



*life is
sweet
so take
a big bite*

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ghias-ul-Hasan	Chief Executive
Mr. Amjad Bashir Hussain	Independent Director
Mr. Amjad Javed Aftab	Dependent Director
Mr. Saif-ur-Rehman	CPL Nominee
Mr. Farhan Ilyas	CPL Nominee
Mr. Muhammad Aamir Beg	CPL Nominee
Mr. Jamal Ahmed	CPL Nominee

AUDIT COMMITTEE

Mr. Amjad Bashir Hussain	Chairman
Mr. Muhammad Aamir Beg	Member
Mr. Saif-ur-Rehman	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Farhan Ilyas	Chairman
Mr. Jamal Ahmed	Member
Mr. Ghias-ul-Hasan	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Imran Ilyas

HEAD OF INTERNAL AUDIT

Syed Muhammad Usman Afzaal

AUDITORS

UHY Hassan Naeem & Co.
(Chartered Accountants)
193-A, Shah Jamal
Lahore, Pakistan.
Phone No. 042 35403550
Fax No. 042 35403599
E-mail: info@uhy-hnco.com

SHARE REGISTRAR

Corplink (Pvt.) Limited
Wings Arcade, 1-K Commercial, Model Town, Lahore, Pakistan.
Phone No. 042 35916714
Fax No. 042 35869037
E-mail: shares@corplink.com.pk

LEGAL ADVISOR

Allied Legal Services, Advocates & Legal Consultants
1st Floor, 30-The Mall Mansions
Opposite State Bank of Pakistan
The Mall, Lahore, Pakistan.
Phone No. 042 37354090,
Fax No. 042 37310906

REGISTERED ADDRESS

109-A, Street # 3, Cavalry Ground, Lahore Cantt., Pakistan.
Phone No. 042 37175229, Fax No. 042 37175256, E-mail: secretary@jsml.com.pk

MILLS

Jauharabad, District Khushab, Pakistan.
Phone No. 0454 720063-6, Fax No. 0454 720880

BANKERS OF THE COMPANY

Askari Bank Limited
JS Bank Limited
Soneri Bank Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
United Bank Limited
Habib Bank Limited
Bank Alfalah Limited
Allied Bank Limited

ISLAMIC BANKERS OF THE COMPANY

Albaraka Bank Pakistan Limited
MCB Islamic Bank Limited
Dubai Islamic Bank Limited

COMPANY WEBSITE

www.jsml.com.pk

Jauharabad Sugar Mills Limited



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fiftieth Annual General Meeting of the members of Jauharabad Sugar Mills Limited (the "Company") will be held on Monday, January 28, 2019 at 11:30 a.m., at its Register Office 109-A, Street # 3, Cavalry Ground, Lahore Cantt., to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting held on January 27, 2018.
2. To receive, consider and adopt the audited annual financial statements of the Company for the year ended September 30, 2018 together with Directors' and Auditors' Reports and Chairman's Review Report thereon.
3. To consider and approve, as recommended by the Board of Directors, the payment of cash dividend for the year ended September 30, 2018 @ 10% i.e. Re.1/- per ordinary share.
4. To appoint Auditors for the next financial year ending September 30, 2019 and to fix their remunerations. M/S UHY Hassan Naeem & Co., Chartered Accountants, being eligible, have offered them selves for re-appointment.
5. To transact any other business with the permission of the chair.

By order of the Board

IMRAN ILYAS

Company Secretary

Lahore

Dated: January 07, 2019

NOTE:

1. The share transfer books of the Company will remain closed from January 21, 2019 to January 28, 2019 (both days inclusive). Transfer received in order by the Company's Share Registrar, M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town; Lahore up to the close of business on January 20, 2019 will be treated in time for entitlement to attend the Annual General Meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. In case of corporate entity, the Board of Directors Resolution/ Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form of the Company. Proxies, in order to be effective, must be received at the registered office of the Company 48 hours before the time of holding of the meeting.
3. Those members who have deposited their shares with the Central Depository Company of Pakistan Limited (CDC) are requested to bring their original CNIC, Account and Participation's Numbers. Such members will further have to follow the guidelines as laid down in the Securities and Exchange Commission of Pakistan's Circular No. 1 dated January 26, 2000.
4. The members should quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.



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5. Members are requested to notify the change of their registered addresses, Zakat Declaration, and tax exemption status, if any, duly accompanied with its valid certificates, immediately to Company's Share Registrar.
6. As per provisions of Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled members. Accordingly, all members are requested to provide Dividend Mandate Information to the Company's Share Registrar, member broker, participant/CDC investor Account Services. In case of shares held in CDC, the same information should be provided directly to the CDS. A notice of the foregoing seeking information from the members is being sent to them separately. Standard Request form has also been placed on the Company's website www.jsml.com.pk. In case of failure to provide the information, the Company will be unable to pay the dividend.
7. Pursuant to the provisions of the Finance Act 2017 effective from July 01, 2017, the rate of deduction of income tax from dividend payments has been revised as follows:

i	Rate of Tax deduction for filers of income tax return	15%
ii	Rate of Tax deduction for Non-filers of income tax return	20%

Share holders whose names are not entered in the Active Tax-Payers List (ATL) available on the website of FBR, despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

8. The Corporate members having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical members should send a copy of their NTN certificate to the Company's Share Registrar.
9. As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to the Company's Share Registrar; otherwise tax will be deducted on dividend amount as per prescribed rates.
10. The FBR has clarified that shareholders' accounts jointly held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their share holding to the Company's Share Registrar latest by the AGM date.

Folio/CDC ' Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder
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11. Section 244 of the Companies Act 2017 requires that any shares that remain unclaimed for a period of three years (or more) are to vest

- with Federal Government. The law requires the Company to deposit any unclaimed or unpaid amount to the credit of the Federal Government, if no claim is made before the Company after giving due notices to the share holders. Through this notice all shareholders who by any reason could not claim their dividend or shares are advised to immediately collect / enquire about their unclaimed dividend or pending shares, if any, with Company's Share Registrar.
12. The Annual Audited Financial Statements of the Company for the year ended September 30, 2018 along with Auditors and Directors Report and Chairman's Review Report thereon have been placed on the Company's website: www.jsml.com.pk.
 13. Transmission of Annual Financial Statements through email
The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditor's and Directors' reports and Chairman's Review Report along with notice of annual general meeting to its members through email. Members who have provided their email addresses are being sent the same by email. Members who have not provided their email addresses and wish to avail this facility may send their consent along with email address to the Company. Hard copies of the annual audited accounts will be provided on demand.
 14. In accordance with section 132 (2) of the Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate to such share holders information regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting to enable them to access to such facility.
 15. Members can exercise their right to demand a poll subject to meeting requirements of section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.





**Statement of Compliance with the
Listed Companies (Code of Corporate Governance) Regulations, 2017**

For the year ended September 30, 2018

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2017, (the 2017 Code), 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 as per the following:

Gender	Number
Male	7
Female	Nil

In accordance with the contents of Regulation 7 of (the 2017 Code), grace period is available to the Company in appointing female director.

2. The composition of the Board as at September 30, 2018 is as follows:

Category	Names
Independent Directors	Mr. Amjad Bashir Hussain
Other Non-Executive Directors	Mr. Saif-Ur-Rehman
	Mr. Amjad Javed Aftab
	Mr. Farhan Ilyas
	Mr. Muhammad Aamir Beg
	Mr. Jamal Ahmad
Executive Directors	Mr. Ghias-Ul-Hassan

Further, as per the provision to Regulation 6 of the 2017 Code, grace period has been prescribed in respect of transition phase for composition of the Board with respect to

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minimum number of independent directors as specified in the 2017 Code. The compliance to the Regulation 6 of the 2017 Code shall be assured by next scheduled fresh election for the Company's Board of Directors by June, 2020.

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board as empowered by the relevant provisions of Companies Act 2017 (the Act) and CCG Regulations.
7. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In terms of Regulation 20 of the 2017 Code, the Companies are required to ensure that all the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. Presently, four (4) directors of the Company have already completed this program. The remaining three (3) directors shall obtain certification under the DTP in due course of time.

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

11. CFO and CE duly endorsed the financial statements before approval of the Board.

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

Audit Committee	Chairman: Mr. Amjad Bashir Hussain Member: Mr. Muhammad Aamir Beg Mr. Saif-Ur-Rehman
HR & Remuneration Committee	Chairman: Mr. Farhan Ilyas Member: Mr. Jamal Ahmed Mr. Ghias-UI-Hasan

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 of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended September 30, 2018
HR & Remuneration Committee	One meeting was held during the financial year ended September 30, 2018

15. The Board has set up an effective internal audit function.

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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

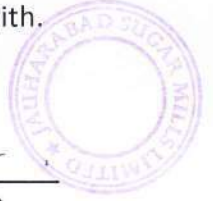
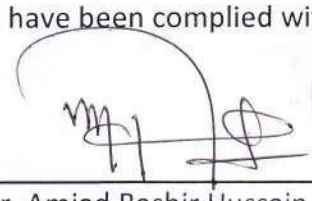
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17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, CCG Regulations or any other regulatory requirement and the auditors have confirmed that they have observed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

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



Mr. Amjad Bashir Hussain

Chairman

Date: December 28, 2018

Chairman's Review

It is great honor and I feel privileged on being entrusted with the Chairmanship of Jauharabad Sugar Mills Limited's Board of Directors. I pledge all my faculties to contribute immensely towards the growth of the Company.

This year probably remained a most challenging year, as sugar sector faced the glut globally. Pakistan's sugar industry also faced domestic challenges including bumper production, carryover of unprecedented inventory, changing environmental conditions and water shortage, However, the Company managed to post profitability mainly due to resilience in sales strategy under competitive environment, stringent cost controls, improvisation and balancing of production facility and incentivizing growers for smooth supply of sugarcane besides assuring continuous transparency and good governance throughout the Company.

This year, the Company also contributed over US\$ 1.682 million to the Country's foreign exchange reserves through the Government of Pakistan's initiative to export surplus sugar and has contributed over Rs. 280.467 million to the National Exchequer in the form of taxes and levies.

I am pleased to report that the performance of the Board of Directors of the Company remained par excellence throughout the year. The composition of Board reflects mix of seasoned portfolio, contributing regular strategic guidance, creating new benchmarks, approving budgets, ensuring competent team, evolving risk mitigation strategies, implementing diversification strategy, while maintaining its reputation for good governance besides providing steady value addition to its shareholders. All significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision-making process, which led to a harmonious partnership with management.

Lastly, I would like to appreciate the hard work and dedication put in by every person associated with Jauharabad Sugar Mills Limited to place us at a high rank and making "KOHINOOR" a brand of choice for its loyal customers, through all of these we will ensure that we remain on path to success and attain sustainable growth.



Mr. Amjad Bashir Hussain
Chairman
Lahore
December 28, 2018

DIRECTOR'S REPORT

The Board of Directors place before you the annual report of the Company together with the audited financial statements and auditors' report thereon for the year ended September 30, 2018.

Industry Review

Sugar industry, being the second largest agro-based industry, plays a vital role in creating healthy economic activities in the country. During this crop year, sugarcane remained highest contributor towards agricultural GDP growth of the country and was grown on approximately 1.31 million hectares of land [CY2017: 1.22 million hectares]. This resulted in an estimated production of 81.10 million tons of sugarcane [CY2017: 75.48 million tons], an increase of 7.45% YOY basis, attributable mainly to 7.8% increase in cultivated area. Despite the fact, this crushing season the industry has again witnessed a bumper crop but owing to the adverse climatic conditions i.e. lack of water for irrigation and less rain fall during the year, per hectare yield has dropped by 0.3% YOY basis, producing 6.7 million tons of sugar [CY2017: 7.0 million tons] making Pakistan the 5th largest sugar producer in the world and also the net export of the product. This year remained one of the most challenging years for the industry. Besides global glut and depressed international price, the industry has witnessed massive decline in selling price of sugar appose to higher cost of sugarcane set by the government, carryover of unprecedented inventory of approximately 1.5 million tons of sugar, changing environmental behavior, water shortfall for irrigation and others. To counteract this over supply situation, the Government took an initiative and announced in batches partially subsidy-based export of 2.0 million tons during the year which was utilized accordingly. Going forward, sugar production in Pakistan is anticipated to remain in line with annualized domestic consumption.

