28,789,199,944	28,789,199,944	–	–	–

	Note	Carrying amount			Fair value		
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments		Rupees					
30 September 2018							
Financial assets measured at fair value		–	–	–	–	–	–
Financial assets not measured at fair value							
Long term deposits		37,488,439	–	37,488,439	–	–	–
Trade debts - unsecured, considered good		5,471,467,968	–	5,471,467,968	–	–	–
Advances, deposits and other receivables		596,028,518	–	596,028,518	–	–	–
Cash and bank balances		105,914,449	–	105,914,449	–	–	–
	39.4.5.2	6,210,899,374	–	6,210,899,374	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–
Financial liabilities not measured at fair value							
Long term finances - secured		–	12,786,462,987	12,786,462,987	–	–	–
Short term borrowings		–	23,553,685,516	23,553,685,516	–	–	–
Liabilities against assets							
subject to finance lease - secured		–	249,959,511	249,959,511	–	–	–
Accrued profit / interest / mark-up		–	534,626,215	534,626,215	–	–	–
Trade and other payables		–	2,565,871,424	2,565,871,424	–	–	–
Unclaimed dividend		–	34,072,815	34,072,815	–	–	–
	39.4.5.2	–	39,724,678,468	39,724,678,468	–	–	–

39.4.5.2 Fair value versus carrying amounts

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

40 CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

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

b) to provide an adequate return to shareholders.

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

	2019 Rupees	2018 Rupees
Total Debt	26,516,400,747	37,124,734,229
Less: Cash and bank balances	(92,042,244)	(105,914,449)
Net Debt	26,424,358,503	37,018,819,780
Total Equity	8,772,864,476	8,227,486,660
Total Capital Employed	35,197,222,979	45,246,306,440
Gearing	75%	82%

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

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

41 TRANSACTIONS WITH RELATED PARTIES

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

Name of company	Relationship	Nature of transactions	2019 Rupees	2018 Rupees
Deharki Sugar Mills	**Subsidiary Company**			
(Pvt.) Limited	(Equity held 100%)			
		Short term advances - net	215,156,000	1,339,344,000
		Mark-up expense on short term advances	150,293,989	41,830,327
		Mark-up income on short term advances	–	7,364,507
		Sale of sugarcane	906,900,300	756,603,452
		Purchase of bagasse	533,070,191	276,508,138
		Reimbursement on use of Company's aircraft	16,273,107	10,154,064
		Rent on land acquired on lease	8,585,300	8,585,300
		Purchase of property, plant and equipment	830,700	927,606
		Purchase of store, spare parts and loose tools	77,010,622	–
		Sale of stores, spare parts and loose tools	21,096,079	–
Sadiqabad Power	**Subsidiary Company**	Advances for issuance of shares	1,800,000	3,549,000
(Pvt.) Limited	(Equity held 100%)	Investment in shares	–	10,001,000
Ghotki Power	**Subsidiary Company**	Advances for issuance of shares	2,650,000	3,799,000
(Pvt.) Limited	(Equity held 100%)	Investment in shares	–	10,001,000
JDW Aviation	**Associated Company**	Reimbursement of expenses	14,077,991	13,580,726
(Pvt.) Limited	(Common directorship)			
Post Employment		Provident fund contribution	167,499,389	153,074,951
Benefit Plans		Payment to recognized gratuity fund	10,838,327	10,417,866
Key Management		Consultancy services	12,182,909	11,495,496
Personnel				

For remuneration and other benefits of Chief Executive, Executive Director and Non Executive Directors, refer note 38.

	2019 Tons	2018 Tons
42 CAPACITY AND PRODUCTION		
Sugar		
Unit I		
Crushing capacity	3,000,000	3,000,000
Sugar production	287,394	409,507
Unit II		
Crushing capacity	1,500,000	1,500,000
Sugar production	190,304	255,879
Unit III		
Crushing capacity	2,100,000	2,100,000
Sugar production	162,580	223,325

The crushing capacity is based on 150 days (2018: 150 days).

	2019 MWh	2018 MWh
Co - Generation Power		
Unit II		
Installed capacity (based on 8,760 hours)	233,016	233,016
Energy generated / produced	218,608	211,109
Energy delivered to Central Power Purchasing Agency (Guarantee) Limited	192,313	176,740
Unit III		
Installed capacity (based on 8,760 hours)	235,031	235,031
Energy generated / produced	176,429	210,533
Energy delivered to Central Power Purchasing Agency (Guarantee) Limited	156,076	187,007

	2019		2018	
Corporate Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	29,061	Punjab & Sindh	30,590
Land under cultivation	Punjab & Sindh	21,681	Punjab & Sindh	23,300

43 PROVIDENT FUND TRUST

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

	Unit	30 June 2019	30 June 2018
Size of fund - total assets	Rupees	490,258,578	494,153,551
Cost of investments made	Rupees	467,997,366	468,510,420
Percentage of investments made	Percentage	95.46%	94.81%
Fair value of investment	Rupees	457,569,490	468,021,289

The breakup of cost of investments is as follows:

	30 June 2019		30 June 2018	
	Rupees	Percentage	Rupees	Percentage
Investments in mutual funds	127,567,606	27.26%	80,000,000	17.08%
Certificate of investment and term deposits receipts	26,652,868	5.70%	159,733,562	34.09%
Shares in listed companies	32,699,608	6.99%	17,465,713	3.73%
Cash at bank	281,077,284	60.05%	211,311,145	45.10%
	467,997,366	100.00%	468,510,420	100.00%

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

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

	2019							
	Equity		Liabilities					
	Issued, subscribed and paid - up capital	Share premium	Unclaimed Dividend	Redeemable capital - secured	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	–
Dividends 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)
Dividend approved	–	–	–	–	–	–	–	–
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

	2018							
	Equity		Liabilities					
	Issued, subscribed and paid - up capital	Share premium	Unclaimed Dividend	Redeemable capital - secured	Long term finances - secured	Liabilities against assets subject to finance lease - secured	Short term borrowings	Accrued profit / interest / mark-up
	Rupees							
Balance as at 01 October 2017	597,766,610	678,316,928	64,248,402	83,333,333	12,924,312,947	306,472,177	10,053,163,155	226,191,820
Changes from financing cash flows								
Loans received during the period	–	–	–	–	2,994,149,322	–	35,379,544,238	–
Dividends paid	–	–	(209,505,570)	–	–	–	–	–
Loan repaid during the period	–	–	–	(83,333,333)	(3,131,999,282)	(184,564,351)	(24,061,224,905)	–
	–	–	(209,505,570)	(83,333,333)	(137,849,960)	(184,564,351)	11,318,319,333	–
Other changes – Liability related								
Interest expense for the period	–	–	–	–	–	17,037,141	–	2,252,168,609
Interest paid during the period	–	–	–	–	–	–	–	(1,943,734,214)
Dividend approved	–	–	179,329,983	–	–	–	–	–
Increase in morabaha and running finances	–	–	–	–	–	–	2,182,203,028	–
Assets acquired on finance lease	–	–	–	–	–	111,014,544	–	–
Total liability related other changes	–	–	179,329,983	–	–	128,051,685	2,182,203,028	308,434,395
Balance as at 30 September 2018	597,766,610	678,316,928	34,072,815	–	12,786,462,987	249,959,511	23,553,685,516	534,626,215

45 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	Total employees	
	2019	**2018**
Average number of employees during the year	7,478	7,435
Total number of employees as at 30 September	5,939	5,874

46 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the Company in its meeting held on 02 January 2020 has proposed a final cash dividend of Rs. 10 per share (100%), for the year ended 30 September 2019, for approval of the members in the Annual General Meeting to be held on 28 January 2020.

47 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 02 January 2020 by the Board of Directors of the Company.

48 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.

Lahore	Chief Financial Officer	Chief Executive	Director

Consolidated

Financial Statements

for the year ended 30 September 2019

The Directors are pleased to present the Consolidated Financial Statements of JDW Sugar Mills Limited ("the Holding Company") and its Subsidiary Companies; Deharki Sugar Mills (Private) Limited, Faruki Pulp Mills Limited, Sadiqabad Power (Private) Limited and Ghotki Power (Private) Limited ("the Group") for the year ended 30 September 2019.

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 Subsidiary Company has been unable to commence its commercial operations till date. The Holding Company holds 57.67% shares of the Subsidiary Company.

Ghotki Power (Private) Limited ("GPL") was incorporated on 15 December 2016. The Subsidiary Company will be engaged in the production of electricity under the expansion program of the Holding Company's existing bagasse based Co-Generation Power plants. The Holding Company holds 100% shares of the Subsidiary Company.

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.

It is being confirmed that to the best of our knowledge, these consolidated financial statements for the year ended 30 September 2019 give a true and fair view of the assets, liabilities, financial position and financial results of the Group and are in conformity with approved accounting standards as applicable in Pakistan.

FINANCIAL OVERVIEW

The consolidated financial results are as follows:

	30 Sep 2019	**30 Sep 2018**
	(Rs in million)	
Gross sales	68,231	48,465
Revenue from contract with customers	60,946	44,531
Operating profit	5,331	2,178
Profit / (loss) before tax	1,200	(544)
Profit / (loss) after tax	1,469	(760)

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

02 January 2020 | 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 کی سالانہ آڈٹیڈ مالیاتی رپورٹ برائے سال 30 ستمبر 2019 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۔

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۔

ہم اس بات کی تصدیق کرتے ہیں کہ ہماری بہترین معلومات کے مطابق یہ سالانہ آڈٹیڈ مالیاتی رپورٹ برائے 30 ستمبر 2019 پاکستان میں منظور شدہ اکاؤنٹنگ سٹنڈرڈ کے مطابق ہے اور اپنے تمام اثاثوں، واجبات اور مالیاتی پوزیشن کی سچی اور منصفانہ تصویر پیش کر رہی ہے۔

سالانہ مالیاتی نتائج مندرجہ ذیل ہیں:

	30 ستمبر 2019	30 ستمبر 2018
	(ملین روپے)	
مجموعی فروخت	68,231	48,465
خالص فروخت	60,946	44,531
کارکردگی منافع	5,331	2,178
قبل از ٹیکس خسارہ/منافع	1,200	(544)
بعد از ٹیکس خسارہ/منافع	1,469	(760)

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

۲ جنوری ۲۰۲۰

لاہور

چیف ایگزیکٹو

ڈائریکٹر

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

Telephone + 92 (42) 111-KPMGTH (576484)
Fax + 92 (42) 37429907
Internet www.kpmg.com.pk

Independent **Auditors' Report**

To the members of JDW Sugar Mills Limited

Opinion

We have audited the annexed consolidated financial statements of JDW Sugar Mills Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 September 2019, 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 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

Key Audit Matters

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

Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** Refer to notes 4.9 and 28 to the consolidated financial statements. The Group principally generates revenue from sale of sugar, agriculture produce and electricity in the domestic market. Additionally revenue is also generated from sale of sugar in the international market. 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: • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls over recording of sales; • assessing the appropriateness of the Group's accounting policy for recording of sales and compliance of the policy with applicable accounting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • comparing a sample of electricity sales transactions with energy invoices duly verified by Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") and assessed whether the sale was recorded in the appropriate accounting period; • for a sample of invoices, recalculating the invoice amount based on fixed and variable component provided by National Electric Power Regulatory Authority (NEPRA); • inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underline documentation.
2	**Capitalization of property, plant and equipment** Refer notes 4.3 and 17 to the consolidated financial statements. The Group has made significant capital expenditure on balancing, modernization and replacement of plant and equipment. We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria with related implications on depreciation charge for the year.	Our audit procedures, amongst others, included the following: • obtaining an understanding of and testing the design, implementation and operating effectiveness of management's key internal control over capital expenditure; • comparing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects for appropriateness by comparing, on sample basis, amounts recorded with underlying documentation and considering that the expenditure meets the criteria for capitalization as per the applicable accounting standards; and

Sr. No.	Key audit matters	How the matter was addressed in our audit
		• inspecting supporting documents for the date of capitalization when project assets were ready for its intended use to assess that depreciation commenced and further capitalization of costs ceased from that date and to assess the useful life assigned by management including testing the calculation of related depreciation.
3	**Growing cane valuation** Refer note 4.7 and 22 to the consolidated financial statements. The Group's biological assets include standing cane, wheat and guar crops which are measured at fair value less costs to sell. The carrying value of the growing cane as at 30 September 2019 was Rs. 2,018.95 million. Estimating the fair value is a complex process involving a number of judgements and estimates regarding various inputs. Due to the nature of the asset, the valuation technique includes a discounted cash flow model that uses a number of inputs from internal sources due to a lack of relevant and reliable observable inputs. Consequently, we have determined the valuation of growing cane to be a key audit matter.	Our audit procedures, amongst others, included the following: • assessing the design and implementation of the controls around the valuation of the biological assets; • assessing the appropriateness of the principles used in the valuation of growing cane, and analyzing the significant assumptions used by management in their valuation models; • evaluating the Group's inputs used in calculating the estimated cash flows by comparing them with historical performance and the Group's plans; • involving our own valuation expert to determine the reasonableness and validity of the assumptions and methodologies used by the management expert; and • evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 September 2019, 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG Taseer Hadi & Co.

02 January 2020
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated **Statement of Financial Position**

	Note	2019 Rupees	2018 Rupees
SHARE CAPITAL AND RESERVES			
Share capital	6	597,766,610	597,766,610
Share premium reserve	7	678,316,928	678,316,928
Accumulated profit		9,119,187,967	7,553,230,137
Equity attributable to owners of the Parent		10,395,271,505	8,829,313,675
Non-controlling interest	40	376,342,331	480,996,662
		10,771,613,836	9,310,310,337
NON-CURRENT LIABILITIES			
Long term finances - secured	8	6,468,371,804	11,046,944,471
Liabilities against assets subject to			
finance lease - secured	9	151,728,045	144,677,914
Deferred taxation	10	639,478,177	1,679,775,836
Retirement benefits	11	75,116,648	53,784,119
		7,334,694,674	12,925,182,340
CURRENT LIABILITIES			
Short term borrowings - secured	12	17,127,247,149	27,855,950,339
Current portion of non-current liabilities	13	4,901,556,265	4,714,800,113
Trade and other payables	14	3,552,525,494	2,886,528,482
Advances from customers		9,831,815,580	8,837,156,257
Unclaimed dividend		31,620,357	34,072,815
Accrued profit / interest / mark-up	15	812,977,488	642,496,578
		36,257,742,333	44,971,004,584
CONTINGENCIES AND COMMITMENTS	16		
		54,364,050,843	67,206,497,261

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

Lahore

Chief Financial Officer

As at 30 September 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	26,813,633,767	27,235,277,171
Investment property	18	219,015,262	218,599,597
Intangibles	19	616,848,589	1,073,947,842
Long term investments	20	–	–
Long term deposits	21	50,977,227	37,552,439
		27,700,474,845	28,565,377,049
CURRENT ASSETS			
Biological assets	22	2,018,952,863	2,024,707,028
Stores, spare parts and loose tools	23	1,783,653,439	1,579,713,636
Stock-in-trade	24	12,119,181,293	24,252,933,912
Trade debts - unsecured considered good	25	8,353,455,036	6,118,517,116
Advances, deposits, prepayments and other receivables	26	1,749,231,320	3,583,613,379
Advance tax - net		493,348,640	956,005,124
Cash and bank balances	27	145,753,407	125,630,017
		26,663,575,998	38,641,120,212
		54,364,050,843	67,206,497,261

Chief Executive

Director

Consolidated **Statement of Profit or Loss**

For the year ended 30 September 2019

	Note	2019 Rupees	2018 Rupees
Gross sales		68,231,463,659	48,465,077,640
Sales tax and commission		(7,285,061,910)	(3,934,383,590)
Revenue from contracts with customers	28	60,946,401,749	44,530,694,050
Cost of revenue	29	(53,882,042,876)	(41,622,507,700)
Gross profit		7,064,358,873	2,908,186,350
Administrative expenses	30	(1,412,161,913)	(1,195,679,302)
Selling expenses	31	(68,449,966)	(61,287,064)
Other income	32	661,595,053	534,236,589
Other expenses	33	(914,755,669)	(7,580,596)
		(1,733,772,495)	(730,310,373)
Profit from operations		5,330,586,378	2,177,875,977
Finance cost	34	(4,130,513,321)	(2,722,018,412)
Profit / (loss) before taxation		1,200,073,057	(544,142,435)
Taxation	35	269,149,049	(216,045,889)
Profit / (loss) after taxation		1,469,222,106	(760,188,324)
Attributable to:			
Owners of the Parent Company		1,573,876,437	(758,008,842)
Non-controlling interest	40	(104,654,331)	(2,179,482)
		1,469,222,106	(760,188,324)

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

Lahore | Chief Financial Officer | Chief Executive | Director

Consolidated **Statement of Comprehensive Income**

For the year ended 30 September 2019

	Note	2019 Rupees	2018 Rupees
Profit / (loss) after taxation		1,469,222,106	(760,188,324)
Other comprehensive loss			
Items that will not be subsequently reclassified to profit or loss:			
Re-measurement of defined benefit liability		(11,152,967)	(13,189,011)
Related tax		3,234,360	3,824,813
		(7,918,607)	(9,364,198)
Total comprehensive income / (loss) for the year		1,461,303,499	(769,552,522)
Attributable to:			
Owners of the Parent Company		1,565,957,830	(767,373,040)
Non-controlling interest	40	(104,654,331)	(2,179,482)
		1,461,303,499	(769,552,522)

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

Lahore　　Chief Financial Officer　　Chief Executive　　Director

Consolidated **Statement of Cash Flows**

For the year ended 30 September 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	36	21,233,270,236	(10,664,184,909)
Taxes paid		(308,797,369)	(406,658,808)
Staff retirement benefits paid		(123,487,067)	(91,233,656)
Workers' Welfare Fund paid	14.2	(20,442,242)	–
Long term deposits		(13,424,788)	17,489,626
Interest income received		32,640,189	–
Workers' Profit Participation Fund paid	14.1	–	(186,034,175)
		(433,511,277)	(666,437,013)
Net cash generated from / (used in) operating activities		20,799,758,959	(11,330,621,922)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,603,149,474)	(2,681,536,570)
Long term advances		5,166,670	17,194,443
Proceeds from sale of operating fixed assets		48,902,822	562,357,766
Net cash used in investing activities		(1,549,079,982)	(2,101,984,361)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net		(4,359,403,622)	2,040,844,627
Short term borrowings - net		(9,619,477,580)	11,899,298,444
Finance cost paid		(3,977,889,645)	(2,331,804,996)
Lease rentals paid		(162,106,672)	(184,564,351)
Dividend paid		(2,452,458)	(209,505,570)
Net cash (used in) / generated from financing activities		(18,121,329,977)	11,214,268,154
Net increase / (decrease) in cash and cash equivalents		1,129,349,000	(2,218,338,129)
Cash and cash equivalents at beginning of the year		(5,450,963,816)	(3,232,625,687)
Cash and cash equivalents at end of the year		(4,321,614,816)	(5,450,963,816)
Cash and cash equivalents comprise of the following:			
- Cash and bank balances		145,753,407	125,630,017
- Running finances and morabaha finances	12.2 & 12.5	(4,467,368,223)	(5,576,593,833)
		(4,321,614,816)	(5,450,963,816)

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

Lahore | Chief Financial Officer | Chief Executive | Director

Consolidated **Statement of Changes In Equity**

For the year ended 30 September 2019

	Attributable to Owners of the Company						
		Reserves					
		Capital	Revenue				
	Share capital	Share premium	Accumulated profit	Sub - Total	Total	Non-controlling interest	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 30 September 2017	597,766,610	678,316,928	8,499,933,160	9,178,250,088	9,776,016,698	483,176,144	10,259,192,842
Total comprehensive loss for the year							
Loss for the year ended 30 September 2018	–	–	(758,008,842)	(758,008,842)	(758,008,842)	(2,179,482)	(760,188,324)
Other comprehensive loss for the year ended 30 September 2018 - net of tax	–	–	(9,364,198)	(9,364,198)	(9,364,198)	–	(9,364,198)
	–	–	(767,373,040)	(767,373,040)	(767,373,040)	(2,179,482)	(769,552,522)
Transactions with owners of the Parent Company							
Final cash dividend for the year ended 30 September 2017 @ Rs. 3.00 per share	–	–	(179,329,983)	(179,329,983)	(179,329,983)	–	(179,329,983)
Balance as at 30 September 2018	597,766,610	678,316,928	7,553,230,137	8,231,547,065	8,829,313,675	480,996,662	9,310,310,337
Total comprehensive income for the year							
Profit for the year ended 30 September 2019	–	–	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 ended 30 September 2019 - net of tax	–	–	(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

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

Lahore   Chief Financial Officer   Chief Executive   Director

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

- JDW Sugar Mills Limited ("the Holding Company");
- Deharki Sugar Mills (Private) Limited - "DSML" ("the Subsidiary Company");
- Faruki Pulp Mills Limited - "FPML" ("the Subsidiary Company");
- Sadiqabad Power (Private) Limited - "SPL" ("the Subsidiary Company");
- Ghotki Power (Private) Limited - "GPL" ("the Subsidiary Company"); and
- JDW Power (Private) Limited - "JDWPL" ("the assocaited Company").

1.1 JDW Sugar Mills Limited ("the Holding Company") was incorporated in Pakistan on 31 May 1990 as a private limited company and was subsequently converted into a public limited company on 24 August 1991. Shares of the Holding Company are listed on the Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 17 - Abid Majeed Road, Lahore Cantonment, Lahore, Pakistan. The principal activity of the Holding Company is production and sale of crystalline sugar, electricity generation and managing corporate farms.

The Holding Company executed Energy Purchase Agreements ("EPA") on 20 March 2014 with National Transmission & Despatch Company Limited ("NTDC") through the Central Power Purchasing Agency (Guarantee) Limited ("CPPA-G") for its Bagasse Based Co-Generation Power Plants ("Co-Generation Power") at JDW Unit-II, Sadiqabad, District Rahim Yar Khan, Punjab and JDW Unit-III, District Ghotki, Sindh.

The 26.60 MW power plant at Unit-II achieved Commercial Operations Date ("COD") on 12 June 2014 while the 26.83 MW power plant at Unit-III of the Holding Company achieved COD on 03 October 2014 after completing all independent testing and certification requirements and supplying renewable electricity to the national grid. Further, the Holding Company's Co-Generation Power Plants are the first to materialize under National Electric Power Regulatory Authority's ("NEPRA") upfront bagasse tariff.

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

1.3 Faruki Pulp Mills Limited ("the Subsidiary Company") was incorporated in Pakistan on 20 October 1991 as a Public Limited Company. FPML will be engaged in the manufacture and sale of paper pulp. The production facility is situated 20 km from Gujrat and the registered office is situated at 13-B, Block -K, Main Boulevard Gulberg II Lahore. The Holding Company holds 57.67% shares of the Subsidiary Company at the end of the year.

The Subsidiary Company 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 the Susidiary Company believes that the Subsidiary Company 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 Subsidiary Company have been prepared on non-going concern basis. As at 30 September 2019 the Holding Company's share in the net assets of the Subsidiary Company is Rs. 490.53 million. The Financial Statements of the Group have been on a going concern basis.

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

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

1.6 Details regarding the Group's investments in associate are given in note 20 to these consolidated financial statements.

2 BASIS OF PREPARATION

2.1 Consolidated financial statements

These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 September 2019 and the audited financial statements of the subsidiaries for the period ended 30 September 2019.

2.2 Statement of compliance

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

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

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

2.3 Basis of measurement

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

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

2.4 Functional and presentation currency

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

3 USE OF ESTIMATES AND JUDGMENTS

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

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

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

3.1 Property, plant and equipment

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

3.2 Stores, spare parts and loose tools

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

3.3 Stock-in-trade

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

3.4 Expected credit loss (ECL) / loss allowances against trade debts, deposits, advances and other receivables

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 has elected to measure loss allowances for trade debts other than due from 'Government of Pakistan' using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The financial assets due from Government of Pakistan continues to be measured under IAS-39 due to the exemption given by the Securities and Exchange Commission of Pakistan vide S.R.O. 985 (I)/2019 dated 02 September 2019 as explained in note 4.2.2. 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 debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 including forward-looking information.

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 amortised cost are deducted from the gross carrying amount of the assets.

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

3.5 Provisions and contingencies

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

3.6 Employee benefits

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

3.7 Recoverable amounts of assets / cash generating units and impairment

The management of the Group reviews carrying amounts of its assets including goodwill, long term investments, receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication. In case of goodwill formal estimates of recoverable amount is made on annual basis.

3.8 Intangibles

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

3.9 Taxation

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

3.10 Measurement of fair value for biological assets

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies have been applied consistently to all periods presented in these financial statements, except as disclosed in note 4.2.

4.1 Basis of consolidation

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

Subsidiaries

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

Non-controlling interest

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

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

Transactions eliminated on consolidation

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

Associates

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the consolidated statement of profit or loss. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associates) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the consolidated statement of profit or loss.

4.2 Change in significant accounting policies

The Group has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 October 2018 which are effective from annual periods beginning on or after 01 July 2018. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standards. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.2.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 outlines a single comprehensive model to account for revenue arising from contracts with customers and replaced the majority of existing IFRS requirements on revenue recognition including IAS 18, "Revenue". The core principle of IFRS 15 is to recognize revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

The Group has adopted IFRS 15 from 1 Oct 2018 and elected to apply the practical expedients available under IFRS 15 to adopt the standard using a modified retrospective approach and exclude completed contracts from its assessment of retrospective impacts. Under the modified retrospective approach, any retrospective impacts from the transition are shown as an adjustment to beginning retained earnings for 2018. Prior period figures are not restated.

The adoption of IFRS 15 had no material impact on revenue recognition or measurement related to contracts with customers except for the reclassification of point of sale cost from selling expenses to cost of revenue and reclassification of "advances from customers" from trade and other payables to a separate line item as 'advances from customers'.

Groups's revised accounting policy relating to revenue recognition under IFRS 15 is explained in note 4.10 of these consolidated financial statements.

4.2.2 IFRS 9 - Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of groups holding financial assets due from the Government of Pakistan till 30 June 2021.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.2.2.1 Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income (FVOCI), or through profit or loss (FVTPL); and
- those to be measured at amortised cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within 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 principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognised in the consolidated statement of profit or loss.

For assets measured at fair value, gains and losses will either be recorded in consolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in the consolidated statement of profit or loss. The Group's accounting policy relating to financial instruments is explained in note 4.13 of these consolidated financial statements.

4.2.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 October 2018:

Financial assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying account under IAS 39	New carrying account under IFRS 9
			Rupees	Rupees
Long term deposits	Loans and receivables	Amortized cost	37,552,439	37,552,439
Bank balances	Loans and receivables	Amortized cost	121,185,441	121,185,441
Advances, deposits and other receivables	Loans and receivables	Amortized cost	601,121,792	601,121,792
Trade debts - unsecured, considered good	Loans and receivables	Amortized cost	6,118,517,116	6,118,517,116

4.2.2.3 Impairment

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9 other than due from Government of Pakistan. As explained in note 4.2.2 , the SECP has granted exemption with respect to application of ECL for groups holding financial assets due from the Government of Pakistan. Accordingly Company's receivables of Rs. 5,161.61 million (2018: Rs. 3,241.66 million) that are due from Government of Pakistan continues to be assessed for impairment under the requirements of IAS 39 ' Financial Instruments: Recognition and Measurement'. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, deposits (other than from Government of Pakistan) and other receivables are subject to ECLs model but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases:

- 12 months ECLs, these are the ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs, these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables other than due from Government of Pakistan. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances and other receivables is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

Impact of ECL

The Group has applied IFRS 9 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 9 is recognized in retained earnings at the date of initial application. Considering the quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information, the Group has no material expected credit loss under IFRS 9 on trade debts at initial application date and at the year end.

4.3 Property, plant and equipment

Owned

Property, plant and equipment, except freehold land are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land and capital work in progress are stated at cost less any identified impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation. Cost in relation to certain property, plant and equipment signifies historical cost and borrowing costs as referred to in note 4.15.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Major repairs and improvements are capitalized. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Sugarcane roots are stated at cost less accumulated depreciation and accumulated impairment losses. Costs capitalised 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 statement of profit or loss unless there is a significant increase in the yield of the sections, in which case such costs are capitalized and depreciated over the remaining useful life of the respective fields. Depreciation on bearer plants is recognised so as to write off its cost less residual values over useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Estimated useful lives of the bearer plants has been determined to be 6 years.

Depreciation is charged to statement of profit or loss on reducing balance method so as to write off the written down value of assets over their estimated useful lives at rates disclosed in note 17.1, except that straight-line method is used for assets related to Corporate Farms. However, sometimes, the future economic benefits embodied in an asset are absorbed in producing other assets. In this case, the depreciation charge constitutes part of the cost of the other asset and is included in its carrying amount.

Depreciation on additions is charged from the date when the asset is available for use, while no depreciation is charged on the date of disposal.

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

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

Leased

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

4.4 Intangibles

Goodwill

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses.

Computer software

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortization (for finite useful life of intangible asset) and any identified impairment loss. The estimated useful life and amortization method is reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with finite useful life are amortized using straight-line method over its useful period. Amortization on additions to intangible assets is charged from the date when an asset is put to use and on disposal up to the date of disposal.

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

4.5 Stores, spare parts and loose tools

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

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

4.6 Stock-in-trade

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

Cost is determined as follows:

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

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated selling expenses.

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

4.7 Biological assets

Consumable biological assets, comprising 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 holding Company's weighted average cost of capital. Significant assumptions used are stated in note 22.1 to these consolidated financial statements. Fair value is deemed to approximate the cost when little biological transformation has taken place or the impact of the transformation on price is not expected to be material.

The sugarcane roots are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the standing 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. Changes in fair value of sugarcane and other crops are recognized in the statement of profit or loss.