Operational Review

The production and sales statistics for the company for the crushing season 2017-18 as compared to last crushing season are as follows:

Description	Units	FY2018	FY2017	YOY Change
Working Days	Days	131	130	0.77%
Sugar Cane Crushed	M. Tons	441,646	546,857	(19.24%)
Sugar Produced	M. Tons	42,846	53,972	(20.61%)
Sugar Recovery	Percentage	9.7%	9.87%	(1.72%)
Sugar Sold - Domestic	M. Tons	33,970	38,926	(12.73%)
Sugar Sold - International	M. Tons	5,012	3,897	28.61%
Sugar Sold -Total	M. Tons	38,982	42,823	(8.97%)
Molasses Produced	M. Tons	21,835	25,256	(13.55%)
Molasses Recovery	Percentage	4.94%	4.62%	6.93%

During this financial year, the Company has started season on 30th November, 2018 [CY2017: 25th November, 2017] and operated for 131 days, one day more as compared to last crushing year. The Company has produced 42,846 tons [FY2017: 53,972 tons] of white sugar at 1.72% YOY reduced recovery rate of 9.70 percent [FY2017: 9.87 percent] by crushing 441,646 tons [FY2017: 546,857 tons] of sugarcane during crushing year under review. Despite the fact that previously non-functional mills have become operative in our region, the Company has reasonably performed well as compared to its competitors. The Company has sold 64.96 percent [FY2017: 79.34 percent] of its sugar production before the closure of this financial year, including export of 11.7 percent [FY2017: 7.22 percent] to international customers in CIS countries and Afghanistan. The Company has produced 21,835 tons of molasses [FY2017: 25,256 tons] at 6.93% YOY enhanced recovery rate of 4.94 percent [FY2017: 4.62 percent], contributing 5.85 percent in topline.

FINANCIAL PERFORMANCE

The financial performance of your Company for the fiscal year 2017-18 compared to last year is presented as follow:

Description	FY2018	FY2017	YOY Change
Sales – Net	2,195,040	2,581,987	(14.99%)
Cost of Sales	2,149,334	2,281,868	(5.81%)
Gross Profit	45,706	300,119	(84.77%)
Selling and Distribution Expenses	11,264	9,035	24.68%
Administrative and General Expenses	127,021	107,249	18.44%
Operating Profit	(92,579)	183,835	(150.36%)
Other Operating Income	(266,608)	(5,098)	5,129%
Financial cost	138,061	124,442	10.94%
Profit Before Tax	35,967	64,492	(44.23%)
Taxation	30,851	32,636	(5.47%)
Profit After Tax	5,116	31,856	(83.94%)
Earning Per Share (Rs./Share)	0.22	2.76	(92.03%)

This year the Company had planned to carry-forward 35.04 percent of sugar stocks [FY2017: 20.66 percent] enabling the Company to avail the price advantage expected from export of five hundred thousand tons of sugar in first quarter of next financial year. This resulted in 12.73 percent dip in domestic sales YOY basis and overall 14.99 percent decrease in topline growth [FY2017: 23.17 percent increase]. Corresponding expenses have been abridged by optimum utilization of available resources resulting in 2.08 percent of gross profits [FY2017: 11.62 percent]. Total comprehensive

income for the period is Rs. 37.772 million [FY2017: Rs. 62.899 million]. Financial performance has resulted in earning of Rs. 0.22 per share, as compared to EPS of Rs. 2.76, earned in last financial year. Market scenarios currently prevailing in the industry and adverse impact of government policies especially delay in export approvals are key factors contributing 83.94 percent decline in bottom line of the Company's financial performance. During the financial year, the Company has declared other income amounting to Rs. 266.49 million [FY2017: 5.1 million] mainly due to write-off liabilities towards customer and sponsor's support.

FUTURE PROSPECTS

Multi streaming of revenue is now considered as a vital factor for sustainability of business. In lieu of achieving sustainable advantage over its competitors, the Company inline with its diversification strategy, has opted value addition in bagasse by installing captive power plant having capacity of 15MW and an exportable capacity of 8~10MW to FESCO with upfront determined tariff. The project is installed and is available for commercial production subject to signing of energy purchase agreement. The management is committed to commence the commercial operation within next financial year. The Company's free cashflow generation would continue to support investment in envisaged projects in the medium term.

DIVIDEND & APPROPRIATION

Taking into account planned future investments, financial commitments and capital expenditure plans; the board proposed cash dividend of PKR 1/- per share for the financial year ended September 30, 2018 and balance amount is retained by the Company for future expansions.

This approach remains in line with our Company's commitment to consistently provide sustainable returns to all the shareholders. Movement in un-appropriated profit is as follows:

	Rs. in "000"
Net profit for the year	37,772
Un-appropriated profits of prior years	49,562
Net profit available for appropriation	87,334
<u>Appropriations</u>	
Proposed cash dividend @ 10%	28,440
Un-appropriated profit carried forward	58,894
Earnings per share	0.22

HOLDING COMPANY

Cane Processing (Pvt.) Ltd., incorporated in Pakistan, is the holding company of Jauharabad Sugar Mills Limited with 63.64 percent shares.

AUDITOR'S REPORT

The financial statements of the company have been audited without qualification by the auditor of the company and are authorized for issue to its shareholders.

AUDITORS

The present external auditors UHY Hassan Naeem & Co., Chartered Accountants, stands retire on conclusion of the annual general meeting and are eligible for reappointment. The Board on the recommendation of audit committee recommends reappointment of retiring auditors for the year ended September 30, 2019, for the approval of shareholders in the forthcoming Annual General Meeting.

VISION, MISSION AND OVERALL CORPORATE STRATEGY

The board of directors has carefully reviewed and approved the vision, mission and overall corporate strategy of your Company and believes that it comprehensively states the ideology with which Jauharabad Sugar Mill was incorporated. We ensure that our vision and mission set the direction for our overall corporate strategy and our future journey in everything we do at all levels. The entire organization is connected and driven by this purpose and it serves as the main decision making criterion in our day to day business.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The management of the company is committed to good corporate governance and compliance with its best practices. As required under Code of Corporate Governance, Directors of the Company are pleased to state as follows:

PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company, prepared by the management, present fairly its state of affairs, the result of operations, cash flow and changes in equity.

BOOKS OF ACCOUNTS

The company has maintained proper books of accounts for the current year and the previous years as required by the applicable laws.

ACCOUNTING POLICY

Appropriate accounting policy has been consistency applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

INTERNATIONAL ACCOUNTING STANDARDS

International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements to ensure the true and fair view of the Company's financial position.

INTERNAL CONTROL SYSTEM

The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The process of review will continue by the audit committee to monitor the effective implementation and future improvement in controls.

GOING CONCERN

There are no significant doubts upon the Company's ability to continue as a going concern.

FINANCIAL HIGHLIGHTS

Highlighting operational & financial analysis for the last seven years is included.

STATEMENT ON VALUE OF STAFF RETIREMENT FUNDS

The fair value of investments of provident fund based on its audited accounts as of September 30, 2018 is Rs. 27.59 million [FY16: Rs. 25.13 million].

There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations of Pakistan Stock Exchange wherever applicable to the Company for the year ended September 30, 2018.

PATTERN OF SHAREHOLDINGS

Pattern of Shareholding of the Company in accordance with the Companies Ordinance, 1984 and Code of Corporate Governance as at September 30, 2018 is annexed.

BOARD OF DIRECTORS MEETINGS

In order to ensure transparency, good governance and smooth functioning of the Company's operations, the Company has implemented regulatory framework in terms of qualification, experience and composition of the Board of Directors as well as awareness of the Board responsibilities. The Board comprises 7 directors effectively representing shareholders' interests. All directors are qualified and experienced, which enables the Board to carry out effective and efficient decision making. During the financial year 2017-18, four meetings of the Board of Directors were held and the attendance by each director was as under;

Sr. #	Director	Category	Meetings Attended
1	Mr. Ghias-Ul-Hasan	Chief Executive/Executive Director	4/4
2	Mr. Saif-Ur-Rehman	Dependent/Non-Executive Director	2/4
3	Mr. Amjad Bashir Hussain	Independent/Non-Executive Director	3/4
4	Mr. Amjad Javed Aftab	Dependent/Non-Executive Director	2/4
5	Mr. Shahrukh Taimour	Dependent/Non-Executive Director	1/4
6	Mr. Farhan Ilyas	Dependent/Non-Executive Director	3/4
7	Mr. Muhammad Aamir Beg	Dependent/Non-Executive Director	4/4

8	Mr. Jamal Ahmed	Dependent/Non-Executive Director	3/4
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Casual vacancy in the Board of Director during the year was duly filled in by the Company before expiry of 90 days period. The Directors who could not attend the Board Meeting and requested for leave were duly granted leave for absence by the Board in accordance with the law.

AUDIT COMMITTEE

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee. During the year, four meetings of audit committee were held as per requirements of Companies Act, 2017. All relevant matters were taken into consideration as required under the relevant act. Detail of meeting attended by each member is given as under:

Sr.	Name	Status	No. of Meetings Attended
1	Mr. Amjad Bashir Hussain	Chairman	4/4
2	Mr. Muhammad Aamir Beg	Member	3/4
3	Mr. Saif-Ur-Rehman	Member	3/4

HUMAN RESOURCE COMMITTEE

The board of director in compliance with applicable regulations has established HR Committee. During the year 2017-18, one meeting of HR committee was held for the approval of increment and bonus to the employees. The attendance by each member is as under.

Sr.	Name	Status	No. of Meetings Attended
1	Mr. Farhan Ilyas	Chairman	1/1
2	Mr. Jamal Ahmed	Member	1/1
3	Mr. Ghias-Ul-Hasan	Member	1/1

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the code of Corporate Governance

INSIDER TRADINGS

The board has developed the policy that no person shall indulge in insider trading as per listing regulation applicable in Pakistan. During the financial year none of the director, CEO, CFO, Head of internal audit and Company Secretary traded in the share of the Company.

OUTSTANDING STATUTORY DUES

The outstanding statutory dues on the account of taxes, duties and charges are disclosed on the face of balance sheet and in Note 15 to the financial statements. There is no overdue amount on account of taxes and duties.

DIRECTOR MEETING OUTSIDE PAKISTAN

No meeting of the Company was held outside Pakistan during the current financial year.

CORPORATE SOCIAL RESPONSIBILITY

Disclosure as required by the Companies (Corporate Social Responsibility) General Order, 2009 is annexed and forms a part of this report.

RELATED PARTY TRANSACTION

The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards. Moreover, the Company has also decided to place its related party transactions before the Annual General Meeting for obtaining shareholders' approval.

ACNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage. The Directors acknowledge the relentless efforts and dedicated services, team work, loyalty and hard work of all the employees of the Company and hope their continued dedication shall further consolidate the Company and keep it abreast to face future developments and demands.

No material changes and commitment affecting the financial position of your company have occurred between the end of the financial year to which these financial statements relate and date of director's report.