4.8 Employee benefits

Defined contribution plan

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

Defined benefit plans

The Holding Company operates an approved defined benefit gratuity plan covering all of its eligible employees who have completed the minimum qualifying period. The calculation of defined benefit obligation is performed by qualified actuary by using the projected unit credit method and charge for the year other than on account of experience adjustment is included in statement of profit or loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net defined liability /(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then - net defined benefit liability /(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in statement of profit or loss.

4.9 Taxation

Income tax expense comprises current and deferred tax.

Current

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

Deferred

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

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

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

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

4.10 Revenue recognition

Revenue comprises income arising in the course of the Group's ordinary activities. The Group is engaged in the sale of electricity, the sale of sugar, its by-products and agricultural produce.

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.

Sale of electricity

Revenue from sale of energy is recognized over time as electricity is delivered. 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.

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 penalties).

Other income

Other income comprises income on funds invested, dividend income, exchange gain and changes in the fair value of financial asset at fair value through profit or loss. 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 are recognized on accrual basis and is disclosed under other income in the consolidated statement of profit or loss;
- dividend income is recognized when the Group's right to receive the dividend is established and included in operating profit in the statement of profit or loss as part of other income;
- interest income is recognized as and when accrued on effective interest method. Interest income is disclosed under other income in the consolidated statement of profit or loss; 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.

4.11 Provisions

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

4.12 Leases

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

Finance leases

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

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

Operating lease / Ijarah contracts

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

4.13 Financial instruments

4.13.1 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 financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.13.2 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 (FVOCI), fair value through profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

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.

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 consolidated statement of profit or loss.

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

Debt instrument - FVOCI

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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 fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in consolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Group has no such instrument at the reporting date.

Equity instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss. The Group has classified its investments in mutual funds as at FVTPL.

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 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. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of 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 trade and other payables, short term borrowings, accrued markup and dividend payable.

4.13.3 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 expire. 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.

4.13.4 Trade debts - due from Government of Pakistan

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

The allowance for doubtful accounts is based on the Group's assessment at the collectability of counterparty accounts. The Group regularly reviews its trade debts that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering facts such as historical experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect customers ability to pay.

4.13.5 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.

4.13.6 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables 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.

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).

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 and contract assets 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. 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 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.

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. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

4.14 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

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 statement of profit or loss as incurred.

4.16 Foreign currency transactions

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

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

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

4.17 Investment property

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

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

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

4.18 Dividend

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

4.19 Operating segment

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

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

5 STANDARDS, AMENDMENTS AND INTERPRETATIONS AND FORTH COMING REQUIREMENTS

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

5.1.1 IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' is applicable for annual periods beginning on or after 01 January 2006, however, Securities and Exchange Commission of Pakistan (SECP) granted waiver from the application of IFRIC 4 to all companies including power sector companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

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

	2019 Rupees	2018 Rupees
De-recognition of property, plant and equipment	(4,628,548,635)	(4,897,686,962)
Recognition of lease debtor	6,175,402,871	6,516,865,697
Increase in deferred tax liability	448,587,728	469,561,833
Increase in un-appropriated profit at beginning of the year	492,428,725	513,825,774
Decrease in profit for the year	(256,519,066)	(21,397,049)
Increase in un-appropriated profit at end of the year	235,909,659	492,428,725

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 October 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Group's financial statements.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Group is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Group's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect Groups that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Group's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a Group now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The application of amendments is not likely to have an impact on Group's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The Group may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Group should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

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

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

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

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

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

	2019 Rupees	2018 Rupees
6 SHARE CAPITAL		
6.1 Authorized share capital		
75,000,000 (2018: 75,000,000) voting		
ordinary shares of Rs. 10 each	750,000,000	750,000,000
25,000,000 (2018: 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 (2018: 32,145,725) voting ordinary		
shares of Rs. 10 each fully paid in cash	321,457,250	321,457,250
27,630,936 (2018: 27,630,936) voting bonus		
shares of Rs. 10 each fully paid	276,309,360	276,309,360
	597,766,610	597,766,610

Mr. Jahangir Khan Tareen (Executive Director) holds 9,802,293 (2018: 12,802,293) and Mr. Mukhdoom Syed Ahmed Mahmud (Non Executive Director) holds 15,843,932 (2018: 15,843,932) ordinary shares of Rs. 10 each representing 16.40% (2018: 21.42%) and 26.51% (2018: 26.51%) of the paid up capital of the Holding Company respectively.

7 SHARE PREMIUM RESERVE

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

	Note	2019 Rupees	2018 Rupees
8 LONG TERM FINANCES - SECURED			
Mark-up bearing finances from conventional bank	8.1.1	6,556,126,662	9,950,302,716
Islamic mode of financing	8.1.2	4,740,932,703	5,706,160,271
	8.1 & 8.2	11,297,059,365	15,656,462,987
Current maturity presented under current liabilities:			
- Mark-up bearing finances from conventional bank		(3,309,668,326)	(3,394,290,948)
- Islamic mode of financing		(1,519,019,235)	(1,215,227,568)
	13	(4,828,687,561)	(4,609,518,516)
		6,468,371,804	11,046,944,471

8.1 Long term finances - secured

	Mark-up basis	Limit	Loan duration	Grace period	Year of loan maturity	Principal outstanding 2019	Principal outstanding 2018
		Rupees	Years	Years		Rupees	Rupees
8.1.1 Mark-up bearing finances from conventional bank							
MCB Bank Limited - Led Syndicate							
MCB Bank Limited	3mk + 1.00	1,000,000,000	7 Years	1.5 Years	2020	181,818,179	363,636,363
United Bank Limited	3mk + 1.00	500,000,000	7 Years	1.5 Years	2020	90,909,086	181,818,179
Allied Bank Limited	3mk + 1.00	940,000,000	7 Years	1.5 years	2020	170,909,087	341,818,180
Askari Bank Limited	3mk + 1.00	500,000,000	7 Years	1.5 Years	2020	90,909,086	181,818,179
Habib Metropolitan Bank	3mk + 1.00	100,000,000	7 Years	1.5 Years	2020	18,181,818	36,363,637
The Bank of Punjab	3mk + 1.00	800,000,000	7 Years	1.5 Years	2020	145,454,544	290,909,090
JS Bank Limited	3mk + 1.00	150,000,000	7 Years	1.5 Years	2020	27,272,733	54,545,459
Meezan Bank Limited	3mk + 1.00	350,000,000	7 Years	1.5 Years	2020	63,578,144	127,156,290
		4,340,000,000				789,032,677	1,578,065,377
Pak Oman Investment Company Limited (I)	3mk + 1.00	500,000,000	06 Years	01 Year	2020	75,000,000	175,000,000
Pak Oman Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2022	275,000,000	375,000,000
The Bank of Punjab (I)	3mk + 1.00	300,000,000	06 Years	01 Year	2020	59,985,680	119,985,680
The Bank of Punjab (II)	3mk + 1.00	700,000,000	06 Years	01 Year	2020	140,000,000	280,000,000
The Bank of Punjab (III)	3mk + 1.00	500,000,000	05 Years	01 Year	2021	250,000,000	375,000,000
The Bank of Punjab (IV)	3mk + 1.00	750,000,000	05 Years	01 Year	2023	750,000,000	749,885,094
The Bank of Punjab (V)	3mk + 1.00	500,000,000	05 Years	–	2021	200,000,000	300,000,000
MCB Bank Limited (NIB)	3mk + 1.00	500,000,000	05 Years	–	2020	51,691,630	155,074,890
Pak Libya Holding Company Limited	3mk + 1.00	100,000,000	05 Years	–	2020	25,000,000	45,000,000
National Bank of Pakistan Limited (I)	3mk + 1.00	1,000,000,000	05 Years	01 Year	2020	312,500,000	562,500,000
National Bank of Pakistan Limited (II)	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	750,000,000	1,000,000,000
Soneri Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2021	120,000,000	180,000,000
Soneri Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	375,000,000	500,000,000
Faysal Bank Limited (II)	3mk + 1.00	650,000,000	06 Years	–	2020	81,250,007	189,583,339
Faysal Bank Limited (IV)	3mk + 1.00	1,000,000,000	03 Years	–	2019	–	333,333,336
Pak Brunei Investment Company Limited (II)	3mk + 1.00	500,000,000	06 Years	01 Year	2024	500,000,000	500,000,000
Pak Brunei Investment Company Limited (III)	3mk + 1.00	200,000,000	05 Years	–	2020	30,000,000	70,000,000
Standard Chartered Bank (Pakistan) Limited	3mk + 1.00	1,000,000,000	05 Years	–	2021	350,000,000	550,000,000
Askari Bank Limited (I)	3mk + 1.00	300,000,000	05 Years	–	2021	105,000,000	165,000,000
Askari Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	406,250,000	500,000,000
Askari Bank Limited (III)	3mk + 1.00	175,000,000	05 Years	01 Year	2023	175,000,000	175,000,000
MCB Bank Limited	3mk + 1.00	1,000,000,000	05 Years	02 Years	2021	422,916,668	634,375,000
Habib Bank Limited	6mk + 1.00	500,000,000	05 Years	01 Year	2021	312,500,000	437,500,000
		12,975,000,000				5,767,093,985	8,372,237,339
		17,315,000,000				6,556,126,662	9,950,302,716
8.1.2 Islamic mode of financing							
Dubai Islamic Bank Pakistan Limited (I)	3mk + 1.00	500,000,000	5.5 Years	0.5 Year	2020	34,000,000	134,000,000
Dubai Islamic Bank Pakistan Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2021	218,750,000	343,750,000
Askari Bank Limited (I)	6mk + 1.00	300,000,000	06 Years	01 Year	2020	60,000,000	120,000,000
Askari Bank Limited (II)	3mk + 1.00	200,000,000	05 Years	–	2021	70,000,000	110,000,000
Askari Bank Limited (III)	3mk + 1.00	250,000,000	05 Years	01 Year	2023	250,000,000	250,000,000
Faysal Bank Limited (I)	3mk + 1.00	750,000,000	05 Years	01 Year	2023	703,125,000	750,000,000
Faysal Bank Limited (II)	3mk + 1.00	500,000,000	05 Years	01 Year	2022	406,250,000	500,000,000
Bank Alfalah Limited	3mk + 0.90	500,000,000	05 Years	01 Year	2022	373,807,703	498,410,271
National Bank of Pakistan	3mk + 0.50	1,000,000,000	05 Years	01 Year	2022	750,000,000	1,000,000,000
National Bank of Pakistan (II)	3mk + 1.00	250,000,000	05 Years	01 Year	2024	250,000,000	–
MCB Islamic Bank Limited	3mk + 0.85	1,000,000,000	05 Years	01 Year	2022	812,500,000	1,000,000,000
Al Baraka Bank Limited	3mk + 0.80	1,000,000,000	05 Years	01 Year	2022	812,500,000	1,000,000,000
		6,750,000,000				4,740,932,703	5,706,160,271
		24,065,000,000				11,297,059,365	15,656,462,987

* 3 mk i.e. 3 months KIBOR

8.2 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 of Rs. 25,482 million (2018: Rs. 21,016 million) and personal guarantees of sponsor directors of the Group.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

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

		2019		
	Note	Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
		Rupees	Rupees	Rupees
Less than one year	13	91,533,078	18,664,374	72,868,704
Between one and five years		169,390,510	17,662,465	151,728,045
		260,923,588	36,326,839	224,596,749

		2018		
	Note	Future minimum lease payments	Finance cost for future periods	Present value of future minimum lease payments
		Rupees	Rupees	Rupees
Less than one year	13	115,129,719	9,848,122	105,281,597
Between one and five years		152,863,012	8,185,098	144,677,914
		267,992,731	18,033,220	249,959,511

Lease rentals are payable on quarterly / monthly basis and include finance cost ranging from six months KIBOR plus 100 bps per annum (2018: three months to one year KIBOR plus 100 bps per annum) which has been used as the discounting factor. The Group has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

	2019 Rupees	2018 Rupees
10 DEFERRED TAXATION		
Deferred tax liability on taxable temporary differences		
arising in respect of:		
- accelerated tax depreciation on operating fixed assets	3,608,960,098	3,349,968,546
- leased assets	66,753,015	158,180,423
	3,675,713,113	3,508,148,969
Deferred tax asset on deductible temporary differences		
arising in respect of:		
- liabilities against assets subject to finance lease	(65,133,057)	(72,488,258)
- provisions for doubtful debts and obsolescence	(60,982,018)	(24,557,833)
- impairment of investment in associate	(26,100,000)	(26,100,000)
- provision for Workers' Profit Participation Fund	(18,257,823)	–
- provision for Workers'Welfare Fund	(14,352,986)	–
- retirement benefits	(25,923,961)	(19,238,864)
- tax losses	(655,639,206)	(674,921,187)
- tax credits	(2,169,845,885)	(1,011,066,991)
	(3,036,234,936)	(1,828,373,133)
	639,478,177	1,679,775,836

	2019 Rupees	2018 Rupees
10.1 Movement in deferred tax balances is as follows:		
As at 01 October	1,679,775,836	1,743,972,922
Recognized in statement of profit or loss:		
- accelerated tax depreciation on operating fixed assets	258,991,552	73,866,693
- leased assets	(91,427,408)	(58,346,248)
- liabilities against assets subject to finance lease	7,355,201	19,453,395
- provisions for doubtful debts and obsolescence	(36,424,185)	878,770
- impairment of investment in associate	–	900,000
- provision for Workers' Profit Participation Fund	(18,257,823)	35,648,942
- provision for Workers' Welfare Fund	(14,352,986)	–
- retirement benefits	(3,450,737)	(15,414,051)
- tax losses	19,281,981	(510,368,353)
- (recognition) / derecognition of tax credits	(1,158,778,894)	393,008,579
	(1,037,063,299)	(60,372,273)
Recognized in other comprehensive income:		
- retirement benefits	(3,234,360)	(3,824,813)
	639,478,177	1,679,775,836

11 RETIREMENT BENEFITS

The latest actuarial valuation of the Holding Company defined benefits were conducted on 30 September 2019 using projected unit credit method. Details of obligations are as follows:

	Note	2019 Rupees	2018 Rupees
Present value of defined benefit obligation	11.1	158,380,380	142,649,329
Fair value of plan assets	11.2	(83,263,732)	(88,865,210)
Liability as at 30 September		75,116,648	53,784,119

		2019 Rupees	2018 Rupees
11.1	**Movement in liability for funded defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	142,649,329	119,018,899
	Current service cost for the year	17,121,658	19,754,774
	Interest cost for the year	12,709,977	8,880,532
	Benefit paid during the year	(13,224,592)	(8,190,955)
	Actuarial (gain) / loss on present value of defined benefit obligation	(875,992)	3,186,079
	Present value of defined benefit obligation at end of the year	158,380,380	142,649,329
11.2	**Movement in fair value of plan assets**		
	Balance at beginning of the year	88,865,210	89,400,143
	Return on plan assets excluding interest income	8,769,424	7,241,088
	Contributions paid by the employer	10,882,649	10,417,866
	Actuarial loss on defined benefit asset	(12,028,959)	(10,002,932)
	Benefits paid by the fund	(13,224,592)	(8,190,955)
	Fair value of plan assets at end of the year	83,263,732	88,865,210
	Plan assets comprises of		
	Nafa Money Market Fund	41,575,745	–
	Nafa Income Opportunity Fund	41,243,074	–
	Askari Bank Limited	444,913	1,231,835
	Nafa Islamic Assets Allocation Fund	–	49,574,211
	Nafa Assets Allocation Fund	–	38,059,164
		83,263,732	88,865,210

	2019 (Percentage)	2018
Plan assets comprises of		
Equity	99.47%	98.61%
Cash at bank	0.53%	1.39%
	100%	100%

		2019 Rupees	2018 Rupees
11.3	**Charge for the year**		
	Statement of profit or loss		
	Current service cost	17,121,658	19,754,774
	Interest cost for the year	12,709,977	8,880,532
	Return on plan assets excluding interest income	(8,769,424)	(7,241,088)
		21,062,211	21,394,218
	Other comprehensive income		
	Actuarial (gain) / loss on obligation	(875,992)	3,186,079
	Actuarial loss on defined benefit assets	12,028,959	10,002,932
		32,215,178	34,583,229

		2019 Rupees	2018 Rupees
11.4	**Movement in actuarial losses**		
	Opening actuarial losses	–	–
	Actuarial loss during the year	(11,152,967)	(13,189,011)
	Charge to other comprehensive income	11,152,967	13,189,011
	Closing actuarial losses	–	–

11.5 Historical information

	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees
Present value of defined obligations	158,380,380	142,649,329	119,018,899	101,168,252	75,844,689
Experience adjustment loss	11,152,967	13,189,011	14,204,297	17,810,879	5,293,750

11.6 Expected expense for the next year

The Group expects to charge Rs. 27.66 million to consolidated statement of profit or loss on account of defined benefit plan in 2020.

11.7 Sensitivity analysis

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

		Impact on defined benefit obligation			
		2019		2018	
	Change	Increase	Decrease	Increase	Decrease
Discount rate	100 BPS	(13,100,441)	15,284,211	(11,281,262)	13,286,258
Salary growth rate	100 BPS	14,756,788	(12,886,578)	12,823,213	(11,095,841)

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.

		2019	2018
11.8	**Actuarial assumptions**		
	Valuation discount rate	12.50%	10.00%
	Salary increase rate	12.50%	10.00%
	Expected return on plan assets	12.50%	10.00%
	Average expected remaining working life time of employees	9.02	9.15
	Mortality rate	SLIC 2001 - 2015	SLIC 2001 - 2015

	Note	2019 Rupees	2018 Rupees
12 SHORT TERM BORROWINGS - SECURED			
Mark-up based borrowings from conventional banks			
- Cash finances	12.1	8,197,873,997	15,649,822,876
- Running finances	12.2	1,967,368,223	3,776,593,833
- Inland bill discounting	12.3	1,190,858,115	1,599,999,999
- Finance against trust receipts	12.4	301,946,814	168,668,694
		11,658,047,149	21,195,085,402
Islamic mode of financing			
- Morabaha finances	12.5	2,500,000,000	1,800,000,000
- Salam / Istisna finances	12.6	2,969,200,000	4,420,865,369
- Tijarah finances	12.7	–	439,999,568
		5,469,200,000	6,660,864,937
		17,127,247,149	27,855,950,339

12.1 The Group has obtained these facilities from various banks and financial institutions aggregating Rs. 17,650 million (2018: Rs. 23,188 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 20 to 100 bps per annum (2018: one to six 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.

12.2 The Group has obtained running finance facilities aggregating Rs. 2,330 million (2018: Rs. 4,330 million). The mark-up rates applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2018: one to six months KIBOR plus 0 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.

12.3 The Holding Company has obtained inland bill discounting facility aggregating Rs. 1,300 million (2018: Rs. 1,900 million). The mark-up rate applicable during the year ranges from one to three months KIBOR plus 50 to 100 bps per annum (2018: 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.

12.4 The limit of this facility is Rs. 1,100 million (2018: Rs. 1,150 million). It carries mark-up ranging from three to six months KIBOR plus 90 to 250 bps per annum (2018: one to six months KIBOR plus 50 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.

12.5 The Group has obtained Morabaha finance facilities aggregating Rs. 2,500 million (2018: Rs. 1,800 million). The mark-up rates applicable during the year ranges from three to nine months KIBOR plus 50 to 100 bps per annum (2018: three to six months KIBOR plus 50 to 75 bps per annum). These are secured against ranking charge / joint pari passu charge over present and future current assets of the Group and personal guarantees of the sponsor directors of the Group.

12.6 The Group has obtained Salam / Istisna financing facilities from various banks and financial institutions aggregating to Rs. 7,085 million (2018: Rs. 7,985 million). It carries mark-up ranging from three to nine months KIBOR plus 20 to 50 bps per annum (2018: three to six months KIBOR plus 20 to 55 bps per annum). These are secured against pledge charge over refined sugar bags and personal guarantees of sponsor directors of the Group.

12.7 The Holding Company has fully settled the facility during the year. The mark-up rate applicable during the year was six months KIBOR plus 55 bps per annum (2018: three months KIBOR plus 55 bps per annum). These were secured against ranking charge / joint pari passu charge over present and future current assets of the Holding Company and personal guarantees of the sponsor directors of the Group.

	Note	2019 Rupees	2018 Rupees
13 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term finances - secured	8	4,828,687,561	4,609,518,516
Liabilities against assets subject to finance lease - secured	9	72,868,704	105,281,597
		4,901,556,265	4,714,800,113

	Note	2019 Rupees	2018 Rupees
14 TRADE AND OTHER PAYABLES			
Trade and other creditors		2,179,116,817	2,389,889,039
Sales tax payable		791,056,070	83,459,590
Accrued expenses		270,762,042	246,298,911
Payable to Workers' Profit Participation Fund	14.1	67,793,471	–
Payable to Workers' Welfare Fund	14.2	54,248,739	26,574,555
Tax deducted at source		49,655,349	14,349,122
Retention money		32,408,279	35,464,423
Payable to Provident Fund		16,867,862	14,745,719
Due to related parties	14.3	935,090	879,078
Other payables		89,681,775	74,868,045
		3,552,525,494	2,886,528,482
14.1 Payable to Workers' Profit Participation Fund			
Balance as at 01 October		–	118,829,804
Add: Allocation for the year	33	67,793,471	–
Interest on funds utilized	34	–	61,966,668
Prior year adjustment	33	–	5,237,703
		67,793,471	186,034,175
Less: Paid during the year		–	(186,034,175)
Balance as at 30 September		67,793,471	–
14.2 Payable to Workers' Welfare Fund			
Balance as at 01 October		26,574,555	26,574,555
Add: Prior years provision	33	33,967,768	–
Provision for the year	33	20,280,971	–
		80,823,294	26,574,555
Less: Paid during the year		(20,442,242)	–
Reversal Prior year provision		(6,132,313)	–
Balance as at 30 September		54,248,739	26,574,555

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

	2019 Rupees	2018 Rupees
15 ACCRUED PROFIT / INTEREST / MARK-UP		
Mark-up on financing / borrowings from conventional banks		
Long term finances - secured	173,304,909	145,760,309
Short term borrowings - secured	358,030,459	325,470,734
	531,335,368	471,231,043
Profit on Islamic mode of financing		
Long term finances - secured	41,296,314	32,845,789
Short term borrowings - secured	240,345,806	138,419,746
	281,642,120	171,265,535
	812,977,488	642,496,578

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 A sales tax demand was raised by the tax department for the year 2002-2003 on grounds of various observations. Alternative dispute resolution committee unanimously decided the matter partially in favor of the Holding Company and forwarded its recommendations to Federal Board of Revenue ("FBR") for further necessary actions. FBR decided the case against the Holding Company on 29 November 2013 and raised a demand of Rs. 47.63 million out of which the Holding Company has deposited Rs. 47.5 million. However, the Holding Company has filed an appeal before Honorable Lahore High Court against the order passed by the Appellate Tribunal, and expects a favorable outcome in this case.

16.1.2 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.

16.1.3 The Holding Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. Assistant Commissioner of Inland Revenue ("ACIR") passed order u/s 122(5) / 122(1) by making additions on different issues i.e. interest expense, salaries, sale, gain on sale of assets etc., amounting to Rs. 516 million by reducing brought forward losses. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR"), who vide order dated 06 April 2010 decided appeal in favor of the Holding Company on most of the issues. The department filed appeal before appellate tribunal ("ATIR"). Respectable ATIR passed an order in favor of the Holding Company except for two issues with an aggregate amount of Rs. 72.57 million. The Holding Company has filed an appeal before High Court, against the order of the ATIR. The management of the Holding Company is confident that this case will be decided in its favor.

16.1.4 The Holding Company (Previously United Sugar Mills Limited) was selected for audit u/s 177 of I.T.O 2001 for Tax year 2008. The Holding Company has filed Writ Petition before Honorable Lahore High Court ("Court") against selection of audit which was rejected by the court. Income tax department initiated audit proceeding and Deputy Commissioner Inland Revenue ('DCIR") passed order u/s 122(4)/(5) by making additions on different issues and created a demand of Rs. 76.56 million vide order dated 22-12-2017. 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 appellate tribunal ("ATIR"). Appeal was heard and order is still awaited. The management of the Holding Company is confident that this case will be decided in its favor.

16.1.5 Additional Commissioner Inland Revenue ("ACIR") issued show cause notice u/s 122(5A) of I.T.O 2001 for tax year 2011 confronting several matters. The said notice was duly complied and plea of the taxpayer was largely accepted by the department. ACIR passed order u/s 122(5A) by making additions on different issues and created a demand of Rs. 18.75 million vide order dated 30/06/2017. 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.

16.1.6 The Holding Company was selected for audit u/s 177 of I.T.O 2001 for Tax year 2014. Deputy Commissioner Inland Revenue ('DCIR") passed order u/s 122(1) by making additions on different expenses, amounting to Rs. 163.16 million. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") who vide order dated 07-03-2018 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 Appellate Tribunal Inland Revenue ("ATIR") against the issues. The hearing of the same is pending. The management of the Holding Company is confident that this case will be decided in its favor.

16.1.7 The Holding Company was selected for audit u/s 72B of Sale Tax Act, 1990 for the period June 2013 to July 2014 by the Federal Board of Revenue ("FBR"). A sales tax demand was raised by the tax department on various grounds of Rs. 70.94 million. The Holding Company has filed appeal before Commissioner Inland Revenue (Appeals) ("CIR") who vide 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 second appeal before Appellate Tribunal Inland Revenue ("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.

16.1.8 The Holding Company was selected for audit u/s 214C of I.T.O 2001 for Tax year 2016. Assistant Commissioner of Inland Revenue ('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 appeal before Commissioner Inland Revenue (Appeals) ("CIR") which is pending for adjudication. The management of the Holding Company is confident that this case will be decided in its favor.

16.1.9 The Holding Company 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. The Holding Company has claimed tax credit at the rate of 10% for the year ended September 30, 2018 and September 30, 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.

16.1.10 The Deharki Sugar Mills (Private) Limited, Subsidiary Company ("DSML") is in a Constitutional Petition dated 01 March, 2011 with the Additional Secretary Industries and Commerce Department, Government of Sindh against cancelling of No Objection Certificate (collectively "Impugned Cancellation Order"). However the Honorable Sindh High Court has suspended the Impugned Cancellation Order and the respondents in the Constitutional Petition have been restrained from interfering in the construction of the sugar mill. The actual date of further hearing in this case is yet to be notified by the High Court. Whilst in the view of legal advisor the Subsidiary Company has an arguable case, and it is not possible at this stage to give a definitive opinion on the ultimate outcome or any losses that may be incurred by the Subsidiary Company.

16.1.11 The tax department issued a show cause notice to the Subsidiary Company "DSML" on 23 May 2013 on the grounds that the Subsidiary Company has charged Federal Excise duty at the rate of 0.5% instead of 8% on local supplies made. Consequently, the Subsidiary Company filed a writ petition against this notice in the Honorable Sindh High Court ("Court") on the basis that the rate of 0.5% has been charged as allowed by the FBR vide SRO 77(I)/2013 dated 07 February 2013. The Court suspended the proceedings of the notice and the final outcome of the case is pending. Management of the Subsidiary Company expects a favorable outcome in this case. Hence no provision has been made in the consolidated financial statements.

16.1.12 The Subsidiary Company “DSML” 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. The Subsidiary Company has claimed tax credit at the rate of 10% for the year ended September 30, 2018 amounting to Rs.26.5 million. Management of the Subsidiary Company expects a favorable outcome in this case.

16.1.13 The matter of fixation of minimum price of sugar cane is fixed under two different notification for crushing season 2014-15 issued by the Government of Sindh is still subjudice before in the Honorable High Court of Sindh (The Honorable Court has subjected this interim arrangement to the decision of Civil appeal No. 48 of 2015 pending before Honorable Supreme Court of Pakistan and also have ordered that the fate of remaining Rs. 10 i.e., difference of Rs. 182 and Rs. 172 will also be depended on upon the decision of Honorable Supreme Court of Pakistan) and the Honorable Supreme Court of Pakistan. The management of Subsidiary Company “DSML” believes that the matter will ultimately be decided in favor of the Subsidiary Company. Therefore, no contingent asset in respect of rate differential under notification No. 8 (142)/S.O (Ext) 95-XXIII dated 07-11-2014 has been in the consolidated financial statements.

16.1.14 The Petitioner has field Constitution Petition (CP) No. 3823 of 2018 in the Honrorable High Court of Sindh against the Subsidiary Company “DSML” along with other sugar mills dated May 15, 2018 for withdrwal / cancellation the cash frieght subsidy on sugar export approved by the Sindh Cabinet. The next date of hearing is fixed on 20 January, 2020. The managment of the Subsidiary Company believes that the matter will ultimately be decided in favor of the Subsidiary Company.

16.1.15 The Subsidiary Company “DSML” along with other sugar millls (Petitioners) has field Constitution Petition (CP) No. 5160 of 2019 challenged the notification, before the Honorable High Court of Sindh, bearing No. 8(142)/S.O(Ext) 2017-18, dated 02.05.2019 issued under Section 16(3), Sugar Factories Control Act, 1950. In the second part of impugned notification, the Government has fixed the quality premium payable to the cane growers at the end of crushing season 2018-19 at the rate of 50 paisa per 40 Kg cane for each 0.1 Percent (including fraction thereof to be calculated proprate) of excess surcose recovery above 8.7 percent determined on overall surcose recovery basis of each mill. In order to determine the quality premium, the matter was not placed before the Provincial Cabinet. The Honorable High Court of Sindh dispose of petition dated 10 December, 2019 with the directions to the Province of Sindh to convene a meeting of the Provincial Cabinet and determine the quantum of quality premium under Section 16 of the Sugar Factories Control Act, 1950 which is still pending. The management of the Subsidiary Company believes that the matter will ultimately be decided in favor of the Subsidiary Company. Therefore, no provision in respect of quality premium in excess of 8.7 percent surcose recovery has been made in the financial statements.