On behalf of Board



Ghias Ul Hasan

Chief Executive

Lahore; December 28, 2018

Categories of Shareholding Required Under Code of Corporate Governance (CCG)
As on September 30, 2018

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	Cane Processing (Pvt.) Limited	18,098,580	63.6369%
Mutual Funds (Name Wise Detail):			
		Nil	Nil
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	Mr. Amjad Javed Aftab	3,147	0.0111%
2	Mr. Ghias-Ul-Hasan	6,325	0.0222%
3	Mr. Amjad Bashir Hussain	3,162	0.0111%
4	Mr. Farhan Ilyas (CPL Nominee)	3,162	0.0111%
5	Mr. Jamal Ahmad (CPL Nominee)	Nil	Nil
6	Mr. Saif Ur Rehman (CPL Nominee)	Nil	Nil
7	Mr. Muhammad Aamir Beg (CPL Nominee)	Nil	Nil
Executives:			
		495,736	1.7431%
Public Sector Companies & Corporations:			
		Nil	Nil
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
		283,641	0.9973%
Shareholders Holding Five Percent or More Voting Interest in the Listed Company (Name Wise Detail):			
1	Cane Processing (Pvt.) Limited	18,098,580	63.6369%
2	Mrs. Ghazala Amjad	2,646,514	9.3055%
3	Mrs. Maryam Ahsan Maqbool	1,884,338	6.6256%
4	Mrs. Isma Ahmed	1,880,996	6.6138%
All Trades in the Shares of the Listed Company, Carried Out by its Directors, Executives and their Spouses and Minor Children shall also be Disclosed:			
Sr. No.	Name	Sale /Purchase	Bonus Issue
1	Mr. Amjad Javed Aftab	Nil	410
2	Mr. Ghias-Ul-Hasan	Nil	825
3	Mr. Amjad Bashir Hussain	Nil	412
4	Mr. Farhan Ilyas	Nil	412
5	Mr. Imran Ilyas	Nil	64,661

Pattern of Shareholding
As on September 30, 2018

1.1	Name of the Company	Jauharabad Sugar Mills Limited	
2.1	Pattern of Holding of the Shares Held by the Shareholders as at	30-Sep-18	
2.2	No. of Shareholders	From	To Total Shares Held
	633	1	100 15,155
	230	101	500 51,350
	82	501	1,000 53,405
	115	1,001	5,000 252,600
	19	5,001	10,000 129,466
	6	10,001	15,000 67,615
	6	15,001	20,000 104,080
	1	20,001	25,000 20,777
	2	25,001	30,000 55,126
	1	30,001	35,000 30,500
	1	45,001	50,000 46,693
	1	70,001	75,000 71,147
	1	75,001	80,000 79,691
	2	80,001	85,000 163,738
	1	115,001	120,000 118,496
	1	190,001	195,000 192,189
	1	235,001	240,000 236,346
	1	295,001	300,000 295,143
	1	480,001	485,000 481,750
	1	495,001	500,000 495,736
	1	510,001	515,000 513,330
	2	540,001	545,000 1,082,730
	1	855,001	860,000 857,152
	1	1,335,001	1,340,000 1,339,631
	1	1,340,001	1,345,000 1,342,973
	1	2,360,001	2,365,000 2,363,475
	1	17,980,001	17,985,000 17,980,084
	1114		28,440,378
2.3	Categories of Shareholders	Share Held	Percentage
	2.3.1 Directors, Chief Executive Officers, and their Spouse and Minor Children	15,796	0.0555%
	2.3.2 Associated Companies, Undertakings and Related Parties. (Parent Company)	18,098,580	63.6369%
	2.3.3 NIT and ICP	862,574	3.0329%
	2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions	3,359	0.0118%
	2.3.5 Insurance Companies	197,399	0.6941%
	2.3.6 Modarabas and Mutual Funds	Nil	Nil
	2.3.7 Share Holders Holding 10% or More	18,098,580	63.6369%
	2.3.8 General Public		
	a. Local	9,138,934	32.1337%
	b. Foreign	575	0.0020%
	2.3.9 Others (to be specified)		
	a. Investment Companies	2,037	0.0072%
	b. Joint Stock Companies	15,512	0.0545%
	c. Pension Funds	82,883	0.2914%
	d. Government Holding	9,338	0.0328%
	e. Others	13,391	0.0471%

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

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

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personal 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 access and determine the Company's process for the identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2018.

Lahore

Date: **28 DEC 2018**

UHY Hassan Naeem & Co.

UHY Hassan Naeem & Co
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT
To the members of Jauharabad Sugar Mills Limited
Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **Jauharabad Sugar Mills Limited** ("the Company"), which comprise the statement of financial position as at September 30, 2018, and the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the 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 statement of financial position, the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the 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 September 30, 2018 and of the profit or loss and other comprehensive income and 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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 matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Sales</p> <p>Refer to the statement of profit or loss and note 5.10 and 30 to the financial statements.</p> <p>The Company generates revenue from sale of sugar and its byproducts to both local and export customers.</p> <p>We identified recognition of sales as a key audit matter because sales is one of the key performance indicator of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.</p>	<p>Our audit procedures to assess recognition of sales, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; assessing the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; comparing a sample of sale transactions recorded around the year with the sales invoices and other relevant underlying documentation to assess if the sale was recorded in the appropriate financial period; comparing, on a sample basis, specific sale transactions recorded just before and just after the financial year end date to determine whether the revenue had been recognized in the appropriate financial period; and scanning for any manual journal entries relating to sales raised during the year which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.
2	<p>Borrowings and finance costs</p> <p>Refer notes 5.4, 5.11, 19, 22, 23, 6.1 and 34 to the financial statements.</p> <p>The Company has obtained range of financing facilities from different financial institutions with varying terms and tenure.</p> <p>This was considered to be a key audit matter as these affects Company's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these financing arrangements.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> obtaining confirmations of borrowings as at September 30, 2018 directly from the financial institutions; testing the calculation of markup recognized as expense during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan; assessing the adequacy of finance cost capitalized during the year; assessing whether installments of loans / leases due or loan / leases maturing within twelve months were classified as current liabilities; and assessing the adequacy of the Company's compliance with the loan covenants and the disclosure in the financial statements.

3	<p>Capitalization of Property, Plant and Equipment</p> <p>Refer notes 5.3 and 6 to the financial statements. The Company has made significant capital expenditure on replacement sugar machinery parts.</p> <p>We identified capitalization of property, plant and equipment as 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.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • understanding the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation.
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Information Other than the Financial Statements and Auditor's Report Thereon

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 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 statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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) expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Date:

28 DEC 2018

Place: Lahore

UHY Hassan Naeem & Co.

UHY Hassan Naeem & Co.
Chartered Accountants

UHY Hassan Naeem & Co.

Jauharabad Sugar Mills Limited

Statement of Financial Position

As at September 30, 2018

	Note	2018 Rupees	2017 Rupees <i>Restated</i>	2016 Rupees <i>Restated</i>
Non-current assets				
Property, plant and equipment	6	3,239,613,198	3,082,535,121	2,785,313,741
Intangible assets	7	386,196	563,305	787,169
Long-term deposits	8	664,000	264,000	395,951
		<u>3,240,663,394</u>	<u>3,083,362,426</u>	<u>2,786,496,861</u>
Current assets				
Stores, spare parts and loose tools	9	71,485,726	60,668,064	64,936,211
Stock-in-trade	10	753,446,441	556,411,054	30,432,460
Loans and advances	11	75,643,030	50,532,771	44,492,986
Trade Debts- <i>unsecured considered good</i>	12	327,298,561	1,366,352	-
Trade deposits and short term prepayments	13	2,542,253	525,474	8,114,957
Other receivables	14	47,358,382	23,017,216	206,739,717
Tax refunds due from the Government	15	124,476,219	117,868,809	67,412,584
Cash and bank balances	16	46,519,316	27,112,660	19,538,233
		<u>1,448,769,928</u>	<u>837,502,400</u>	<u>441,667,148</u>
Current liabilities				
Trade and other payables	17	207,501,932	392,382,117	201,256,882
Unclaimed dividend		1,043,060	797,754	607,470
Accrued mark-up	18	52,196,770	16,490,990	475,333
Short term borrowings	19	1,113,958,063	407,655,600	-
<i>Current portion of:</i>				
-Long term loans from banking companies- <i>secured</i>	22	58,699,872	9,495,161	4,541,040
-Liabilities against assets subject to finance lease- <i>secured</i>	23	505,295	464,906	-
Provision for taxation	20	-	2,107,249	7,483,672
		<u>1,433,904,992</u>	<u>829,393,777</u>	<u>214,364,397</u>
Working capital employed				
		<u>14,864,936</u>	<u>8,108,623</u>	<u>227,302,751</u>
		<u>3,255,528,330</u>	<u>3,091,471,049</u>	<u>3,013,799,612</u>
Contingencies and commitments				
	21	-	-	-
Non-current liabilities				
Long term loans from banking companies- <i>secured</i>	22	268,877,861	158,663,256	32,644,519
Liabilities against assets subject to finance lease- <i>secured</i>	23	133,828	638,565	-
Long term advances	24	-	115,000,000	115,000,000
Long term provision	25	1,309,000	1,309,000	1,309,000
Deferred taxation	26	240,224,655	222,030,798	198,834,346
		<u>510,545,344</u>	<u>497,641,619</u>	<u>347,787,865</u>
Net capital employed				
		<u>2,744,982,986</u>	<u>2,593,829,430</u>	<u>2,666,011,747</u>
Represented by:				
Share capital and reserves				
Share capital	27	284,403,780	247,307,640	109,097,970
Capital reserve - premium on right shares		429,283,383	466,379,523	26,879,210
Loan from sponsors	28	610,002,737	444,871,443	1,123,935,384
Revenue reserves :				
- General reserve		-	-	62,000,000
- Accumulated profits		87,333,341	74,292,448	(39,696,504)
Revaluation surplus on property, plant and equipment - net of tax				
	29	<u>1,333,959,745</u>	<u>1,360,978,376</u>	<u>1,383,795,687</u>
		<u>2,744,982,986</u>	<u>2,593,829,430</u>	<u>2,666,011,747</u>

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

Ghias ul Hasan
Chief Executive Officer

Amjad Bashir Hussain
Director

Imran Ilyas
Chief Financial Officer

Jauharabad Sugar Mills Limited
Statement of Profit or Loss
For the year ended September 30, 2018

		2018	2017	2016
	Note	Rupees	Rupees	Rupees
			<i>Restated</i>	<i>Restated</i>
Sales - net	30	2,195,039,714	2,581,987,414	2,096,363,202
Cost of sales	31	2,149,333,504	2,281,868,379	1,888,218,218
Gross profit		45,706,210	300,119,035	208,144,984
Operating expenses:				
Distribution cost	32	11,264,447	9,034,707	9,003,387
Administrative expenses	33	127,021,372	107,248,842	82,440,649
		(138,285,819)	(116,283,549)	(91,444,036)
Operating profit		(92,579,609)	183,835,486	116,700,948
Finance cost	34	(138,060,940)	(124,441,520)	(53,626,365)
Other income	35	266,607,595	5,098,009	18,961,537
Profit before taxation		35,967,046	64,491,975	82,036,120
Taxation	36	(30,851,289)	(32,636,276)	23,961,226
Profit after taxation		5,115,757	31,855,699	105,997,346
Earning per share - basic and diluted	37	0.22	2.76	9.72

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


Ghias ul Hasan
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Illyas
Chief Financial Officer

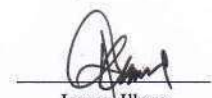
Jauharabad Sugar Mills Limited
Statement of Other Comprehensive Income
For the year ended September 30, 2018

	Note	2018 Rupees	2017 Rupees	2016 Rupees
Profit after taxation		5,115,757	31,855,699	105,997,346
Other comprehensive income for the year				
<i>Items that will never be reclassified to comprehensive income</i>				
Incremental depreciation for the year		32,655,900	31,043,050	50,039,719
Revaluation gain on fixed assets		-	-	433,617,834
Total comprehensive income for the year		37,771,657	62,898,749	589,654,899

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


Ghias ul Hasan
Chief Executive Officer


Amjad Bashir Hussain
Director

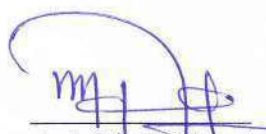

Imran Illyas
Chief Financial Officer


Jauharabad Sugar Mills Limited
Statement of Cash Flows
For the year ended September 30, 2018

	Note	2018 Rupees	2017 Rupees
Cash flow from operating activities			
Profit before taxation		35,967,046	64,491,975
Adjustments for:			
Depreciation	6.1.1	108,148,669	103,172,179
Amortization	7.3	177,109	223,864
Balances written off		(239,891,802)	(7,640,035)
Provision for WPPF		1,893,002	3,394,314
Finance cost	34	138,060,940	124,441,520
Loss/(Gain) on disposal of property, plant and equipment	6.1.6	694,511	(340,021)
		<u>9,082,429</u>	<u>223,251,821</u>
Operating profit before working capital changes		45,049,475	287,743,796
Working capital changes			
Stores, spare parts and loose tools		(10,817,662)	4,268,147
Stock-in-trade		(197,035,387)	(525,978,594)
Loans and advances		(25,792,261)	(6,141,885)
Trade debts		(325,932,209)	12,230,676
Trade deposits and short term prepayments		(2,016,779)	1,095,083
Other receivables		(24,341,166)	183,722,501
Trade and other payables		(66,380,199)	105,061,968
		<u>(652,315,663)</u>	<u>(225,742,104)</u>
Cash used in/generated from operations		(607,266,188)	62,001,692
Tax paid		(19,304,206)	(50,456,225)
WPPF Paid		(3,394,314)	(4,319,459)
Dividend paid		(24,485,458)	(10,719,513)
Finance cost paid		(126,956,851)	(110,489,028)
		<u>(174,140,829)</u>	<u>(175,984,225)</u>
Net cash used in operating activities		(781,407,017)	(113,982,533)
Cash flow from investing activities			
Addition in property, plant and equipment		(251,330,609)	(398,503,371)
Sale proceeds on disposal of property, plant and equipment		7,066,500	2,435,250
Long term deposits		(400,000)	-
Net cash used in investing activities		(244,664,109)	(396,068,121)
Cash flow from financing activities			
Long term finances		159,419,316	130,972,858
Short term borrowings		706,302,463	407,655,600
Lease rentals paid		(540,929)	(818,781)
Sponsors' loan		180,296,932	(20,184,596)
Net cash generated from financing activities		1,045,477,782	517,625,081
Net increase in cash and cash equivalents		19,406,656	7,574,427
Cash and cash equivalents at beginning of the year		27,112,660	19,538,233
Cash and cash equivalents at end of the year	16	46,519,316	27,112,660

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


Ghias ul Hasan
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Illyas
Chief Financial Officer

Jauharabad Sugar Mills Limited
Statement of Changes in Equity
For the year ended September 30, 2018

	Share Capital	Share premium	General reserve	Share deposit money	Revaluation surplus	Accumulated profits	Loan from sponsors	Total
(Rupees)								
Balance as on October 01, 2015	109,097,970	26,879,210	62,000,000	577,710,218	1,049,736,097	(172,050,649)	325,106,255	1,978,479,101
Effect of restatement as referred in note 38	-	-	-	-	11,880,161	-	-	11,880,161
Balance as on October 01, 2015- Restated	109,097,970	26,879,210	62,000,000	577,710,218	1,061,616,258	(172,050,649)	325,106,255	1,990,359,262
Balance as on October 01, 2015- restated	109,097,970	26,879,210	62,000,000	577,710,218	1,061,616,258	(172,050,649)	325,106,255	1,990,359,262
Loan provided during the year	-	-	-	-	-	-	442,059,800	442,059,800
Share deposit money	-	-	-	-	-	-	(220,940,889)	(220,940,889)
Repayments made during the year	-	-	-	(577,710,218)	-	-	577,710,218	-
Addition/(deletion) in revaluation surplus	-	-	-	-	433,617,834	-	-	433,617,834
Deferred tax on revaluation surplus	-	-	-	-	(90,761,536)	-	-	(90,761,536)
Incremental depreciation for the year	-	-	-	-	(38,198,259)	-	-	(38,198,259)
Tax on incremental depreciation for the year	-	-	-	-	11,841,460	-	-	11,841,460
Effect of rate change as referred in note 38	-	-	-	-	5,679,930	-	-	5,679,930
Total comprehensive income for the year	-	-	-	-	-	132,354,145	-	132,354,145
Balance as on September 30, 2016- Restated	109,097,970	26,879,210	62,000,000	-	1,383,795,687	(39,696,504)	1,123,935,384	2,666,011,747
Balance as on October 01, 2017- restated	109,097,970	26,879,210	62,000,000	-	1,383,795,687	39,696,504	1,123,935,384	2,666,011,747
Repayments made during the year	-	-	-	-	-	-	(4,862,848)	(4,862,848)
Transfer to short term loan	-	-	-	-	-	-	(96,491,110)	(96,491,110)
Loan converted into shares at premium	115,727,160	461,982,823	-	-	-	-	-	-
Issuance of 10% bonus shares	22,482,510	(22,482,510)	-	-	-	-	(577,709,983)	-
Transfer from general reserves	-	-	(62,000,000)	-	-	62,000,000	-	-
10% Cash dividend	-	-	-	-	-	(10,909,797)	-	(10,909,797)
Incremental depreciation for the year	-	-	-	-	(44,347,214)	-	-	(44,347,214)
Tax on incremental depreciation for the year	-	-	-	-	13,304,164	-	-	13,304,164
Effect of rate change as referred in note 38	-	-	-	-	8,225,739	-	-	8,225,739
Total comprehensive income for the year	-	-	-	-	-	62,898,749	-	62,898,749
Balance as on September 30, 2017- Restated	247,307,640	466,379,523	-	-	1,360,978,376	74,292,448	444,871,443	2,593,829,430
Balance as on October 01, 2017- restated	247,307,640	466,379,523	-	-	1,360,978,376	74,292,448	444,871,443	2,593,829,430
Repayment of loan during the year	-	-	-	-	-	-	(102,791,958)	(102,791,958)
Loan from associates written off	-	-	-	-	-	-	(125,000,000)	(125,000,000)
Transfer from short term loan	-	-	-	-	-	-	11,923,252	11,923,252
Loan received during the year	-	-	-	-	-	-	381,000,000	381,000,000
Dividend paid @ Rs.1/- per share	-	-	-	-	-	(24,730,764)	-	(24,730,764)
Total comprehensive income for the year	37,096,140	(37,096,140)	-	-	-	37,771,657	-	37,771,657
Issuance of bonus shares @ 15%	-	-	-	-	-	-	-	-
Revaluation surplus on assets disposed off - net of tax	-	-	-	-	(2,144,998)	-	-	(2,144,998)
Incremental depreciation for the year	-	-	-	-	(45,994,226)	-	-	(45,994,226)
Tax on incremental depreciation for the year	-	-	-	-	13,338,326	-	-	13,338,326
Effect of change in rate of tax	-	-	-	-	7,782,267	-	-	7,782,267
Balance as on September 30, 2018	284,403,780	429,283,383	-	-	1,333,959,745	87,333,341	610,002,737	2,744,982,986

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


Ghias ul Hasan
Chief Executive Officer


Anjad Bashir Hussain
Director


Imran Ilyas
Chief Financial Officer

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

1 Reporting entity

1.1 Jauharabad Sugar Mills Limited "the Company" (formerly known as Kohinoor Sugar Mills Limited) was incorporated in Pakistan in 1968 under the repealed Companies Act 1913 (now Companies Act, 2017). The shares of the Company are listed on the Pakistan Stock Exchanges. The registered office of the Company is situated at 109-A, Street No.3, Cavalry Ground, Lahore Cantt., and the mill is located at Jauharabad, District Khushab, Pakistan. The production plant is located at Industrial Area Jauharabad City District Khushab in the province of Punjab. The principal activity of the Company is manufacturing and sale of sugar and its by-products.

1.2 Summary of significant events and transactions in the current reporting period

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

a) The Company is in the process of installation of a power plant electricity generation capacity of 15 MW /hour, which will significantly affect the business volume and profitability of the Company. Refer note 6.2 for capital expenditures and advances against the same incurred till 30 September, 2018. In this regard, the Company has arranged long term finance facilities aggregating Rs. 350.00 million as referred in note 22 of these financial statements.

b) During the year a godown at factory premises caught fire. Due to this incident 605,583 packing bags were burnt and sugar was re-processed. The said godown was insured and the Company claimed insurance amount as referred in note 35 of these financial statements.

c) Offered bonus shares to the existing shareholders as referred in note 27.

2 Basis of preparation

2.1 Statement of compliance

These 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:

- 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
- Provision of and directives issued under the Companies Act, 2017

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

2.2 Basis of measurement

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

- certain financial instruments at fair value;
- certain property, plant and equipment at revalued amounts; and

Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

- Estimation of net realizable value
- Computation of deferred taxation
- Disclosure of contingencies

3 Use of estimates and judgements

The preparation of these 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 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 Impairment

The management of the Company reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

3.4 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities. The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

3.5 Provision for doubtful debts, advances and other receivables

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

3.6 Provisions and contingencies

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

4 New standards, amendments to approved accounting standards and new interpretations

4.1 Standard or Interpretation

The Company has adopted the following revised standards and amendments of IFRS which became effective for the current year:

IAS-7 -Statement of cash flows- Disclosure initiative- (Amendment)

Standard, interpretations and amendments to approved accounting that are not yet effective:

The following revised standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards and interpretations.

Standards or Interpretation	Effective date (beginning on or after)
IFRS-2 - Classification and measurement of share based payments transactions (Amendments)	January 1, 2018
IFRS-4 - Applying IFRS 9 financial instruments with IFRS-4 Insurance contracts (Amendments)	January 1, 2018
IFRS-9 - Financial instruments	July 1, 2018
IFRS-9 - Prepayments features with Negative compensation- (Amendments)	January 1, 2019
IFRS-15 - Revenue form contracts with customers	July 1, 2018
IFRS-16 - Leases	January 1, 2019
IAS-19 - Plan amendment curtailment or settlement (Amendments)	January 1, 2019
IAS-28 - Long term interests in associates and joint ventures (Amendments)	January 1, 2019
IAS-40 - Transfer of investment property (Amendments)	January 1, 2018
IFRIC-22 - Transfer of investment property (Amendments)	January 1, 2018
IFRIC-23 - Uncertainty over income tax treatments	January 1, 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standards	IASB Effective date (beginning on or after)
IFRS-14 - Regulatory deferral accounts	January 1, 2018
IFRS-17 - Insurance contracts	January 1, 2018

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated:

5.1 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution provident fund scheme (the Fund) for its permanent employees. Equal monthly contributions are made to the fund both by the Company and employees at the rate of 10% of basic salary. The Company's contribution is charged to the statement of comprehensive income.

5.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

Current

Provision for current taxation is based on taxable income, as adjusted for tax purposes, at the current rate of tax after taking into account all tax credits, rebates and available tax losses determined in accordance with prevailing tax laws. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments made during the year for such years.

Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

5.3 Property, plant and equipment - owned

Recognition-Tangible Assets

Property, plant and equipment except for freehold land, buildings, plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land, buildings, plant and machinery are stated at revalued amount. Surplus on revaluation is booked by restating carrying amounts of respective assets being revalued, proportionately to the change in their carrying amounts due to revaluation. The accumulated depreciation at the date of revaluation is also adjusted to equal difference between gross carrying amounts and the carrying amounts of the assets after taking into account accumulated impairment losses. The surplus on revaluation of fixed assets to the extent of the annual incremental depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost is transferred annually to retained earnings net of deferred tax.

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

Recognition-Intangible Assets

Cost of tangible assets consists of historical cost pertaining to installation period and other directly attributable cost of bringing the asset to working condition.

Subsequent Recognition

Subsequent cost 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. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off the historical cost/revalued amounts of an asset over its estimated useful life at the rates as disclosed in note 6. Depreciation on addition is charged from the month, when the asset is purchased and no depreciation is charged in the month, when the asset is derecognized.

Amortization

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. Amortization on additions to tangible assets is charged from the month in which an asset is put to use and no disposal up to the month of disposal.

Derecognition of Assets

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of comprehensive income for the year, when the asset is derecognized. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from on surplus on revaluation of fixed assets account are net of applicable deferred income tax.

5.4 Accounting for leases and assets subject to finance lease

5.5.1 Finance lease

Recognition

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Jauharabad Sugar Mills Limited
Notes to the Financial Statements
For the year ended September 30, 2018

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

5.5.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

5.5 Capital work-in-progress

Capital work in progress is stated at cost less any identified impairment losses. Transfers are made to relevant fixed assets category as and when assets are available for use.

5.6 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Non-financial assets

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

5.7 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined at average running cost. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon. Cost is determined at average running cost.

5.8 Stock in trade

These are valued at lower of cost and net realizable value (NRV) except molasses, bagasse and VF cake which is valued at NRV. Cost in relation to raw material, work in process and finished goods represents average cost comprising direct material, labor and appropriate manufacturing overheads. NRV represents the estimated selling price less cost necessarily to be incurred for such sale. Cost is determined as follows;

Work-in-process	: At estimated cost.
Finished goods - sugar	: Lower of weighted average cost and net realizable value

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

5.10 Revenue recognition

Revenue from sale of goods is measured at fair value of the consideration received or receivable, net of discounts and applicable taxes. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing involvement of management with the goods and the amount of revenue can be measured reliably.

- Revenue from Sale of goods is recorded when significant risks and rewards of ownership are transferred to the customer;
- Revenue from the sale of electricity is recognized on transmission of electricity;
- Interest and rental income are recognized on accrual basis;
- Dividend income is recognized when the Company's right to receive the dividend is established; and
- Sale of scrap is recognized on actual realization basis.

5.11 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

5.12 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.13 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

5.14 Trade and other payables

Liabilities of trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.15 Dividend

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

5.16 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of comprehensive income for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

5.17 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

5.18 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

5.19 Foreign currencies transactions

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

5.20 Related party transactions

All transactions with related parties are carried out as arms' length transactions by the Company using the methods prescribed under the Companies Act, 2017.