16.1.16 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 The Subsidiary Company “Sadiqabad Power (Private) Limited”, “Ghotki Power (Private) Limited” and NEPRA decision dated 18-04-2018 in the matter of Review Motions filed by CPPAG against the award of Upfront Tariff, 2013 to Twelve Bagasse Cogeneration 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 favor.

16.1.17 Guarantees issued by the banks on behalf of the Holding Company and Subsidiary Companies "SPL" and "GPL" in favor of various parties as at the reporting date amounts to Rs. 599 million (2018: Rs. 577 million).

16.1.18 Guarantees issued by the United Bank Limited on behalf of the Subsidiary Company "DSML" in favor of various finance facilities as at reporting date amounts to Rs. 99.84 million (2018: Rs. 50 million).

16.1.19 Counter guarantee given by the Holding Company to the bankers on account of agricultural loan as at the reporting date amounts to Rs. 256 million (2018: Rs. nil).

		2019 Rupees	2018 Rupees
16.2	**Commitments**		
16.2.1	Letters of credit for import of machinery and its related components		
	Holding Company - JDWSML	235,071,327	539,941,528
	Subsidiary Company - DSML	18,078,746	33,558,902

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

	2019 Rupees	2018 Rupees
Less than one year	235,537,112	198,384,569
Between one and five years	869,767,460	671,882,706
More than five years	4,173,750	4,173,750
	1,109,478,322	874,441,025

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

	2019 Rupees	2018 Rupees
Less than one year	–	1,098,556

	Note	2019 Rupees	2018 Rupees
17 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	25,376,430,407	25,311,720,470
Capital work in progress	17.6	1,290,406,966	1,781,975,765
Stores, spare parts and loose tools held for capital expenditures		146,796,394	141,580,936
		26,813,633,767	27,235,277,171

17.1 Operating fixed assets

	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	Net book value 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					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	Net book value 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)			

17.2 Additions in operating fixed assets included transfer from capital work in process amounting to Rs. 1,492.74 million (2018: Rs. 2,920.12 million).

Transfers from freehold land represents transfer of land to investment property of the Holding Company during the year amounting to Rs. 0.42 million (2018: Rs. nil)

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

	Cost				Rate	Depreciation				Net book value as at 30 September 2018
	As at 01 October 2017	Additions / (deletions) during the year	Transfers during the year	As at 30 September 2018		As at 01 October 2017	For the year	Transfers / (deletions) / adjustments during the year	As at 30 September 2018	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Furniture and fixture	28,074,361	1,521,917	–	27,747,322	10	11,547,149	2,230,109	–	12,411,138	15,336,184
		(1,848,956)						(1,366,120)		
Weighbridge	37,862,769	9,561,667	–	47,424,436	10	19,752,146	2,374,283	–	22,126,429	25,298,007
		–						–		
Roads and boundary wall	165,055,359	5,452,036	–	170,152,947	10	75,628,643	9,268,812	–	84,592,935	85,560,012
		(354,448)						(304,520)		
Arms and ammunitions	7,907,517	316,540	–	8,224,057	10	4,937,556	315,642	–	5,253,198	2,970,859
		–						–		
Fire fighting equipment	82,815,232	–	–	82,815,232	10	41,223,855	8,318,276	–	49,542,131	33,273,101
		–						–		
Aircraft	469,981,824	225,807,775	–	624,453,403	20	268,059,069	26,287,369	–	252,076,803	372,376,600
		(71,336,196)						(42,269,635)		
Tube well	9,833,641	–	–	9,833,641	10	4,251,298	558,234	–	4,809,532	5,024,109
		–						–		
Computers	40,312,133	28,491,037	–	67,045,989	33	28,613,382	11,388,071	–	38,464,237	28,581,752
		(1,757,181)						(1,537,216)		
	31,888,567,955	3,861,517,838	272,141,834	35,058,911,858		8,987,183,330	1,695,418,495	62,114,166	10,292,641,122	24,766,270,736
		(963,315,769)						(452,074,869)		
Leased										
Plant and machinery	713,607,138	–	(254,167,334)	459,439,804	5	102,057,346	30,577,490	(55,092,066)	77,542,770	381,897,034
		–						–		
Motor vehicles	140,574,850	95,345,500	(17,974,500)	217,945,850	20	30,369,072	31,046,178	(7,022,100)	54,393,150	163,552,700
		–						–		
	854,181,988	95,345,500	(272,141,834)	677,385,654		132,426,418	61,623,668	(62,114,166)	131,935,920	545,449,734
		–						–		
	32,742,749,943	3,956,863,338	–	35,736,297,512		9,119,609,748	1,757,042,163	–	10,424,577,043	25,311,720,470
		(963,315,769)						(452,074,869)		

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

Location	Usage of immovable property	Total area (Acres)
Mauza Sharin, Jamal Din Wali, District Rahim Yar Khan	Manufacturing facility	318.6
Machi Goth, Sadiqabad, District Rahim Yar Khan	Manufacturing facility	186.72
Village Laluwali, District Ghotki	Manufacturing facility	140.03
Mauza Kamoo Shaheed, Taluka Ubauro, Mirpur Mathelo, Ghotki	Manufacturing facility	127.187
Mangowal, Gujrat	Manufacturing facility	28.38
59-A, Gulberg, Lahore	Record room / space for corporate office	0.65
29-B, Gulberg, Lahore	Rest house	0.3
Agricultural Land - Punjab (various locations)	Agriculture land	882.57
Agricultural Land - Sindh (various locations)	Agriculture land	1128.73

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

	Note	2019 Rupees	2018 Rupees
17.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods manufactured	29.1 & 29.1.1.1	1,402,950,566	1,431,578,760
Administrative expenses	30	60,924,269	69,719,521
Cost of growing crop	32.1.1	207,761,327	255,743,882
		1,671,636,162	1,757,042,163

17.5 Disposal of operating fixed assets

Description	Particulars of purchaser	Cost Rupees	Accumulated depreciation Rupees	Book value Rupees	Sales value Rupees	Gain / (loss) Rupees	Mode of disposal	Relationship with the Company
Plant and machinery								
Transformer	JK Sugar Mills (Pvt.) Ltd.	1,720,307	712,387	1,007,920	1,000,000	(7,920)	Negotiation	Related Party
Various assets having net book value up to Rs. 500,000 each		50,512	48,571	1,941	360,000	358,059		
		1,770,819	760,958	1,009,861	1,360,000	350,139		
Motor vehicles								
Toyota Hilux	JK Sugar Mills (Pvt.) Ltd.	3,190,800	2,432,594	758,206	2,050,000	1,291,794	Negotiation	Related Party
Honda Civic	Maqsood Ahmad Malhi	2,438,000	1,783,884	654,116	1,678,500	1,024,384	-do-	Employee
Toyota Corolla Altis	EFU General Insurance Limited	2,011,500	653,599	1,357,901	1,980,000	622,099	Insurance Claim	Other party
Toyota Corolla Altis	Bashir Ahmed	1,914,700	1,394,692	520,008	574,410	54,402	Company Policy	Employee
Toyota Corolla XLI	Major Saif Ullah (Retired)	1,782,000	408,734	1,373,266	1,775,000	401,734	Negotiation	Ex-employee
Toyota Corolla XLI	Iftikhar Hussain	1,605,000	1,034,881	570,119	1,350,000	779,881	-do-	Other party
Toyota Corolla XLI	Baber Shabbir	1,344,089	502,221	841,868	1,550,000	708,132	-do-	Ex-employee
Suzuki Cultus	Abid Ansar	1,124,000	505,800	618,200	1,000,000	381,800	-do-	Other party
Various assets having net book value up to Rs. 500,000 each		59,526,470	46,669,560	12,856,910	35,463,912	22,607,002		
		74,936,559	55,385,965	19,550,594	47,421,822	27,871,228		
Computers								
Various assets having net book value up to Rs. 500,000 each		672,232	571,736	100,496	113,000	12,504		
Office equiments								
Asset having net book value up to Rs. 500,000 each		24,000	2,000	22,000	8,000	(14,000)		
Assets - written off								
Sugarcane roots		330,390,674	113,508,015	216,882,659	–	–	Company Policy	–
Other assets		1,466,625	1,334,555	132,070	–	–	-do-	–
		331,857,299	114,842,570	217,014,729	–	–		
2019		409,260,909	171,563,229	237,697,680	48,902,822	28,219,871		
2018		963,315,769	452,074,869	511,240,900	556,880,534	223,265,706		

		Note	2019 Rupees	2018 Rupees
17.6	**Capital work in progress**			
	As at 1 October		1,781,975,765	2,953,218,912
	Addition during the year	17.6.1	1,190,912,461	1,748,873,191
	Transfer made during the year		(1,492,742,289)	(2,920,116,338)
	Impairment allowance		(189,738,971)	–
	As at 30 September		1,290,406,966	1,781,975,765
	Break-up of closing balances is as follows:			
	- Plant and machinery		604,102,212	1,152,000,117
	- Building		354,399,063	240,296,410
	- Advances to suppliers		298,324,111	377,876,534
	- Letter of credits for capital expenditure		32,866,387	–
	- Roads & boundary walls		715,193	715,193
	- Sugarcane roots		–	11,087,511
			1,290,406,966	1,781,975,765

17.6.1 Additions to capital work in progress also include borrowing costs of Rs. 34.64 million (2018: Rs. 62.50 million) relating to specific borrowings at the rates ranging from 9.44% to 13.53% per annum (2018: 6.65% to 9.43% per annum).

	2019 Rupees	2018 Rupees
18 INVESTMENT PROPERTY		
Balance as at 01 October	218,599,597	218,599,597
Transferred from operating fixed assets	415,665	–
Balance as at 30 September	219,015,262	218,599,597

18.1 Investment property represents agricultural land given on operating lease, the fair value of the investment property is Rs. 380 million (2018: Rs. 530 million). The current fair value of investment property was determined by Hamid Mukhtar and Co. (Pvt.) Limited.

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

	2019 Rupees	2018 Rupees
Less than one year	13,078,500	12,430,800

		Note	2019 Rupees	2018 Rupees
19	**INTANGIBLES**			
	Goodwill	19.1	608,310,693	1,063,350,995
	Oracle computer software	19.2	8,537,896	10,596,847
			616,848,589	1,073,947,842
19.1	**Goodwill**			
	As at 01 October		1,063,350,995	1,063,350,995
	Less: Impairment charge for the year	19.1.2	(455,040,302)	–
	As at 30 September		608,310,693	1,063,350,995

19.1.1 Goodwill on United Sugar Mills Limited and Ghotki Sugar Mills (Private) Limited

Goodwill represents Rs. 568.55 million, Rs. 39.76 million arisen at the time of mergers of United Sugar Mills Limited ("USML") and Ghotki Sugar Mills (Private) Limited ("GSML") in Holding Company.

For impairment testing of goodwill on USML and GSML, the recoverable amount has been determined based on the recent value in use calculated by discounting the four years cash flow projections at 23.78% and 22.71% per annum respectively. Assumptions used in preparing the cash flows are based on past trends. The calculation of value in use is sensitive to discount rate and local inflation rates.

19.1.2 Goodwill on Faruki Pulp Mills Limited

Goodwill of Rs. 455.04 million arose at the time of the acquisition of Faruki Pulp Mills Limited ("FPML").

Keeping in view the commercial viability of the plant and substantial accumulated losses, the management of the FPML believes that FPML may not be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, management estimated the recoverable amount of the underlining assets and liabilities of FPML, which resulted in impairment charged of Rs. 455.04 million bringing the closing balance FPML goodwill as of 30 September 2019 to Rs. nil.

19.1.3 Fair value hierarchy

The recoverable amount of the FPML was based on fair value less cost of disposal. The fair value measurement was categorised as a level 3 fair value based on the inputs in the valuation technique used.

19.1.4 Valuation techniques used to derive fair values of the underlying assets

The key assumptions used in the 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.

Description	Significant Unobservable inputs	Quantitative data / range and relationship to the fair value
	- Straight line depreciation applied for usage from date of construction.	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.	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	2019 Rupees	2018 Rupees
19.2	**Oracle computer software**			
	Cost		22,747,279	22,747,279
	Accumulated amortization			
	As at 01 October		12,150,432	10,082,013
	Amortization for the year	30	2,058,951	2,068,419
			14,209,383	12,150,432
	As at 30 September		8,537,896	10,596,847
	Rate of amortization		10.00%	10.00%

20 LONG TERM INVESTMENTS

This represents investment of the Holding Company of 47.37% in the equity of JDW Power (Private) Limited "JDWPL", an unquoted associated company. The cost of investment is Rs. 90 million represented by 9 million shares of Rs. 10 each. The carrying value of the investment is Rs. nil (2018: Rs. nil) due to accumulated impairment allowance of Rs. 90 million charged in year ended 30 September 2012.

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.

21 LONG TERM DEPOSITS

These mainly comprise of security deposits with leasing companies in respect of leasing facilities availed. This also includes an advance amounting to Rs. 4.54 million (2018: 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.

22 BIOLOGICAL ASSETS

	Note	Growing cane	Wheat	Guar	Others	Total
		30 September 2019				
		Rupees				
At the beginning of the year						
at fair value		1,983,490,606	38,110,114	3,106,308	–	2,024,707,028
Fair value adjustments recorded						
in profit or loss	32.1	2,013,074,325	–	–	5,878,538	2,018,952,863
Transfer to cost of revenue	29.1.1	(1,983,490,606)	(38,110,114)	(3,106,308)	–	(2,024,707,028)
At the end of the year						
at fair value		2,013,074,325	–	–	5,878,538	2,018,952,863

	Note	Growing cane	Wheat	Guar	Others	Total
		30 September 2018				
		Rupees				
At the beginning of the year						
at fair value		2,282,737,798	–	–	–	2,282,737,798
Fair value adjustments recorded						
in profit or loss	32.1	1,983,490,606	38,110,114	3,106,308	–	2,024,707,028
Transfer to cost of revenue	29.1.1	(2,282,737,798)	–	–	–	(2,282,737,798)
At the end of the year						
at fair value		1,983,490,606	38,110,114	3,106,308	–	2,024,707,028

22.1 Measurement of fair values

22.1.1 Fair value hierarchy

In absence of active market for sugarcane standing crops, the fair value measurement for the standing crop has been categorized as Level 3 fair value based on the inputs to the valuation techniques used. Fair value has been determined on the basis of a discounted cash flow model. The valuation model considers the present value of net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for next year which mainly include crop's expected yield. The expected cash flows are discounted using a risk adjusted discount rate.