5.21 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

6	Property, plant and equipment	Note	2018	2017
			Rupees	Rupees
	Property, plant and equipment	6.1	2,823,088,364	2,781,631,249
	Capital work-in-progress	6.2	416,524,834	300,903,872
			<u>3,239,613,198</u>	<u>3,082,535,121</u>

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

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		Rupees	Rupees
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Capital work-in-progress	6.2	416,524,834	300,903,872
		<u>3,239,613,198</u>	<u>3,082,535,121</u>

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

6.1.1 Depreciation for the year has been allocated as under:

	Note	2018 Rupees	2017 Rupees
Cost of sales	31	105,985,696	101,108,735
Administrative expenses	33	2,162,973	2,063,444
		<u>108,148,669</u>	<u>103,172,179</u>

6.1.2 All assets are acquired with the funds of the Company and are held by and in the possession and control of the Company.

6.1.3 Plant and machinery includes mark up capitalized amounting to Rs. 2,548,253/- (2017: Rs. 3,349,038/-).

6.1.4 The latest valuation of the Company's assets was carried as at 31 March 2016 and the forced sale value as at the date is given below:

	Amount in Rupees
Freehold land	695,187,800
Building on freehold land	129,641,720
Plant machinery and equipment	<u>1,225,000,000</u>
	<u>2,049,829,520</u>

6.1.5 Buildings, plant and machinery are located at freehold land measuring 497.68 Kanals located at industrial area Jauharabad City District Khushab.

6.1.6 Disposal of property, plant and equipment

Particulars	Cost	Net -Book Value	Sale proceeds	Gain/ (loss) on proceeds	Mode of Disposal	Name of purchaser
Building on freehold land						
Factory	6,068,561	1,742,341	2,030,000	287,659	Insurance Claim	IGI Insurance Company
Godown						
Sub total	6,068,561	1,742,341	2,030,000	287,659		
Vehicles						
Toyota Grande (KB-15-09)	2,397,919	1,510,516	1,782,000	271,484	Negotiation	Muhammad Mushtaq Mughal -Open market
Toyota Grande (KB-15-08)	2,397,919	1,485,341	1,782,000	296,659	Negotiation	Muhammad Ashfaq Mughal -Open market
Suzuki Swift (KB-14-100)	1,394,000	751,365	337,500	(413,865)	Sale	Amjad Mahmood -Employee
Suzuki Swift (LEB-14-2268)	1,341,490	673,276	325,500	(347,776)	Sale	Amjad Javed Aftab -Employee
Suzuki Cultus (LED-14-7041)	1,086,690	568,373	262,250	(306,123)	Sale	Amanat Ali -Employee
Suzuki Cultus (LED-14-7042)	1,086,690	404,653	262,500	(142,153)	Sale	Arsalan Ahmad -Employee
Suzuki Cultus (LED-14-5803)	1,086,690	513,852	262,250	(251,602)	Sale	Fateh Ullah -Employee
Sub total	10,791,398	5,907,376	5,014,000	(893,376)		

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

Particulars	Cost	Net -Book Value	Sale proceeds	Gain/ (loss) on proceeds	Mode of Disposal	Name of purchaser
Office equipment						
Having book value less than Rs. 500,000	150,000	111,294	22,500	(88,794)	Sale	Employees
Total- 2018	17,009,959	7,761,011	7,066,500	(694,511)		
Toyota Grande (LEE-15-3740)	2,381,340	1,577,648	2,200,000	622,352	Negotiation	Toyota Motors
Honda City (LED-08-5031)	781,250	517,582	235,251	(282,331)	Sale	Jamal Ahmed -Employee
Total- 2017	3,162,590	2,095,230	2,435,251	340,021		

- 6.1.7 It is the Company's policy to transfer the vehicles to its employees after 4 years of purchase at 25 percent and laptops after 3 years at 15 percent of the cost of asset.
- 6.1.8 The value of labor colony land at Jauharabad acquired from Housing and Physical Planning Department (PHATA), Jauharabad has not yet been settled. The estimated liability on this account amounting to Rs.1,309,000/- is duly accounted for in books of accounts of the Company as referred in note 25.
- 6.1.9 If the freehold land, building and plant and machinery were measured using the cost model, the carrying amount would be as follows:

Particulars	Cost	Accumulated depreciation	Net book value
2018			
	------(Rupees)-----		
Freehold land	1,648,310	-	1,648,310
Building on freehold land	204,512,361	94,564,979	109,947,382
Plant and machinery	1,652,976,135	684,727,154	968,248,981
	1,859,136,806	779,292,133	1,079,844,673
2017			
	------(Rupees)-----		
Freehold land	1,648,310	-	1,648,310
Building on freehold land	200,040,336	89,719,602	110,320,734
Plant and machinery	1,516,310,297	638,017,913	878,292,384
	1,717,998,943	727,737,515	990,261,428

6.2 Capital work-in-progress

This cost incurred at Balancing Modernization and Replacement Program (BMR) of the Company in previous year and transferred to fixed assets as follows:

Description	Opening balance	Additions during the year	Transferred to/ (from)	Closing balance
------(Rupees)-----				
Plant and machinery	235,352,619	153,305,542	77,412	388,735,573
Advances for capital expenditure	65,551,253	24,643,011	(62,405,003)	27,789,261
	300,903,872	177,948,553	(62,327,591)	416,524,834

- 6.2.1 Capital work in progress includes mark up capitalized amounting to Rs. 22,130,019/- in plant and machinery, (2017: Rs. 8,585,591/-) and in advances for capital expenditure amounting to Rs. Nil, (2017: Rs. 130,582/-).
- 6.2.2 Advances for capital expenditure relates to the purchase of plant and equipment.

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

7 Intangible assets		2018	2017
	Note	Rupees	Rupees
7.1 Cost			
At beginning of the year		1,100,000	1,100,000
Additions during the year		-	-
Disposal during the year		-	-
At the end of the year		1,100,000	1,100,000
7.2 Accumulated Amortization			
At beginning of the year		536,695	312,831
Amortization for the year	7.3	177,109	223,864
At the end of the year		713,804	536,695
Net book value		386,196	563,305
Amortization rate - % per annum		33%	33%
7.3 Amortization for the year has been allocated as under:			
		2018	2017
		Rupees	Rupees
Cost of sales	31	173,567	219,387
Administrative expenses	33	3,542	4,477
		177,109	223,864

8 Long-term deposits

This represents interest free deposits for provision of utilities at plant and security to landlord of head office and are refundable on disconnection of services.

9 Stores, spare parts and loose tools	2018	2017
	Rupees	Rupees
Stores	38,640,827	27,336,656
Spare parts	30,947,046	31,509,335
Loose tools	1,897,853	1,822,073
	71,485,726	60,668,064

10 Stock-in-trade	2018	2017
	Rupees	Rupees
Work in process	1,929,396	1,958,426
Finished goods	751,517,045	554,452,628
	753,446,441	556,411,054

10.1 Finished goods are pledged against short term borrowing from various banks.

11 Loans and advances	2018	2017
	Rupees	Rupees
Advances-considered good-unsecured		
-Suppliers	44,512,741	24,751,427
-Employees	10,089,182	6,253,494
-Agricultural loan	19,603,268	7,560,026
	74,205,191	38,564,947
Others	-	655,305
L.C Deposit	1,437,839	11,312,519
	75,643,030	50,532,771

11.1 This includes advances made to Chief Operating Officer amounting to Rs. 4.80 million during the year.

11.2 This represents interest free advances to sugarcane growers, which are adjustable against supply of sugarcane.

11.3 The amount receivable from Radiant Power (Pvt.) Limited is written off on account of dissolution of the Company.

11.4 This comprises deposits against letter of credits for fixed assets of Rs. 0.80 million (2017: Rs. 3.90 million) and consumables of Rs. 0.63 million (2017: Rs. 7.41 million).

Jauharabad Sugar Mills Limited
Notes to the Financial Statements
For the year ended September 30, 2018

12 Trade Debts- unsecured considered good		2018 Rupees	2017 Rupees
Local Debtors			
Considered good - <i>unsecured</i>		327,298,561	1,366,352
		<u>327,298,561</u>	<u>1,366,352</u>
13 Trade deposits and short term prepayments		2018 Rupees	2017 Rupees
	<i>Note</i>		
Prepaid expenses	13.1	2,542,253	525,474
		<u>2,542,253</u>	<u>525,474</u>
13.1 This mainly includes group insurance expense amounting to Rs. 1,181,812/- from Pak Qatar Takaful.			
14 Other receivables - <i>unsecured considered good</i>		2018 Rupees	2017 Rupees
	<i>Note</i>		
Excise duty recoverable	14.1	10,500,922	10,500,922
Export fund refund	14.2	2,746,250	2,746,250
Special excise duty refundable	14.3	505,200	505,200
Rebate receivable on export of sugar	14.4	24,341,166	-
Others	14.5	9,264,844	9,264,844
		<u>47,358,382</u>	<u>23,017,216</u>
14.1 This represents refund allowed by the Central Excise Appellate Tribunal, Lahore, in the light of criteria set up by the Supreme Court of Pakistan, against Central Excise Duty paid during the season 1988-89.			
14.2 This represents relief granted by the Lahore High Court against previous years' demand.			
14.3 This represents an amount paid under protest as 1% Special Excise Duty on the goods manufactured prior to Finance Bill 2007, whereas it was leviable on goods manufactured/ imported from July-01,2007, vide Circular No. 1(3) Fed 2007 dated 28th August, 2007.			
14.4 This represents rebate receivable from Government against export of sugar.			
14.5 This represents sales tax amount recoverable against sale of goods.			
15 Tax refunds due from the Government		2018 Rupees	2017 Rupees
Opening balance		117,868,809	67,412,584
Add: Tax deducted during the year		19,304,206	50,456,225
Less: Adjusted against prior year taxes		(12,696,796)	-
		<u>124,476,219</u>	<u>117,868,809</u>
15.1 The assessments of the Company have been completed for and up to financial year ended on September 30, 2017.			
16 Cash and bank balances		2018 Rupees	2017 Rupees
	<i>Note</i>		
Cash in hand		351,779	293,525
Cash at banks - <i>saving accounts</i>	16.1	1,432,947	79,577
Cash at banks - <i>current accounts</i>		44,734,590	26,739,558
		<u>46,519,316</u>	<u>27,112,660</u>
16.1 The balances in saving accounts carry average markup at 4.85% per annum (2017: Rs.2.55%).			

Jauharabad Sugar Mills Limited
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For the year ended September 30, 2018

17 Trade and other payables	Note	2018 Rupees	2017 Rupees
Trade Creditors		55,231,322	15,842,139
Salaries and wages payable		11,416,379	11,388,259
Accrued liabilities		4,707,402	2,231,688
Advances from customers	17.1	36,175,644	199,111,371
Income tax deducted at source		4,392	69,648
Income tax payable	17.2	-	6,590,508
Sugarcane cess payable	17.3	3,001,109	3,001,109
Sales tax payable	17.4	92,160,790	40,174,325
Security deposit		2,866,366	698,868
Workers' profit participation fund (WPPF)		1,938,528	3,439,840
Other Loans from sponsors	17.5	-	109,834,362
		207,501,932	392,382,117

17.1 This represents advances received from customers for molasses/sugar sales.

17.2 The income tax liability related to tax year 2011 created vide order of learned Deputy Commissioner Inland Revenue has been adjusted against tax refunds due from the Government.

17.3 This represents sugarcane cess demanded by Cane Commissioner, Lahore against sugarcane purchased from KPK.

17.4 This represents sales tax payable for the month of September, 2018 and provision against pending cases of sales tax for the year 1999-2000 amounting to Rs. 88.91 million and Rs. 3.44 million, respectively. (2017: Rs. 37.84 million and 3.44 million).

17.5 This represents short term loans from sponsors which includes Rs. 97.91 million paid during the year and Rs.11.92 million was transferred to long term loans from sponsors.