22.1.2 Level 3 fair values

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

	Note	2019 Rupees	2018 Rupees
Net fair value gain / (loss) recognized			
in other income	32	1,396,771	(108,958,903)

22.1.3 Valuation techniques and significant unobservable inputs

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

	Unit	2019 Rupees	2018 Rupees
Valued plantations (Actual)			
- Punjab Zone	Acres	11,698	12,055
- Sindh Zone	Acres	11,368	11,245
Estimated yield per acre			
- Punjab Zone	Maunds	802	883
- Sindh Zone	Maunds	867	878
Harvest age	Months	12-14	12-14

	Unit	2019 Rupees	2018 Rupees
Estimated future sugarcane market price per maund			
- Punjab Zone	Rupees	190	180
- Sindh Zone	Rupees	192	182
Risk - adjusted discount rate	% per month	1.35%	1.15%

Cost of Rs. 5.87 million is considered to approximate their respective fair values less point of harvest costs as these assets are still at a very early stage of plantation and it is considered that in-significant biological transformation has taken place or the impact of fair value measurement is not significant.

22.2 Sensitivity analysis

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

	Increase / (Decrease) 2019 Rupees	Increase / (Decrease) 2018 Rupees
Decrease of 10% in expected average yield per acre	(318,024,423)	(228,365,170)
Decrease of 10% in expected average selling price per maund	(331,454,367)	(330,048,781)
Increase of 10% in discount rate	(8,724,542)	(8,642,588)

22.3 Risk management strategy related to agricultural activities

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

Regulatory and environmental risks

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

Climate and other risks

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

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

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

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

Supply and demand risk

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

	2019 Rupees	2018 Rupees
23 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores		
- Sugar	814,737,693	751,784,481
- Co-Generation Power	101,380,402	74,458,884
- Corporate Farms	388,864,061	289,409,796
	1,304,982,156	1,115,653,161
Spare parts		
- Sugar	568,934,875	501,107,086
- Co-Generation Power	93,639,685	80,717,676
	662,574,560	581,824,762
Loose tools		
- Sugar	43,731,723	39,233,770
- Co-Generation Power	12,857,506	12,293,655
	56,589,229	51,527,425
	2,024,145,945	1,749,005,348
Less: Provision for obsolescence	(240,492,506)	(169,291,712)
	1,783,653,439	1,579,713,636

	2019 Rupees	2018 Rupees
24 STOCK-IN-TRADE		
Sugar	11,569,358,473	22,919,216,684
Bagasse	549,822,820	1,333,717,228
	12,119,181,293	24,252,933,912

24.1 Stock-in-trade upto a maximum amount of Rs. 11,167 million (2018: Rs. 20,071 million) are under hypothecation of commercial banks as security for short term borrowings.

	Note	2019 Rupees	2018 Rupees
25 TRADE DEBTS - UNSECURED			
Considered good			
Local	25.1 & 25.2	8,320,068,847	5,684,669,588
Exports		33,386,189	433,847,528
		8,353,455,036	6,118,517,116
Considered doubtful - local		39,203,083	39,203,083
		8,392,658,119	6,157,720,199
Less: Impairment allowance	38.2	(39,203,083)	(39,203,083)
		8,353,455,036	6,118,517,116

25.1 This includes Rs. 5,161.61 million (2018: Rs. 3,241.66 million) receivable from Central Power Purchasing Agency (Guarantee) Limited on account of sale of electricity under Energy Purchase Agreement.

25.2 During the year, the Holding Company has filed a Writ Petition No. 1298 against Central Power Purchasing Agency (Guarantee) Limited (CPPA-G)'s decision of unilaterally making an unauthorized set-off of Rs. 4,062.01 million from the energy invoices 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 National Electric Power Regulatory Authority (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 is 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, Energy Purchase Agreement (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 an afterthought.

The petition is currently pending adjudication before the Honorable Islamabad High Court. The Counsel of the Holding Company therein considers that there is a fairly reasonable possibility of the said Writ Petition being allowed.

		Note	2019 Rupees	2018 Rupees
26	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Sugar export subsidy	26.1	454,372,590	1,975,978,100
	Advances to suppliers and contractors			
	unsecured - considered good	26.2	373,336,293	531,819,641
	Advances to growers - unsecured, considered good	26.3	95,509,497	240,578,877
	Prepaid expenses		38,133,878	32,316,344
	Advances to staff - unsecured, considered good	26.4	28,045,653	15,508,979
	Advances to related party			
	unsecured - considered good	26.5	630,000,000	–
	Sales tax		96,636,478	197,135,371
	Deposits		7,238,250	39,684,976
	Due from director - unsecured, considered good	26.6	–	22,372,086
	Due from related party	26.7	–	503,097,083
	Current maturity of long term advances		–	5,166,670
	Other receivables	26.8	25,958,681	19,955,252
			1,749,231,320	3,583,613,379

		2019	2018
26.1	**Sugar export subsidy**		
	Considered good	454,372,590	1,975,978,100
	Considered doubtful	43,800,000	–
		498,172,590	1,975,978,100
	Less: Provision for doubtful receivable	(43,800,000)	–
		454,372,590	1,975,978,100
26.2	**Advances to suppliers and contractors**		
	Unsecured - considered good	373,336,293	531,819,641
	Unsecured - considered doubtful	48,848,997	27,421,419
		422,185,290	559,241,060
	Less: Provision for doubtful advances	(48,848,997)	(27,421,419)
		373,336,293	531,819,641
26.3	**Advances to growers**		
	Unsecured - considered good	95,509,497	240,578,877
	Unsecured - considered doubtful	4,937,966	4,937,966
		100,447,463	245,516,843
	Less: Provision for doubtful advances	(4,937,966)	(4,937,966)
		95,509,497	240,578,877

		Note	2019 Rupees	2018 Rupees
26.4	**Advances to staff - unsecured, considered good**			
	- against salaries	26.4.1	12,712,573	10,845,725
	- against expenses		15,333,080	4,663,254
			28,045,653	15,508,979

26.4.1 Advances given to staff are in accordance with the Holding Company's policy. These advances are secured against provident fund. These includes an amount of Rs. 6.98 million (2018: Rs. 6.01 million) receivable from executives of the Holding Company.

26.5 The Subsidiary Company "DSML" has entered into agreement with the JK Sugar Mills (Pvt.) Ltd., to provide short term advances upto aggregate to Rs. 1 billion (2018: Rs. nil) for period of one year. Markup is payable quaterly at the average borrowing rate of Subsidiary Company ranging from 11.11% to 13.53% per annum. This balance is not past due nor impaired.

26.6 This represents amount receivable on account of aircraft expenses amounting to Rs. nil (2018: Rs. 22.37 million) due from Jahangir Khan Tareen, the director of the Group.

26.7 This amount includes receivables from JK Sugar Mills (Pvt.) Ltd., JK Dairies (Pvt.) Ltd. and ATF Mango Farms (Pvt.) Ltd. of Rs. nil (2018: Rs. 465.64 million), Rs. nil (2018: Rs. 11.23 million) and Rs. nil (2018: Rs. 25.72 million) respectively.

		2019 Rupees	2018 Rupees
26.8	**Other receivables**		
	Unsecured - considered good	25,958,681	19,955,252
	Unsecured - considered doubtful	7,052,647	–
		33,011,328	19,955,252
	Less: Provision for doubtful receivable	(7,052,647)	–
		25,958,681	19,955,252

		Note	2019 Rupees	2018 Rupees
27	**CASH AND BANK BALANCES**			
	At banks:			
	- Current accounts			
	- Balance with Islamic banks		8,516,993	23,343,340
	- Balance with conventional banks		97,637,233	96,288,517
			106,154,226	119,631,857
	- Saving accounts			
	- Deposits with conventional banks	27.1	35,879,654	1,553,584
			142,033,880	121,185,441
	Cash in hand		3,719,527	4,444,576
			145,753,407	125,630,017

27.1 The balances in saving accounts carry mark-up ranging from 5.5% to 11.25% per annum (2018: 3.75% to 5.5% per annum).

		Note	2019 Rupees	2018 Rupees
28	**REVENUE FROM CONTRACTS WITH CUSTOMERS**			
	Disaggregation of revenue based on:			
28.1	**Segments**			
	Sugar			
	Sugar	28.1.1	50,424,975,525	34,494,754,575
	Molasses - by product	28.1.2	2,744,647,573	3,116,920,010
	Agri inputs		2,601,450,645	2,019,384,493
	Bagasse - by product		457,463,960	368,086,144
			56,228,537,703	39,999,345,222
	Co-Generation Power	28.1.3	4,550,942,155	4,357,424,877
	Corporate Farms	28.1.4	166,921,891	173,923,951
			60,946,401,749	44,530,694,050
28.1.1	**Sugar**			
	Local		43,255,073,157	24,333,684,997
	Export	28.1.1.1	7,169,902,368	10,161,269,578
			50,424,975,525	34,494,954,575

28.1.1.1 This includes sugar export subsidy of Rs. 558.35 million (2018: Rs. 2,541.95 million).

		2019 Rupees	2018 Rupees
28.1.2	**Molasses - by product**		
	Sales under DTRE (Duty & Tax Remission for Exporters)	2,689,379,455	2,872,615,560
	Others	55,268,118	244,304,450
		2,744,647,573	3,116,920,010
28.1.3	**Co-Generation Power**		
	Variable energy price	2,357,686,219	2,454,668,616
	Fixed energy price	2,193,255,936	1,902,756,261
		4,550,942,155	4,357,424,877
28.1.4	**Corporate Farms**		
	Sugarcane seed and others	166,921,891	173,923,951
28.2	**Geographic markets**		
	Asia	7,169,902,368	9,468,393,174
	Africa	–	692,876,404
		7,169,902,368	10,161,269,578
28.3	**Timing of revenue recognition**		
	Products transferred at a point in time	56,395,459,594	40,173,269,173
	Products transferred over time	4,550,942,155	4,357,424,877
		60,946,401,749	44,530,694,050

		Note	2019 Rupees	2018 Rupees
29	**COST OF REVENUE**			
	Opening stock-in-trade		24,252,933,912	11,331,790,869
	Add: Cost of goods manufactured	29.1	41,512,441,984	54,165,750,251
	Add: Freight and other point of sale cost		235,848,273	377,900,492
			66,001,224,169	65,875,441,612
	Less: Closing stock			
	- Sugar		(11,569,358,473)	(22,919,216,684)
	- Bagasse		(549,822,820)	(1,333,717,228)
			(12,119,181,293)	(24,252,933,912)
			53,882,042,876	41,622,507,700
29.1	**Cost of goods manufactured**			
	Cost of crops consumed			
	(including procurement and other costs)	29.1.1	32,274,032,092	45,913,608,365
	Salaries, wages and other benefits	29.1.2	2,662,587,533	2,098,561,709
	Cost of agri inputs		2,210,949,035	1,735,002,744
	Depreciation	17.4	1,299,213,121	1,263,224,108
	Stores and spares consumed		882,309,302	1,186,552,336
	Packing materials consumed		425,740,324	445,575,591
	Chemicals consumed		285,434,723	316,468,557
	Operation and maintenance costs	29.1.3	247,328,907	220,935,421
	Cost of bagasse consumed		245,425,264	152,288,185
	Sugarcane roots written off		216,882,659	166,432,112
	Vehicle running expenses		149,909,156	142,413,097
	Repairs and maintenance		99,821,621	58,309,232
	Oil, lubricants and fuel consumed		99,019,842	85,684,090
	Electricity and power		92,070,339	77,818,667
	Insurance		91,040,639	87,312,229
	Provision for obsolescence		71,200,794	22,973,126
	Mud and bagasse shifting expenses		45,371,281	49,192,363
	Handling and storage		42,418,259	50,871,093
	Freight and octroi		25,332,339	24,136,598
	Printing and stationery		14,060,476	11,808,257
	Telephone and fax		7,313,033	8,409,738
	Travelling and conveyance		2,311,496	3,001,315
	Operating lease rentals		635,171	1,632,519
	Assets written off		132,070	10,837,173
	Initial land preparation		–	3,482,786
	Other expenses		21,902,508	29,218,840
			41,512,441,984	54,165,750,251
29.1.1	**Cost of crops consumed**			
	Sugarcane purchased		29,127,812,665	42,281,946,655
	Cost of harvested crops			
	Fair value of growing crops transferred			
	to profit or loss	32.1	2,024,707,028	2,282,737,798
	Further cost charged	29.1.1.1	1,121,512,399	1,348,923,912
			3,146,219,427	3,631,661,710
			32,274,032,092	45,913,608,365

		Note	2019 Rupees	2018 Rupees
29.1.1.1	**Further cost charged**			
	Transportation expenses		423,334,452	473,830,266
	Salaries, wages and other benefits	29.1.1.1.1	228,600,324	292,152,412
	Repairs and maintenance		157,397,539	162,258,223
	Fuel expenses		149,457,127	140,466,760
	Depreciation expense	17.4	103,737,445	168,354,652
	Irrigation expenses		93,027,254	59,825,428
	Harvesting expense		74,028,598	56,654,312
	Fertilizer expenses		24,701,619	19,297,536
	Land rentals		24,696,637	6,348,406
	Vehicle running expenses		19,230,030	18,756,029
	Seed expenses		13,927,988	6,349,729
	Bio-laboratory expenses		12,780,196	13,084,490
	Road cess		8,271,234	11,229,324
	Pesticide and herbicide expenses		3,886,015	3,225,129
	Insurance		2,591,063	9,647,598
	Others		9,106,468	14,688,801
			1,348,773,989	1,456,169,095
	Less: Own seed consumption		(227,261,590)	(107,245,183)
			1,121,512,399	1,348,923,912

29.1.1.1.1 Salaries, wages and other benefits include Rs. 6.3 million (2018: Rs. 6.4 million) in respect of provident fund.

29.1.2 Salaries, wages and other benefits include Rs. 59.59 million (2018: Rs. 53.99 million) in respect of provident fund and Rs. 14.74 million (2018: Rs. 11.87 million) in respect of staff gratuity.

		2019 Rupees	2018 Rupees
29.1.3	**Operation and maintenance costs**		
	Reimbursable cost	194,815,407	179,327,387
	Operating fee	52,513,500	41,608,034
		247,328,907	220,935,421

		Note	2019 Rupees	2018 Rupees
30	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	30.1	1,030,322,458	777,898,684
	Depreciation	17.4	60,924,269	69,719,521
	Charity and donations	30.2	54,656,500	76,372,530
	Office rent and renovation		48,992,414	45,148,524
	Vehicle running and maintenance		32,336,245	25,998,820
	Travelling and conveyance		32,331,343	37,297,275
	Legal and professional services		29,486,053	47,905,319
	Repairs and maintenance		26,932,371	23,495,619
	Subscription and renewals		15,877,620	13,608,823
	Insurance		14,163,331	11,957,973
	Fee and taxes		13,468,914	14,741,853
	Telephone, fax and postage		12,107,731	12,642,684
	Electricity and power		11,599,930	11,105,113
	Printing and stationery		10,957,553	10,216,838
	Auditors' remuneration	30.3	6,933,300	6,677,800
	Entertainment		4,941,730	4,415,485
	Amortization	19.2	2,058,951	2,068,419
	Advertisement		923,594	1,428,579
	Newspapers, books and periodicals		266,095	178,213
	Assets written off		–	356,787
	Arms and ammunition		–	258,900
	Consultancy and advisory		–	35,676
	Other expenses		2,881,511	2,149,867
			1,412,161,913	1,195,679,302

30.1 Salaries, wages and other benefits include Rs. 24.60 million (2018: Rs. 20.07 million) in respect of provident fund and Rs. 6.32 million (2018: Rs. 9.54 million) in respect of staff gratuity.