18 Accrued mark-up	2018 Rupees	2017 Rupees
Accrued mark-up on:		
- Long term finances from banking companies-secured	7,612,606	3,486,773
- Short term borrowings	44,584,164	13,004,217
	52,196,770	16,490,990

19 Short term borrowings	Sanction limit 'Rupees in Million'		2018 Rupees	2017 Rupees
Mark-up based borrowings from Conventional Banks				
Running Finance	100	19.1	96,997,688	-
Cash finance	1800	19.1	573,287,520	332,000,000
Islamic mode of financing				
Morabaha finance	400	19.2	391,998,000	75,655,600
Bai Salam	1050	19.2	51,674,855	-
	3350		1,113,958,063	407,655,600

19.1 These facilities have been obtained from various conventional banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited.
These facilities carry mark-up at the rates ranging from 3 months Kibor + 2% to matching Kibor + 2.50% per annum payable quarterly.
The aggregate available short term funded facilities amounting to Rs. 1.90 billion (2017: Rs. 1.60 billion).

19.2 These facilities have been obtained from various Islamic banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock, lien over import documents and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited (Holding Company).
These facilities carry mark-up at the rates ranging from matching Kibor + 2% to matching Kibor + 2.75% per annum payable quarterly.
The aggregate available short term funded facilities amounting to Rs.1.45 billion (2017: Rs. 1.00 billion).



The loans from other associates of the Company are subordinated under a subordination agreement.

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

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Income tax payable	17.2	-	6,590,508
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Sales tax payable	17.4	92,160,790	40,174,325
Security deposit		2,866,366	698,868
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Other Loans from sponsors	17.5	-	109,834,362
		207,501,932	392,382,117

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Islamic mode of financing				
Morabaha finance	400	19.2	391,998,000	75,655,600
Bai Salam	1050	19.2	51,674,855	-
	3350		1,113,958,063	407,655,600

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These facilities carry mark-up at the rates ranging from 3 months Kibor + 2% to matching Kibor + 2.50% per annum payable quarterly. The aggregate available short term funded facilities amounting to Rs. 1.90 billion (2017: Rs. 1.60 billion).

19.2 These facilities have been obtained from various Islamic banks to meet working capital requirements and are secured by charge over current and future assets (fixed and current) of the Company, pledge of sugar stock, lien over import documents and personal guarantees of sponsors and corporate guarantee of Cane Processing (Pvt.) Limited (Holding Company).

These facilities carry mark-up at the rates ranging from matching Kibor + 2% to matching Kibor + 2.75% per annum payable quarterly. The aggregate available short term funded facilities amounting to Rs.1.45 billion (2017: Rs. 1.00 billion).



The loans from other associates of the Company are subordinated under a subordination agreement.

Jauharabad Sugar Mills Limited
Notes to the Financial Statements
For the year ended September 30, 2018

20 Provision for taxation	Note	2018 Rupees	2017 Rupees
Balance at beginning of the year		2,107,249	7,483,672
Add: Provision for the year		-	2,107,249
		<u>2,107,249</u>	<u>9,590,921</u>
Less: Prior year adjustments/ payments		(2,107,249)	(7,483,672)
Balance at end of the year	20.1	<u>-</u>	<u>2,107,249</u>

20.1 Provision for current tax is calculated as per provisions of Income Tax Ordinance, 2001 at the applicable rates.

21 Contingencies and commitments

21.1 Contingencies

The followings are known contingencies as on September 30, 2018.

21.1.1 Since Federal Excise Duty (FED) is leviable on goods produced or manufactured, therefore FED is not leviable on sale of sugar produced prior to the Finance Bill 2011. Hence FED amounting to Rs. 58.88 million has not been accounted for in these financial statements. The Company has filed a writ petition in the Honorable Lahore High Court against FBR show cause notice dated 19-09-2012 against the demand of Rs. 58.88 million.

21.1.2 The Income Tax Department raised a demand of Rs. 197.07 million on account of non deduction of tax while making payment to sugar cane suppliers. The demand was abolished by the Commissioner of income tax like in some other similar cases. However, the department has filed an appeal against the Commissioner's order. The company is hopeful that the tribunal decision would be in its favor.

21.1.3 The company has filed a writ petition against the amendments of finance act 2014 on "Alternate Corporate taxes", implication on tax year 2013 of company against which a demand of Rs.50.26 million has been established, the said amendments would not be implemented as the income realized was before the said amendments, amendments become applicable after July 1, 2014.

21.1.4 The company has filed an appeal and stay application before Commissioner Inland Revenue (Appeals-I) against demand of Rs. 82.16 million created by Assistant Commissioner Inland Revenue vide order under section 161(1A)/205(3) which is decided in favour of the Company creating the demand of Rs.1.37 million. The department has filed an appeal before ATIR against the decision.

21.2 Commitments

21.2.1 In respect of:

	2018 Rupees	2017 Rupees
-capital expenditure	977,958	15,710,381
-irrevocable letter of credits for stores and spares	8,474,891	7,010,576
	<u>9,452,849</u>	<u>22,720,957</u>

22 Long term loans from banking companies-secured	Note	2018 Rupees	2017 Rupees
Albaraka Bank Pakistan Limited	22.1	182,605,772	168,158,417
Soneri Bank Limited	22.2	144,971,961	-
Less: Current portion		(58,699,872)	(9,495,161)
		<u>268,877,861</u>	<u>158,663,256</u>

22.1 This includes long term loan against sanctioned DM facility of Rs. 150.00 million obtained from Albaraka Bank Pakistan Limited for power plant and carries mark-up at the rate of 3 months matching KIBOR plus 3% and profit is payable on quarterly basis. The said loan is secured against:

Bank's exclusive charge over DM assets amounting to Rs.150.00 million including power plant and allied parts, accessories, erections, civil construction etc. registered with SECP.

The loan is to be repaid on quarterly basis within 3 years after commissioning of power plant.

This also includes long term loan against sanctioned DM facility of Rs. 50.00 million obtained from Albaraka Bank Pakistan Limited, which is the sub-limit of the funded facility of Rs.450.00 million already obtained from Albaraka Bank Pakistan Limited, for import of machinery and carries mark-up at the rate of 3 months matching KIBOR plus 3% and mark-up is payable on quarterly basis. The funded facility already obtained by the Company is secured as referred in note 19.2.

The loan is to be repaid on quarterly basis as per schedule.

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

22.2 This includes long term loan against sanctioned term finance facility of Rs. 200.00 million obtained from Soneri Bank Limited to finance procurement/installation of 15+5MW second hand power plant in terms of arrangement auxiliary equipment, completion of erection and civil work and interconnecting fees.

Total estimated cost of project is Rs.500.00 million out of which 30% shall be incurred from equity resources and rest of Rs.350.00

million shall be arranged from bank's borrowing (Rs.200.00 million from SBL and 150.00 million from Albaraka Bank Pakistan Limited. It carries mark-up at the rate of 3 months KIBOR plus 2.75% and mark-up is payable on quarterly basis. The said loan is to be repaid within 4 years from the date of first disbursement and including grace period of 6 months in 12 equal quarterly installments. First installment shall fall due on first working day of 10th month from the date of first drawdown.

The said loan is secured against:

Soneri Bank charge amounting to Rs. 267.00 million over fixed assets of the Company (land, building, plant and machinery including but not limited to sugar mill and power plant) duly registered with SECP. The facility shall also be secured against charge of Rs. 267.00 million on receivables of the Company specifically generated from power outlay 15+5 MW power plant. Further Corporate guarantee of Cane Processing (Pvt) Ltd (Holding Company) and personal guarantee of the directors/sponsors of the Company.

23 Liabilities against assets subject to finance lease-secured	2018 Rupees	2017 Rupees
Opening balance	1,103,471	-
Add: Assets acquired during the year	-	1,811,360
	<u>1,103,471</u>	<u>1,811,360</u>
Less: Payments/adjustments	(464,348)	(707,889)
	<u>639,123</u>	<u>1,103,471</u>
Less: Current portion	(505,295)	(464,906)
Closing balance	<u>133,828</u>	<u>638,565</u>

23.1 The Company has entered into lease agreement with financial institution for vehicle. Lease rentals are payable on monthly basis and includes finance cost at the rate of 3 months Kibor plus 2.25 bps per anum (2017: 3 months Kibor plus 2.25 bps per annum), which has been used as discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

23.2 The number of maximum / minimum monthly lease rentals payable are 15 and 1 respectively.

23.3 A reconciliation between the total future minimum lease payments and their present values at year end is as follows:

Particulars	2018		
	Minimum lease payments	Present value of minimum lease payments	Financial charges
-----Amount in Rupees-----			
Due within one year	543,054	505,295	37,759
Due after one year but not later than 5 years	135,765	133,710	2,055
	<u>678,819</u>	<u>639,005</u>	<u>39,814</u>

Particulars	2017		
	Minimum lease payments	Present value of minimum lease payments	Financial charges
-----Amount in Rupees-----			
Due within one year	539,880	464,906	74,974
Due after one year but not later than 5 years	674,850	638,565	36,285
	<u>1,214,730</u>	<u>1,103,471</u>	<u>111,259</u>

Jauharabad Sugar Mills Limited
Notes to the Financial Statements
For the year ended September 30, 2018

24 Long term advances

These interest free unsecured advances received from customers have been written off during the year.

25 Long term provision

This represents labor colony land at Jauharabad against which a case is pending with Housing and Physical Planning Department (PHATA), Jauharabad. On account of legal proceedings the management expects that the payment against this liability shall arise after September 30, 2019.

26 Deferred taxation

	2018 Rupees	2017 Rupees
		(Restated)
Deferred tax liability on taxable temporary differences arising in respect of:		
Surplus on revaluation of related assets	211,471,290	233,468,009
Accelerated depreciation / amortization	159,374,423	138,508,629
Leased assets	357,936	462,849
Deferred tax asset on deductible temporary differences arising in respect of:		
Liabilities against assets subject to finance lease	(185,346)	(331,041)
Tax credits / Unused tax losses	(130,793,648)	(150,077,647)
	<u>240,224,655</u>	<u>222,030,798</u>

26.1 Movement in deferred tax balances is as follows:

	2018	2017
	-----Amount in Rupees-----	
		(Restated)
At beginning of the year	222,030,798	198,834,346
Effect of rate change	(7,782,267)	(8,225,739)
Recognized in statement of profit or loss:		
-accelerated tax depreciation/amortization on fixed assets	20,865,794	(994,152)
-Incremental depreciation	(13,338,326)	(13,304,164)
-liabilities against assets subject to finance lease	40,783	131,807
Tax credits / Unused tax losses	19,283,999	45,588,700
	<u>26,852,250</u>	<u>31,422,191</u>
Recognized in statement of changes in equity:		
Disposal of fixed asset	(876,126)	-
	<u>18,193,857</u>	<u>23,196,452</u>
At end of the year	<u>240,224,655</u>	<u>222,030,798</u>

27 Share capital

	2018 ------(Number)-----	2017 ------(Rupees)-----		2018 ------(Rupees)-----	2017 ------(Rupees)-----
27.1 Authorized share capital	<u>70,000,000</u>	<u>70,000,000</u>	Ordinary shares of Rs. 10/- each	<u>700,000,000</u>	<u>700,000,000</u>
27.2 Issued, subscribed and paid-up capital					
	873,180	873,180	Shares allotted on reorganization of Kohinoor Industries Limited of Rs.10/- each	8,731,800	8,731,800
	125,008	125,008	Shares issued for cash of Rs. 10 each	1,250,080	1,250,080
	7,963,824	4,254,210	Shares issued as fully paid bonus shares of Rs. 10/- each	79,638,240	42,542,100
	7,905,650	7,905,650	Right shares of Rs. 10/- each	79,056,500	79,056,500
	11,572,716	11,572,716	Issue of shares against loan from sponsors	115,727,160	115,727,160
	<u>28,440,378</u>	<u>24,730,764</u>		<u>284,403,780</u>	<u>247,307,640</u>

Jauharabad Sugar Mills Limited
Notes to the Financial Statements
For the year ended September 30, 2018

28 Loan from sponsors	2018 Rupees	2017 Rupees
Loan from Sponsors	610,002,737	444,871,443

28.1 This represents interest free loans provided to the Company by its Sponsors. These loans are agreed to be repayable at the Company's discretion which is intended to be exercised by the Company after 30th September 2019.

29 Revaluation surplus on property, plant and equipment - net of tax	2018 Rupees	2017 Rupees (Restated)
Land	816,219,690	816,219,690
Buildings	100,592,998	100,592,998
Plant and machinery	855,042,404	855,042,404
	1,771,855,092	1,771,855,092
Less: Accumulated incremental depreciation	(223,402,933)	(177,408,707)
Revaluation surplus on buildings disposed off	(3,021,124)	-
	1,545,431,035	1,594,446,385
Less: Deferred tax liability		
Opening balance	233,468,009	254,997,912
Effect of change in rate of tax	(7,782,267)	(8,225,739)
Disposal of fixed asset	(876,126)	-
Tax on Incremental depreciation for the year	(13,338,326)	(13,304,164)
	211,471,290	233,468,009
	1,333,959,745	1,360,978,376

30 Sales - net	2018 Rupees	2017 Rupees
Sugar - local	1,900,760,300	2,292,974,982
Sugar - export	250,337,713	210,704,815
	2,151,098,013	2,503,679,797
By products:		
-Molasses	143,058,191	215,067,659
-Mud	8,090,467	3,606,375
-Bagasse	144,600,012	119,432,893
	295,748,670	338,106,927
	2,446,846,683	2,841,786,724
Less:		
Federal excise duty	-	227,553,900
Sales tax	248,741,269	28,877,410
Commission on sale	3,065,700	3,368,000
	251,806,969	259,799,310
	2,195,039,714	2,581,987,414

Jauharabad Sugar Mills Limited

Notes to the Financial Statements

For the year ended September 30, 2018

31 Cost of sales	Note	2018 Rupees	2017 Rupees
Sugarcane purchased and consumed		2,003,490,144	2,490,878,285
Salaries, wages and other benefits	31.1	105,138,214	99,052,018
Chemicals and stores consumed		25,419,897	24,621,852
Packing material consumed		16,937,471	17,607,752
Fuel		796,518	44,508
Power		11,976,274	9,042,002
Repairs and maintenance		57,105,037	47,273,537
Workers' welfare		3,348,878	3,870,227
Insurance		2,321,825	1,986,471
Vehicle running and maintenance		6,398,834	5,005,923
Travelling and conveyance		2,457,631	2,243,266
Carriage and freight		1,756,477	1,744,998
Rent rate and taxes		1,404,682	1,032,133
Printing and stationery		455,034	561,360
Depreciation	6.1.1	105,985,696	101,108,735
Amortization	7.3	173,567	219,387
Other factory expenses		1,202,712	1,554,518
		2,346,368,891	2,807,846,972
Opening work-in-process		1,958,420	1,999,239
Closing work-in-process		(1,929,396)	(1,958,420)
		29,030	40,813
Cost of goods manufactured		2,346,397,921	2,807,887,785
Opening stock of finished goods		554,452,628	28,433,222
Closing stock of finished goods		(751,517,045)	(554,452,628)
		(197,064,417)	(526,019,406)
		2,149,333,504	2,281,868,379

31.1 This includes a sum of Rs. 1,125,204 (2017: Rs. 992,734) relating to retirement benefits.

32 Distribution cost	Note	2018 Rupees	2017 Rupees
Salaries, wages and other benefits	32.1	8,168,878	6,723,162
Communication		173,407	170,209
Vehicles running and maintenance		229,154	192,650
Miscellaneous		2,693,008	1,948,686
		11,264,447	9,034,707

32.1 This includes a sum of Rs. 80,372 (2017: Rs. 70,910) relating to retirement benefits.

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For the year ended September 30, 2018

33 Administrative expenses		2018	2017
	Note	Rupees	Rupees
Salaries, wages and other benefits	33.1	93,927,057	77,054,189
Staff welfare		3,293,000	3,903,209
Legal and professional charges		6,479,427	5,492,751
Rent, rate and taxes		4,087,750	4,160,227
Fuel and power		920,697	806,434
Vehicles running and maintenance		3,206,526	2,800,225
Travelling and conveyance		1,086,654	1,076,337
Printing and stationery		548,585	1,327,779
Telecommunication		596,040	577,220
Repair and maintenance		623,898	262,597
Postage and telegrams		204,130	239,467
Advertisement		273,800	369,035
Auditors' remuneration	33.2	1,559,250	1,513,000
Charity and donations	33.3	2,664,962	1,678,624
Depreciation	6.1.1	2,162,973	2,063,444
Amortization	7.2	3,542	4,477
Insurance		4,905,570	3,313,105
Miscellaneous		477,511	606,722
		<u>127,021,372</u>	<u>107,248,842</u>
33.1 This includes a sum of Rs. 803,717 (2017: Rs. 709,096) relating to retirement benefits.			
33.2 Auditors' remuneration			
Annual audit fee		420,000	400,000
Half yearly review		63,000	63,000
Tax consultancy fee		1,076,250	1,050,000
		<u>1,559,250</u>	<u>1,513,000</u>
33.3 The Company's directors or their spouses have no interest in any donation.			
33.3.1 This includes donation made to Police Public School amounting to Rs. 700,000 for development purpose.			
34 Finance cost		2018	2017
		Rupees	Rupees
Mark-up on long term loan from banking companies-secured		73,754	121,131
Mark-up on short term borrowings		131,636,247	117,875,887
Bank Commission on exports		936,416	1,329,248
Bank charges		5,414,523	5,115,254
		<u>138,060,940</u>	<u>124,441,520</u>
35 Other income		2018	2017
		Rupees	Rupees
Long term advances written off		115,000,000	-
Loan from Sponsors written off		125,000,000	-
Creditors written off		573,804	-
Insurance claim received		26,595,940	-
Forfeited advances from customers		-	13,597,028
(Loss)/Gain on disposal of property, plant and equipment		(694,511)	340,021
Balances written off		-	(5,956,993)
Miscellaneous		2,129,064	512,267
Loss on foreign currency transaction		(103,700)	-
Provision for workers' profit participation fund		(1,893,002)	(3,394,314)
		<u>266,607,595</u>	<u>5,098,009</u>

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36 Taxation	Note	2018 Rupees	2017 Rupees
Income tax			
Current year	36.1	-	2,107,249
Prior year		3,999,039	(893,164)
		<u>3,999,039</u>	<u>1,214,085</u>
Deferred tax		26,852,250	31,422,191
		<u>30,851,289</u>	<u>32,636,276</u>

36.1 Tax calculated as per section 113 and tax liability on export of sugar has been adjusted against tax credits allowed under section 65-B.

36.2 The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

36.3 The provision for current year tax represents tax on taxable income at the rate of 29%, net of tax credits. As per management assessment, the provision for tax made in the financial statements is sufficient. A comparison of last three years' of income tax provisions with tax assessment is presented below:

Particulars	Tax provision as per financial statements	Tax as per assessment
----- (Amount in Rupees) -----		
Tax Years:		
2015	-	-
2016	7,483,672	-
2017	2,107,249	-

36.4 As referred in note 47 to the financial statements, the Board of Directors in their meeting has recommended sufficient cash dividend for the year ended 30 September 2018 which complies with the requirements of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on non-distribution of dividend has been recognized in these financial statements for the year ended 30 September 2018.

37 Earning per share		2018 Rupees	2017 Rupees
37.1 Earning per share - basic			
Profit after taxation attributable to members	Rupees	<u>5,115,757</u>	<u>31,855,699</u>
Weighted average number of ordinary shares	Number	<u>22,759,079</u>	<u>11,528,066</u>
Earning per share - basic	Rupees	<u>0.22</u>	<u>2.76</u>

37.2 Earning per share - diluted

There is no dilution effect on the basic earning per share as the Company has no such commitments.

38 Effect of prior year error adjustment

Deferred tax amounting to Rs. 11.88 millions was excess recorded and effect of rate change was not erroneously accounted for correctly by the company. The correction of this error is now accounted for retrospectively, and the comparative information has been restated. The error has been corrected in each of the effected financial statements line items for the prior periods. The movement of amounts presented in the previous financials statements and the restated numbers are as follows:

	As at September 30, 2017			As at September 30, 2016		
	As Previously reported	Re-statement	As re-stated	As previously reported	Re-statement	As restated
Effect on statement of financial position:						
Deferred tax liability	247,816,628	(25,785,830)	222,030,798	216,394,437	(17,560,091)	198,834,346
Revaluation surplus	1,335,192,546	25,785,830	1,360,978,376	1,366,235,596	17,560,091	1,383,795,687

39 Remuneration of Chief Executive, Director and Executives

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

	Directors						Executives	
	Chief executive		Executive Directors		Non Executive Directors			
	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees)							
Managerial remuneration	-	-	-	-	-	-	692,632	26,020,500
Utilities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	692,632	26,020,500
Number of key executives / non executives	<u>* 1</u>	<u>* 1</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>29</u>

* The Chief executive hold 5,500 shares of the Company.

39.1 Executives are employees whose basic salaries exceed Rs. 1.2 million (2017: 0.5 million) in a financial year.

39.2 The Chief Executive and Directors have voluntarily forgone their remuneration and allowances since 2015.

40 Operating segments

40.1 These financial statements have been prepared on the basis of single reportable segment.

40.2 Revenue from sale of sugar represents 88.29 % (2017: 88.15 %) of the total revenue of the Company.

40.3 The Company sold sugar only in Afghanistan other than Pakistan and revenue of sugar from continuing operations from external customers based on geographical areas is 12.92% (2017: 9.26%).

40.4 Sale of sugar includes 87.08% (2017: 90.74%) relates to customers in Pakistan.

40.5 All non-current assets of the Company as at September 30, 2018 are located in Pakistan.

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6.1 Property, plant and equipment										
Particulars	Owned assets							Leased Assets		Grand Total
	Freehold Land	Building on freehold land	Plant and machinery	Service and other equipment	Furniture and fixture	Office equipment	Vehicles	Vehicles		
(Rupees)										
Cost										
Balance at October 01, 2016	817,868,000	289,949,519	2,390,140,685	10,177,778	8,309,785	9,257,504	30,334,547	-	3,556,037,818	
Additions	-	19,859,289	91,856,805	-	631,658	990,313	30,927,915	1,853,223	146,119,203	
Transfer	-	-	9,710,999	-	-	-	-	-	9,710,999	
Disposal	-	-	-	-	-	-	(3,162,590)	-	(3,162,590)	
Balance at September 30, 2017	817,868,000	309,808,808	2,491,708,489	10,177,778	8,941,443	10,247,817	58,099,872	1,853,223	3,708,705,430	
Balance at October 01, 2017	817,868,000	309,808,808	2,491,708,489	10,177,778	8,941,443	10,247,817	58,099,872	1,853,223	3,708,705,430	
Additions	-	5,472,025	74,338,247	-	616,787	773,492	16,859,777	-	98,060,328	
Transfer	-	-	62,327,591	-	-	-	-	-	62,327,591	
Disposal	-	(6,068,561)	-	-	-	(150,000)	(10,791,398)	-	(17,009,959)	
Balance at September 30, 2018	817,868,000	309,212,272	2,628,374,327	10,177,778	9,558,230	10,871,309	64,168,251	1,853,223	3,852,083,390	
Depreciation										
Balance at October 01, 2016	-	111,402,439	681,059,591	7,992,448	4,807,636	3,259,473	16,447,775	-	824,969,362	
For the year	-	9,372,953	87,006,530	208,790	363,622	610,174	5,299,716	310,394	103,172,179	
Disposal	-	-	-	-	-	-	(1,067,360)	-	(1,067,360)	
Balance at September 30, 2017	-	120,775,392	768,066,121	8,201,238	5,171,258	3,869,647	20,680,131	310,394	927,074,181	
Balance at October 01, 2017	-	120,775,392	768,066,121	8,201,238	5,171,258	3,869,647	20,680,131	310,394	927,074,181	
For the year	-	9,451,701	88,976,741	197,654	401,978	678,689	8,133,340	308,566	108,148,669	
Disposal	-	(1,305,096)	-	-	-	(38,705)	(4,884,023)	-	(6,227,824)	
Balance at September 30, 2018	-	128,921,997	857,042,862	8,398,892	5,573,236	4,509,631	23,929,448	618,960	1,028,995,026	
Carrying value 2017	817,868,000	189,033,416	1,723,642,368	1,976,540	3,770,185	6,378,170	37,419,741	1,542,829	2,781,631,249	
Carrying value 2018	817,868,000	180,290,275	1,771,331,465	1,778,886	3,984,994	6,361,678	40,238,803	1,234,263	2,823,088,364	
Rates of depreciation	0%	5%	5%	10%	10%	10%	20%	20%		

41 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The core management team is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly 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 Board of Directors reviews and agrees upon the policies for managing each of these risks.