		Note	2019 Rupees	2018 Rupees
30.2	**Donations for the year have been given to**			
	- Tareen Education Foundation		40,300,000	73,500,000
	- Lodhran Pilot Project		11,000,000	–
	- Special Education and Training Centre		2,000,000	–
	- National Rural Support Programme		–	1,372,530
	- Lahore Race Club		–	850,000
	- Others	30.2.1	1,356,500	650,000
			54,656,500	76,372,530

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.

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

		2019 Rupees	2018 Rupees
30.3	**Auditors' remuneration**		
	KPMG Taseer Hadi & Co. - Auditors' of Holding Company		
	Statutory audit	3,750,000	3,500,000
	Half yearly review	500,000	500,000
	Other certificates	515,000	740,000
	Out of pocket expenses	275,000	250,000
	Riaz Ahmed Saqib Gohar & Co. - Auditors' of DSML, SPL & GPL		
	Statutory audit	710,000	677,500
	Other certificates	583,300	465,300
	Out of pocket expenses	35,000	25,000
	A.F. Ferguson & Co. - Auditors' of FPML		
	Statutory audit	500,000	500,000
	Out of pocket expenses	65,000	20,000
		6,933,300	6,677,800

31 SELLING EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries, wages and other benefits	31.1	44,172,698	38,167,656
Other selling expenses		24,277,268	23,119,408
		68,449,966	61,287,064

31.1 Salaries, wages and other benefits include Rs. 0.60 million (2018: Rs. 0.53 million) in respect of provident fund.

32 OTHER INCOME

	Note	2019 Rupees	2018 Rupees
Income from financial assets			
Foreign exchange gain		279,050,583	166,170,145
Interest income on bank deposits		744,868	737,696
Mark-up on delayed payment from Central Power Purchasing Agency (Guarantee) Limited		–	44,305,469
		279,795,451	211,213,310
Income from non-financial assets			
Sale of mud		175,747,491	161,479,471
Scrap sales		106,525,725	30,790,862
Markup income on advances to JK Sugar		32,640,189	–
Gain on sale of operating fixed assets		28,219,871	223,888,762
Insurance claim		15,300,000	–
Rental income from investment property		11,544,601	12,430,800
Reversal of prior year provision of Workers' Welfare Fund		6,132,313	–
Liabilities written back		3,052,249	–
Net fair value gain / (loss) on biological assets	22.1.2 & 32.1	1,396,771	(108,958,903)
Others		1,240,392	3,392,287
		381,799,602	323,023,279
		661,595,053	534,236,589

		Note	2019 Rupees	2018 Rupees
32.1	**Fair value gain / (loss) on biological assets**			
	Fair value of growing crops		2,018,952,863	2,024,707,028
	Cost of growing crops	32.1.1	(2,017,556,092)	(2,133,665,931)
			1,396,771	(108,958,903)
32.1.1	**Cost of growing crops**			
	Land rentals		666,764,933	726,608,788
	Irrigation expenses		322,495,335	317,981,533
	Fertilizer expenses		269,209,896	274,164,272
	Depreciation expense	17.4	207,761,327	255,743,882
	Salaries, wages and other benefits	32.1.1.1	196,040,500	224,696,329
	Pesticide and herbicide expenses		160,845,297	109,799,466
	Repairs and maintenance		83,977,326	128,853,968
	Fuel expenses		67,260,226	53,080,822
	Vehicle running expenses		17,237,302	16,685,108
	Bio-laboratory expenses		13,773,997	13,268,970
	Insurance		2,966,018	3,892,070
	Others		9,223,935	8,890,723
			2,017,556,092	2,133,665,931

32.1.1.1 Salaries, wages and other benefits include Rs. 5.4 million (2018: Rs. 6.3 million) in respect of provident fund.

33 OTHER EXPENSES

	Note	2019 Rupees	2018 Rupees
Impairment loss recognised on Goodwill	19.1.2	455,040,302	–
Impairment against investment in			
Faruki Pulp Mills Limited	17.1 & 17.6	223,313,196	–
Workers' Profit Participation Fund	14.1	67,793,471	–
Provision for doubtful receivables	26.1 & 26.8	50,852,647	–
Prior year adjustment of			
Workers' Welfare Fund	14.2	33,967,768	–
Workers' Welfare Fund	14.2	20,280,971	–
Provision for doubtful advances	26.2	21,427,578	–
Export subsidy receivable - written off		13,094,320	–
Prior year adjustment of			
Workers' Profit Participation Fund	14.1	–	5,237,703
Loss on disposal of operating fixed asset		–	623,056
Others		28,985,416	1,719,837
		914,755,669	7,580,596

	Note	2019 Rupees	2018 Rupees
34 FINANCE COST			
Mark-up based loans from conventional banks			
- Short term borrowings - secured		1,776,393,424	1,126,277,956
- Long term finances - secured		973,548,134	737,347,545
- Finance leases		16,786,609	17,037,141
- Redeemable capital - secured		–	1,495,987
		2,766,728,167	1,882,158,629
Islamic mode of financing			
- Short term borrowings - secured		759,531,447	435,592,614
- Long term finances - secured		595,097,900	345,756,831
		1,354,629,347	781,349,445
Bank charges and commission		43,799,650	59,040,146
Workers' Profit Participation Fund	14.1	–	61,966,668
		43,799,650	121,006,814
Less: Borrowing costs capitalized	17.6.1	(34,643,843)	(62,496,476)
		4,130,513,321	2,722,018,412

	2019 Rupees	2018 Rupees
35 TAXATION		
Income tax		
- current year	771,453,853	231,108,589
- change in estimate related to prior years	–	45,309,573
	771,453,853	276,418,162
Deferred tax	(1,040,602,902)	(60,372,273)
	(269,149,049)	216,045,889

35.1 Tax Charge Reconciliation

Numerical reconciliation between tax expense and accounting profit

	2019 Rupees	2018 Rupees
Profit / (loss) before taxation	1,200,073,057	(544,142,435)
Tax at 29% (2018: 29%)	348,021,187	(157,801,306)
Tax effect of:		
- tax credits on BMR	(98,526,800)	(278,312,616)
- permanent differences & not adjustable for tax purposes	(69,103,391)	(306,183,027)
- income under final tax regime (FTR)	93,009,348	104,919,399
- minimum tax	775,999,476	402,199,799
- change in estimate related to prior years	–	45,309,573
- asset not recognised on tax losses	(125,734,953)	146,983,767
- deferred tax asset recognized on tax losses	(1,196,024,927)	255,226,838
- others	3,211,011	3,703,462
	(269,149,049)	216,045,889

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

As per the aforementioned policies, the Holding Company's sale of electricity from the power plants to Central Power Purchasing Agency (Guarentee) 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.

35.3 For tax contingencies, refer note 16.1.

	2019 Rupees	2018 Rupees
36 CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	1,200,073,057	(544,142,435)
Adjustments for non-cash and other items:		
Finance cost	4,130,513,321	2,714,652,728
Depreciation	1,719,618,717	1,750,390,905
Goodwill written off	455,040,302	–
Assets written off	217,014,729	177,283,482
Impairment against investment in FPML	223,313,196	–
Staff retirement benefits	135,788,773	123,412,006
Provision for doubtful advances and receivables	72,280,225	–
Provision for obsolescence	71,200,794	22,973,127
Workers' Profit Participation Fund	67,793,471	–
Workers' Welfare Fund	54,248,739	–
Amortization of intangibles	2,058,951	2,068,419
Interest income	(32,640,189)	–
Gain on disposal of operating fixed assets	(28,219,871)	(222,781,047)
Reversal of prior year provision of WWF	(6,132,313)	–
Fair value (gain) / loss on biological assets	(1,396,771)	108,958,903
Prior year adjustment of WPPF	–	5,237,703
	7,080,482,074	4,682,196,226
Operating profit before working capital changes	8,280,555,131	4,138,053,791
(Increase) / decrease in current assets		
Trade debts	(2,097,363,430)	(2,823,772,171)
Stores, spare parts and loose tools	(275,140,597)	109,725,914
Stock-in-trade	12,133,752,619	(12,921,143,043)
Biological assets	7,150,936	149,071,867
Advances, deposits, prepayments and other receivables	1,764,520,269	(1,857,749,624)
	11,532,919,797	(17,343,867,057)
Increase in current liabilities		
Trade and other payables	427,680,456	907,142,056
Advances from customers	992,114,852	1,634,486,301
	1,419,795,308	2,541,628,357
Cash generated from / (used in) operations	21,233,270,236	(10,664,184,909)

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors				Executives	
			Executive		Non - Executives			
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	72,819,048	840,000	38,970,951	80,000,000	67,300,000	54,200,000	362,320,365	306,865,560
House allowance	29,127,619	336,000	15,588,380	32,000,000	26,920,000	21,680,000	144,928,146	122,746,224
Utilities	7,281,905	84,000	3,897,095	8,000,000	6,730,000	5,420,000	36,232,037	30,686,556
Bonus	43,333,335	–	8,666,667	33,333,335	32,400,000	22,500,000	611,357,879	175,865,337
Group's contribution towards provident fund	–	–	–	–	–	–	33,957,512	28,595,124
Staff retirement benefit - gratuity	–	–	–	–	–	–	2,690,357	2,230,502
	152,561,907	1,260,000	67,123,093	153,333,335	133,350,000	103,800,000	1,191,486,296	666,989,303
Number of persons	1	1	1	1	2	2	76	69

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

No meeting fee was paid to directors during the year (2018: 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. 74.38 million (2018: Rs. 78.81 million) was charged for the use of aircraft.

38 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

The effect of initially applying IFRS 9 on the Group's financial instruments is described in note 4.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

38.1 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.

38.2 Credit risk

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

38.2.1 Exposure to credit risk

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

	2019 Rupees	2018 Rupees
Long term deposits	50,977,227	37,552,439
Trade debts	8,353,455,036	6,118,517,116
Advances, deposits and other receivables	1,527,673,509	601,121,792
Bank balances	142,033,880	121,185,441
	10,074,139,652	6,878,376,788

38.2.2 Concentration of credit risk

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

	2019 Rupees	2018 Rupees
Customers	8,353,455,036	6,118,517,116
Banking companies	142,033,880	121,185,441
Others	1,578,650,736	638,674,231
	10,074,139,652	6,878,376,788

38.2.3 Credit quality of financial assets

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

Long term deposits

Long term deposits represent mainly deposits with financial institutions against finance lease, hence the management believes that no impairment allowance is necessary in respect of these long term deposits.

38.2.3.1 Trade debts - considered good

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

The aging of trade receivables at the reporting date is:

		2019		2018	
		Gross carrying amount	Accumulated impairment	Gross carrying amount	Accumulated impairment
	Note	Rupees	Rupees	Rupees	Rupees
Not past due		1,018,419,563	–	902,814,107	–
Past due					
1 - 365 days		6,017,608,204	–	5,139,421,924	–
366 - above days		1,356,630,352	39,203,083	115,484,168	39,203,083
	38.2.3.1.1	8,392,658,119	39,203,083	6,157,720,199	39,203,083

Customer credit risk is managed subject to the Group's established policy, procedures and controls relating to customer credit risk management. Based on past experience the management believes that no further impairment allowance is necessary in respect of trade receivables as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time. Therefore, the Group has no material expected credit loss under IFRS 9 'Financial Instruments' on trade debts at initial application date and at the year end.

38.2.3.1.1 This includes Rs. 5,161.61 million (2018: Rs. 3,241.66 million) amount receivable from Central Power Purchasing Agency (Guarantee) Limited against sale of energy however no impairment is charged because the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021.

Advances, deposits and other receivables

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

Bank balances

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. On initial application of IFRS 9, no impairment was determined as at 30 September 2018 and there has been no change in management assessment at the reporting date.

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

	2019 Rupees	2018 Rupees
At banks:		
Current accounts	106,154,226	119,631,857
Saving accounts	35,879,654	1,553,584
	142,033,880	121,185,441

The credit quality of 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	2019 Rupees	2018 Rupees
Al-Baraka Bank (Pakistan) Limited	A	A1	PACRA	18,526	84,167
Allied Bank Limited	AAA	A1+	PACRA	244,213	946,450
Askari Bank Limited	AA+	A1+	PACRA	4,251,786	915,060
Askari Bank (Islamic) Limited	AA+	A1+	PACRA	218,235	8,365,715
Bank Al Habib Limited	AA+	A1+	PACRA	31,728	76,815
Bank Alfalah Limited	AA+	A1+	PACRA	397,670	635,561
Bank Alfalah (Islamic) Limited	AA+	A1+	PACRA	490,044	3,189,309
Bank Islami Pakistan Limited	A+	A1	PACRA	859,534	213,399
Dubai Islamic Bank Pakistan Limited	AA-	A-1	JCR-VIS	4,537,981	31,504
Faysal Bank Limited	AA	A1+	PACRA	892,209	181,086
Faysal Bank Limited (Islamic)	AA	A1+	PACRA	2,547	27,945
Habib Bank Limited	AAA	A-1+	JCR-VIS	5,255,911	2,064,551
Habib Metropolitan Bank Limited	AA+	A1+	PACRA	1,411,284	1,412,328
JS Bank Limited	AA-	A1+	PACRA	35,760,727	796,333
MCB Bank Limited	AAA	A1+	PACRA	42,925,819	37,353,253
MCB Islamic Bank Limited	A	A1	PACRA	43,081	3,035,674
Meezan Bank Limited	AA+	A-1+	JCR-VIS	1,261,413	6,862,374
National Bank of Pakistan	AAA	A1+	PACRA	12,173,020	15,214,992
National Bank of Pakistan (Islamic)	AAA	A1+	PACRA	334,883	1,184,425
Silk Bank Limited	A-	A-2	JCR-VIS	20,448	28,420
Sindh Bank Limited	AA	A-1+	JCR-VIS	44,704	29,478
Soneri Bank Limited	AA-	A1+	PACRA	36,631	25,470
Summit Bank Limited	A-	A-1	JCR-VIS	92,376	10,251,810
The Bank of Khyber	A	A1	PACRA	78,493	92,747
The Bank of Punjab	AA	A1+	PACRA	26,266,618	26,347,356
The First Micro Finance					
Bank Limited	A+	A-1	JCR-VIS	54,024	50,464
Tameer Bank Limited	A+	A1	PACRA	38,053	38,458
United Bank Limited	AAA	A-1+	JCR-VIS	4,257,666	1,730,297
MCB Bank Limited					
(Formally NIB Bank Limited)	AAA	A1+	PACRA	14,240	–
Al-Baraka Bank (Pakistan) Limited					
(Formally Burj Bank Limited)	A	A1	PACRA	20,016	–
				142,033,880	121,185,441

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.

38.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Group has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further liquidity position of the Group is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

38.3.1 Exposure to liquidity risk

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

	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	–

	2018				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees				
Non-derivative financial liabilities					
Long term finances - secured	15,656,462,987	19,084,281,474	6,236,952,774	12,847,328,700	–
Short term borrowings - secured	27,855,950,339	28,319,840,819	28,319,840,819	–	–
Liabilities against assets subject to finance lease - secured	249,959,511	267,992,731	115,129,719	152,863,012	–
Accrued profit / interest / mark-up	642,496,578	642,496,578	642,496,578	–	–
Trade and other payables	2,747,399,496	2,747,399,496	2,747,399,496	–	–
Unclaimed dividend	34,072,815	34,072,815	34,072,815	–	–
	47,186,341,726	51,096,083,913	38,095,892,201	13,000,191,712	–

38.4 Market risk

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

38.4.1 Currency risk

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

38.4.2 Interest rate risk

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

Non-derivative financial instruments	Note	2019 Financial asset	2019 Financial liability	2018 Financial asset	2018 Financial liability
		Rupees	Rupees	Rupees	Rupees
Long term finances - secured	8	–	11,297,059,365	–	15,656,462,987
Liabilities against assets subject to finance lease - secured	9	–	224,596,749	–	249,959,511
Short term borrowings - secured	12	–	17,127,247,149	–	27,855,950,339
Cash at bank	27.1	35,879,654	–	1,553,584	–
Variable rate instruments		35,879,654	28,648,903,263	1,553,584	43,762,372,837

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Profit or loss 100 bps	2019 Increase	2019 Decrease	2018 Increase	2018 Decrease
	Rupees			
	(286,130,236)	286,130,236	(437,608,193)	437,608,193

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

38.4.3 Interest rate risk management

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

38.4.4 Other price risk

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

38.4.5 Fair values

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

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

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

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

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

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

38.4.5.1 Fair value measurement of financial instruments

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

		Carrying amount			Fair value		
	Note	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments		Rupees					
30 September 2019							
Financial assets measured at fair value		–	–	–	–	–	–
Financial assets not measured at fair value							
Long term deposits		50,977,227	–	50,977,227	–	–	–
Trade debts - unsecured considered good		8,353,455,036	–	8,353,455,036	–	–	–
Advances, deposits and other receivables		1,527,673,509	–	1,527,673,509	–	–	–
Cash and bank balances		145,753,407	–	145,753,407	–	–	–
	38.4.5.2	10,077,859,179	–	10,077,859,179	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–
Financial liabilities not measured at fair value							
Long term finances - secured		–	11,297,059,365	11,297,059,365	–	–	–
Short term borrowings - secured		–	17,127,247,149	17,127,247,149	–	–	–
Liabilities against assets							
subject to finance lease - secured		–	224,596,749	224,596,749	–	–	–
Accrued profit / interest / mark-up		–	812,977,488	812,977,488	–	–	–
Trade and other payables		–	2,572,904,003	2,572,904,003	–	–	–
Unclaimed dividend		–	31,620,357	31,620,357	–	–	–
	38.4.5.2	–	32,066,405,111	32,066,405,111	–	–	–

	Note	Carrying amount			Fair value		
		Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet financial instruments		Rupees					
30 September 2018							
Financial assets measured at fair value		–	–	–	–	–	–
Financial assets not measured at fair value							
Long term deposits		37,552,439	–	37,552,439	–	–	–
Trade debts - unsecured considered good		6,118,517,116	–	6,118,517,116	–	–	–
Advances, deposits and other receivables		601,121,792	–	601,121,792	–	–	–
Cash and bank balances		125,630,017	–	125,630,017	–	–	–
	38.4.5.2	6,882,821,364	–	6,882,821,364	–	–	–
Financial liabilities measured at fair value		–	–	–	–	–	–
Financial liabilities not measured at fair value							
Long term finances - secured		–	15,656,462,987	15,656,462,987	–	–	–
Short term borrowings - secured		–	27,855,950,339	27,855,950,339	–	–	–
Liabilities against assets							
subject to finance lease - secured		–	249,959,511	249,959,511	–	–	–
Accrued profit / interest / mark-up		–	642,496,578	642,496,578	–	–	–
Trade and other payables		–	2,747,399,496	2,747,399,496	–	–	–
Unclaimed dividend		–	34,072,815	34,072,815	–	–	–
	38.4.5.2	–	47,186,341,726	47,186,341,726	–	–	–

38.4.5.2 Fair value versus carrying amounts

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

39 CAPITAL MANAGEMENT

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

The Group 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.

	2019 Rupees	2018 Rupees
Total Debt	29,461,880,751	44,404,869,415
Less: Cash and bank balances	(145,753,407)	(125,630,017)
Net Debt	29,316,127,344	44,279,239,398
Total Equity	10,395,271,505	8,829,313,675
Total Capital Employed	39,711,398,849	53,108,553,073
Gearing	74%	83%

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

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

40 NON-CONTROLLING INTEREST (NCI)

	2019 Rupees	2018 Rupees
NCI percentage	41.10%	41.10%
Non-current assets	824,780,962	1,108,304,541
Current assets	130,312,131	104,339,007
Current liabilities	(39,418,322)	(42,335,367)
Net assets	915,674,771	1,170,308,181
Net assets attributable to NCI	376,342,331	480,996,662
Loss	(254,633,409)	(5,302,875)
Other comprehensive income (OCI)	–	–
Total comprehensive loss	(254,633,409)	(5,302,875)
Loss allocated to NCI	(104,654,331)	(2,179,482)
OCI allocated to NCI	–	–
Cash flows from operating activities	4,329,250	(6,604,972)
Cash flows from investing activities	34,981,962	7,564,130
Net increase in cash and cash equivalents	39,311,212	959,158

41 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	2019 Rupees	2018 Rupees
Associated Companies			
(Common directorship)			
JDW Aviation (Pvt.) Limited	Reimbursement of expenses	14,077,991	13,580,726
ATF Mango Farms (Pvt.) Limited	Sale of property plant and equipment	–	27,400
Other Related Parties			
Post Employment	Provident fund contribution	195,970,613	178,976,571
Benefit Plans	Payment to recognised		
	gratuity fund	10,838,327	10,417,866
Key Management			
Personnel	Consultancy services	12,182,909	11,495,496

For remuneration and other benefits of Chief Executive, Executive Director and Non-Executive Directors, refer note 37.

42 CAPACITY AND PRODUCTION

	2019 Tons	2018 Tons
Sugar		
Holding Company:		
a) Unit I		
- Crushing capacity	3,000,000	3,000,000
- Sugar production	287,394	409,507
b) Unit II		
- Crushing capacity	1,500,000	1,500,000
- Sugar production	190,304	255,879
c) Unit III		
- Crushing capacity	2,100,000	2,100,000
- Sugar production	162,580	223,325
Subsidiary Company - DSML:		
- Crushing capacity	1,950,000	1,950,000
- Sugar production	147,213	205,788

The crushing capacity is based on 150 days (2018: 150 days).

	2019 MWh	2018 MWh
Co-Generation Power:		
a) Unit II		
- Installed capacity (based on 8,760 hours)	233,016	233,016
- Energy generated / produced	218,608	211,109
- Energy delivered to Central Power Purchasing Agency (Guarantee) Limited	192,313	176,740
b) Unit III		
- Installed capacity (based on 8,760 hours)	235,031	235,031
- Energy generated / produced	176,429	210,533
- Energy delivered to Central Power Purchasing Agency (Guarantee) Limited	156,076	187,007

	2019		2018	
Corporate Farms	**Area**	**Acres**	**Area**	**Acres**
Land	Punjab & Sindh	29,061	Punjab & Sindh	30,590
Land under cultivation	Punjab & Sindh	21,681	Punjab & Sindh	23,300

	Capacity Metric Tons		Actual production Metric Tons	
Paper Pulp	**2019**	**2018**	**2019**	**2018**
Subsidiary Company - FPML	47,600	47,600	–	–

43 BUSINESS SEGMENT INFORMATION

43.1 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 Central Power Purchasing Agency (Guarantee) Limited
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.

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

	Sugar		Co-Generation segment		Corporate Farms segment		Others		Inter segment reconciliation		Total	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
43.2.1 Segment revenues & results												
Net external revenues	56,228,537,703	39,999,345,222	4,550,942,155	4,357,424,877	166,921,891	173,923,951	–	–	–	–	60,946,401,749	44,530,694,050
Inter-segment revenues	2,280,311,360	2,406,509,698	993,905,152	1,217,396,127	2,866,431,173	3,085,405,721	–	–	(6,140,647,685)	(6,709,311,546)	–	–
Reportable segment revenue	58,508,849,063	42,405,854,920	5,544,847,307	5,574,821,004	3,033,353,064	3,259,329,672	–	–	(6,140,647,685)	(6,709,311,546)	60,946,401,749	44,530,694,050
Depreciation	1,082,198,643	1,035,481,079	274,400,973	293,496,200	313,069,784	425,150,942	1,966,762	2,913,942	–	–	1,671,636,162	1,757,042,163
Finance cost	2,781,723,786	2,134,685,589	974,686,861	398,204,643	373,824,280	188,904,266	278,394	223,914	–	–	4,130,513,321	2,722,018,412
Segment profit / (loss) before tax	1,372,641,445	(1,593,367,027)	1,250,229,327	1,910,423,319	(711,447,444)	(848,625,935)	(711,350,271)	(12,572,792)	–	–	1,200,073,057	(544,142,435)

43.2.2 Inter-segment sales and purchases

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

43.2.3 Basis of inter-segment pricing

Inter-segment pricing is determined on an arm's length basis.

43.2.4 Segment assets & liabilities

	Sugar		Co-Generation segment		Corporate Farms segment		Others		Inter segment reconciliation		Total	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Total assets for reportable segment	41,274,326,729	54,605,374,888	11,050,282,413	9,591,957,432	7,280,763,144	7,548,035,384	899,326,242	2,170,441,103	(6,140,647,685)	(6,709,311,546)	54,364,050,843	67,206,497,261
Total liabilities for reportable segment	44,569,143,480	57,937,838,310	4,464,060,765	5,918,811,096	659,589,333	706,192,037	40,291,114	42,657,027	(6,140,647,685)	(6,709,311,546)	43,592,437,007	57,896,186,924
Capital expenditure	1,507,717,563	3,496,410,942	5,262,645	3,132,752	495,053,460	457,319,644	–	–	–	–	2,008,033,668	3,956,863,338

		2019 Rupees	2018 Rupees
43.3	**Reconciliation of reportable segment profit or loss**		
	Total profit / (loss) before tax for reportable segments	1,200,073,057	(544,142,435)
	Unallocated corporate expenses	269,149,049	(216,045,889)
	Profit / (loss) after taxation	1,469,222,106	(760,188,324)

43.4 Geographical information

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

		2019 Rupees	2018 Rupees
43.4.1	**Revenue**		
	Foreign revenue		
	Asia and Africa	7,169,902,368	10,161,269,578
	Local revenue		
	Pakistan	53,776,499,381	34,369,424,472
		60,946,401,749	44,530,694,050

43.4.2 Non-current assets

All non-current assets of the Group as at 30 September 2019 are located in Pakistan.

44 PROVIDENT FUND TRUST

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

	Unit	30 June 2019	30 June 2018
Size of fund - total assets	Rupees	578,598,116	568,589,261
Cost of investments made	Rupees	543,541,097	532,508,176
Percentage of investments made	Percentage	93.94%	93.65%
Fair value of investment	Rupees	539,319,554	536,805,343

The breakup of cost of investments is as follows:

	30 June 2019		30 June 2018	
	Rupees	Percentage	Rupees	Percentage
Investments in mutual funds	157,067,606	28.90%	119,500,000	22.44%
Certificate of investment and term deposits receipts	26,652,868	4.90%	175,733,562	33.00%
Shares in listed companies	32,699,608	6.02%	17,465,713	3.28%
Cash at bank	327,121,015	60.18%	219,808,901	41.28%
	543,541,097	100%	532,508,176	100%

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

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

	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	–
Dividends 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)
Dividend approved	–	–	–	–	–	–	–
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

	2018						
	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 2017	597,766,610	678,316,928	64,248,402	13,532,285,027	306,472,177	13,783,388,645	277,241,631
Changes from financing cash flows							
Loans received during the period	–	–	–	5,494,149,322	–	42,702,700,657	–
Dividends paid	–	–	(209,505,570)	–	–	–	–
Loan repaid during the period	–	–	–	(3,369,971,362)	(184,564,351)	(30,803,402,213)	–
	–	–	(209,505,570)	2,124,177,960	(184,564,351)	11,899,298,444	–
Other changes - Liability related							
Interest expense for the period	–	–	–	–	17,037,141	–	2,697,059,943
Interest paid during the period	–	–	–	–	–	–	(2,331,804,996)
Dividend approved	–	–	179,329,983	–	–	–	–
Increase in morabaha and running finances	–	–	–	–	–	2,173,263,250	–
Assets acquired on finance lease	–	–	–	–	111,014,544	–	–
Total liability-related other changes	–	–	179,329,983	-	128,051,685	2,173,263,250	365,254,947
Balance as at 30 September 2018	597,766,610	678,316,928	34,072,815	15,656,462,987	249,959,511	27,855,950,339	642,496,578

46 NUMBER OF EMPLOYEES

The average and total number of employees are as follows:

	Total employees	
	2019	2018
Average number of employees during the year	8,733	8,249
Total number of employees as at 30 September	6,774	6,968

47 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the Holding Company in its meeting held on 02 January 2020 has proposed a final cash dividend of Rs. 10 per share (100%), for the year ended 30 September 2019, for approval of the members in the Annual General Meeting to be held on 28 January 2020.

48 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 02 January 2020 by the Board of Directors of the Group.

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, except for as required by additional requirements of Companies Act, 2017.

Lahore Chief Financial Officer Chief Executive Director

Other **Information**

Investor's **Awareness**

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

Proxy Form

JDW Sugar Mills Limited

30th 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 30th Annual General Meeting of the Company to be held on the Tuesday, January 28, 2020 at 11:00 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, 2020.

____

(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 ڈبلیو شوگر ملز لمیٹڈ کا 30 واں (تیسواں) سالانہ اجلاسِ عام

فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: ____________

میں / ہم ____________ ساکن ____________

ضلع ____________ بحیثیت رُکن جے ڈی ڈبلیو شوگر ملز لمیٹڈ حامل ____________ عام حصص مبلغ 10 روپے ہر ایک شئیر ،

مسمّی / مسماۃ ____________ ساکن ____________

یا اُس کی عدم موجودگی میں ____________ کو بطور مختار (پراکسی) مقرر کرتا / کرتے ہیں تا کہ وہ میری / ہماری طرف سے کمپنی کے 30 ویں سالانہ اجلاسِ عام جو کہ بتاریخ 28 جنوری 2020ء بروز منگل بوقت صبح 11:00 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 ____________ 2020ء 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.

Notes

Notes


JDW
Farmers' **First Choice**

www.jdw-group.com

JDW Sugar Mills Limited
Head Office: 17-Abid Majeed Road,
Lahore Cantonment, Lahore Pakistan.