The Company's audit committee oversees how management monitors compliance 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. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

41.1 Credit risk and concentration of 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.

41.1.1 Exposure and concentration to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Company identifies concentration of credit risk by type of counter party. Maximum exposure to credit risk as at the end of the reporting period was as follows:

Financial Assets	2018 Rupees	2017 Rupees
Long term deposits	664,000	264,000
Trade debts	327,298,561	1,366,352
Loans and advances	64,116,009	32,311,453
Trade deposits, short term prepayments	2,542,253	525,474
Other receivables	47,358,382	23,017,216
Bank balances	46,167,537	26,819,135

41.1.2 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical default rates and present ages

The Company has placed its funds with banks which are rated A1+ and A-1 by PACRA and JCR where applicable.

The Company's policy is to deal only with credit worthy counterparties.

The Company continually monitors the credit quality of its receivables and provides for any impairment. The Company is not exposed to any substantial credit risk that has not been provided for.

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41.2 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities.

The Company's approach to manage 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, without incurring unacceptable losses or risking damage to the Company's reputation.

41.2.1 Exposure to liquidity risk

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at year end.

2018				
Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year but less than 5 year	
-----Amount in Rupees-----				
Long-term finances	327,577,733	327,577,733	58,699,872	268,877,861
Liabilities against assets subject to finance lease	639,123	639,123	505,295	133,828
Unclaimed dividend	1,043,060	1,043,060	1,043,060	-
Trade and other payables	67,744,727	67,744,727	67,744,727	-
Mark-up accrued	52,196,770	52,196,770	52,196,770	-
Short term borrowings	1,113,958,063	1,113,958,063	1,113,958,063	-
2017				
Carrying amount	Contractual cash flows	Less than 1 year	More than 1 year but less than 5 year	
-----Amount in Rupees-----				
Long-term finances	168,158,417	168,158,417	9,495,161	158,663,256
Liabilities against assets subject to finance lease	1,103,471	1,103,471	464,906	638,565
Trade and other payables	25,213,644	25,213,644	25,213,644	-
Unclaimed dividend	797,754	797,754	797,754	-
Mark-up accrued	16,490,990	16,490,990	16,490,990	-
Short term borrowings	407,655,600	407,655,600	407,655,600	-

The Company's current ratio is 1.01. The Company arranged facility from different conventional and Islamic financial institutions to meet its working capital requirements.

41.3 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices, will effect the Company's income or the value of its holdings of financial instruments.

41.3.1 Currency risk

The Company is exposed to minimal currency risk at the year.

41.3.2 Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Effective interest rate		Carrying amount	
2018	2017	2018	2017
Percentage	Percentage	Rupees	Rupees

Financial liabilities

Variable rate instruments

Long term finances	8.92% to 10.93%	9.01% to 9.15%	327,577,733	168,158,417
Short term borrowings	8.00% to 10.01%	12.02% to 13.29%	1,113,958,063	407,655,600
Liabilities against assets subject to finance lease	8.03% to 8.2%	7.83% to 7.90%	639,123	1,103,471

The Company's total borrowing as mentioned above is vulnerable to changes in KIBOR rate.

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Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss 100 bp	
	Increase	decrease
As at 30 September 2018		
-Cash flow sensitivity-Variable rate financial liabilities	(131,709,924)	131,709,924
As at 30 September 2017		
-Cash flow sensitivity-Variable rate financial liabilities	(1,256,714)	1,256,714

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

41.3.3 Capital risk management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders; appropriation of amounts to capital reserves or/and issue new shares.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectations of the shareholders. Debt is calculated as total borrowings ("long term loan" and "short term borrowings" as shown in the statement of financial position). Total capital comprises shareholders' equity as shown in the statement of financial position under "share capital and reserves".

The salient information relation to capital risk management of the Company as of year ends were as follows:

	2018 Rupees	2017 Rupees
The gearing ratio is as follows:		
Debt	1,382,969,752	566,957,421
Equity	801,020,504	787,979,611
Total capital	2,183,990,256	1,354,937,032
Gearing ratio	63%	42%

The Company is highly geared comparatively.

40.3.4 Accounting classifications and fair values

Carrying amount- 30 September 2018		
Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total

-----Amount in Rupees-----

Financial assets measured at amortized cost

Long term deposits	664,000	-	664,000
Trade debts	327,298,561	-	327,298,561
Loan and advances	31,130,289	-	31,130,289
Other receivables	47,358,382	-	47,358,382
Bank balances	46,167,537	-	46,167,537
	452,618,769	-	452,618,769

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Financial liabilities measured at amortized cost

Long term finances	-	327,577,733	327,577,733
Liabilities against assets subject to finance lease	-	639,123	639,123
Trade and other payables	-	67,744,727	67,744,727
Accrued mark up	-	52,196,770	52,196,770
Short term borrowings	-	1,113,958,063	1,113,958,063
	-	1,562,116,416	1,562,116,416

Carrying amount- 30 September 2017		
Loans and receivables at amortized cost	Financial liabilities at amortized cost	Total

-----Amount in Rupees-----

Financial assets measured at amortized cost

Long term deposits	264,000	-	264,000
Trade debts	1,366,352	-	1,366,352
Loan and advances	25,126,039	-	25,126,039
Other receivables	23,017,216	-	23,017,216
Bank balances	26,819,135	-	26,819,135
	76,592,742	-	76,592,742

Financial liabilities measured at amortized cost

Long term finances	-	168,158,417	168,158,417
Liabilities against assets subject to finance lease	-	1,103,471	1,103,471
Trade and other payables	-	25,213,644	25,213,644
Accrued mark up	-	16,490,990	16,490,990
Short term borrowings	-	407,655,600	407,655,600
	-	618,622,122	618,622,122

The above mentioned financial assets and liabilities are measured at amortized cost. So, the fair value at its respective level has not been considered while presenting the analysis.

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42 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Issued subscribed and paid-up capital	Share premium	Dividend payable	Long term financing	Liabilities against assets subject to finance lease -secured	Short term Borrowing	Accrued Markup	Total
<i>Amount in Rupees</i>								
As at 01 October 2017	247,307,640	466,379,523	797,754	168,158,417	1,103,471	407,655,600	16,490,990	1,307,893,395
Changes from financing cash flows								
Proceeds from issuance of bonus shares	-	-	-	-	-	-	-	-
Dividend paid	-	-	(24,485,458)	-	-	-	-	(24,485,458)
Proceeds from short term borrowings-net	-	-	-	-	-	706,302,463	-	706,302,463
Financial charges paid	-	-	-	-	-	-	(127,033,432)	(127,033,432)
Proceeds from long term borrowings-net	-	-	-	159,419,316	-	-	-	159,419,316
Payment of finance lease liabilities	-	-	-	-	(540,929)	-	-	(540,929)
Total changes from financing cash flows	247,307,640	466,379,523	(23,687,704)	327,577,733	562,542	1,113,958,063	(110,542,442)	2,021,555,355
Other Changes								
Dividend declared	-	-	24,730,764	-	-	-	-	24,730,764
Interest expense	-	-	-	-	76,581	-	138,060,940	138,137,521
Issuance of Bonus shares	37,096,140	(37,096,140)	-	-	-	-	-	-
Markup capitalized	-	-	-	-	-	-	24,678,272	24,678,272
Total liability related to other changes	37,096,140	(37,096,140)	24,730,764	-	76,581	-	162,739,212	187,546,557
As at 30 September 2018	284,403,780	429,283,383	1,043,060	327,577,733	639,123	1,113,958,063	52,196,770	2,209,101,912

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43 Number of employees	2018 Number	2017 Number
Average number of employees for the year		
Plant	790	728
Head Office	9	8
	<u>799</u>	<u>736</u>
Total number of employees at year end		
Plant	573	523
Head Office	9	8
	<u>582</u>	<u>531</u>

44 Plant capacity and production	2018 M.Ton	2017 M.Ton
Cane crushing capacity	1,040,000	1,040,000
Cane crushed	441,646	546,857
Sugar production	42,847	53,972
44.1 The cane crushing capacity is based on crushing capacity of line-II, which is currently in operation.		
44.2 The cane crushing capacity is based on 131 days.		
44.3 Shortage in capacity utilization is due to that in current year previously non-functional mills have become operative in the region in addition to a low yield of sugarcane crop with lesser sucrose content caused by adverse climatic conditions.		

45 Related party transactions / balances

The related parties comprise directors of the Company, key employees, provident fund trust, associated undertakings and subsidiary company. Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these financial statements are as follows:

Party name and relationship	Relationship and percentage of shareholding	Transaction during the year and year end balances	2018 Rupees	2017 Rupees
Associated Company				
Cane Processing Private Limited	Holding company holds 63.63 % (2017: 63.63 %) share capital	Loan received during the year	151,000,000	-
		Loan repaid during the year	18,501,650	465,497
		Loan adjusted/converted into shares	-	430,650,420
		Amount payable at year end	141,045,146	8,546,796
Radiant Power Private Limited	The company has been wound up during the year and shareholding in the said company was 59.9 %.	Expenses paid during the year on behalf of the company	26,697	11,600
		Expenses written off during the year	682,002	-
		Amount receivable at year end	-	655,305
Staff retirement benefit plan				
Employee benefit-Provident Fund Trust	Employee benefit fund	Provident fund contribution	2,023,235	1,772,740

All transactions with related parties have been carried out on commercial terms and conditions.

46 Disclosure relating to Provident Fund Trust	Unit	2018 Rupees	2017 Rupees
The following information is based on the financial statements of Provident Fund Trust.		Un-audited	Audited
Size of fund - total assets	Rupees	29,187,083	26,310,270
Cost of investments made	Rupees	25,050,000	24,050,000
Percentage of investments made	Percentage	85.83%	91.41%
Fair value of investment	Rupees	25,050,000	24,050,000

Jauharabad Sugar Mills Limited
Notes to the Financial Statements
For the year ended September 30, 2018

The breakup of fair value of investments is as follows:

	2018		2017	
	Rupees	Percentage	Rupees	Percentage
Defence Saving Certificates	25,050,000	85.83%	24,050,000	91.41%
	<u>25,050,000</u>	<u>85.83%</u>	<u>24,050,000</u>	<u>91.41%</u>

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

47 Non adjusting events after the statement of financial position date

The Board of Directors of the Company in its meeting held on _____ has proposed a final cash dividend of Rs. _____ per share, for the year ended September 30, 2018 for approval of members in the Annual General Meeting to be held on _____.

48 Date of authorization for issue

These financial statements were authorized for issue on _____ by the Board of Directors of the Company.

49 General

- 49.1 Figures have been rounded off to the nearest rupee.
49.2 Corresponding figures have been reclassified and rearranged where necessary.


Ghias ul Hasan
Chief Executive Officer


Amjad Bashir Hussain
Director


Imran Illyas
Chief Financial Officer

میں / ہم _____
ساکن _____
بحیثیت حصہ دار جوہر آباد شوگر ملز لمیٹڈ _____
نام (فولیو / سی ڈی سی اکاؤنٹ نمبر اگر مہر ہو) _____
ساکن _____ یا بصورت دیگر _____
نام (فولیو / سی ڈی سی اکاؤنٹ نمبر اگر مہر ہو) _____

ساکن _____ کو اپنی جگہ بروز پیر 28 جنوری 2019

کو بوقت 11:30 بجے دن 109-A، گلی نمبر 3، کیولری گراؤنڈ، لاہور کینٹ۔ میں منعقد یا ملتوی ہونے والے سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

بطور گواہ میرے / ہمارے دستخط سے مورخہ _____ جنوری 2019 کو دی گئی۔

۵ روپے کارسیدی ٹکٹ
چسپاں کر کے دستخط کریں

۱۔ گواہ

دستخط _____ :
نام _____ :
شناختی کارڈ نمبر _____ :
پتہ _____ :

دستخط _____
(ممبر / مجاز افسر)

۲۔ گواہ

دستخط _____ :
نام _____ :
شناختی کارڈ نمبر _____ :
پتہ _____ :

حامل عام حصص

سی ڈی سی اکاؤنٹ نمبر	فولیو نمبر
اکاؤنٹ نمبر	شرکتی آئی ڈی

کمپیوٹرائزڈ شناختی کارڈ نمبر _____

نوٹس:

(۱) پراکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے ۴۸ گھنٹے قبل بمعدہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اجلاس ہذا میں شرکت کرنے، بولنے اور ووٹ دینے کیلئے اہل ہیں اور اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں اپنے کمپیوٹرائزڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی ساتھ لگائیں۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی بمعدہ نمائندہ کے دستخط پراکسی فارم کے ساتھ لف کرنے ہونگے۔

