

JDW Sugar Mills Limited
Annual Reports 2003

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Company Information

Directors
Syed Ahmed Mahmud

Chairman
Mr. Jahangir Khan Tareen

Chief Executive
Mrs. Amina Tareen
Mrs. Sameera Mahmud
Ms. Meher Khan Tareen
Mr. Ijaz Ahmed Phulpoto
Mr. Muhammad Nawaz

Company Secretary and CFO
Mr. Muhammad Rafique

Audit Committee
Mr. Jahangir Khan Tareen

Chairman
Syed Ahmed Mahmud

Secretary
Mr. Ijaz Ahmed Phulpoto
Member

Auditors
M/s. Taseer Hadi Khalid & Co.
Chartered Accountants

Legal Advisor
Cornelius, Lane & Mufti

Bankers
Habib Bank Ltd.
Union Bank Ltd.
Faysal Bank Ltd.
Muslim Commercial Bank Ltd.
United Bank Ltd.
Fidelity Investment Bank Ltd.
The Bank of Punjab
Escorts Investment Bank Ltd.
Bank Alfalah Ltd.

Registered Office
32-N, Industrial Area,
Gulberg-II, Lahore.

Factory Site
Mouza Sharin, Jamal Din Wali
Distt. Rahim Yar Khan

Notice of Annual General Meeting

Notice is hereby given that 14th Annual General Meeting of JDW Sugar Mills Limited will be held at the Avari Hotel, Lahore on Wednesday, 31st December, 2003 at 9:00 AM to transact the following business:

1. To confirm the minutes of Extra Ordinary General Meeting held on 3 T day of October, 2003.
2. To receive, consider and adopt the audited accounts of the company for the year ended 30th September, 2003 together with Directors' and Auditors' Reports thereon.
3. To approve a cash dividend @ 20% i.e Rs.2.00 per share for the year ended September 30, 2003 as recommended by the Directors.
4. To appoint Auditors of the Company for the year 2003-04 and fix their remuneration. The retiring Auditors M/s Taseer Hadi Khalid & Co. Chartered Accountants, being eligible, have offered themselves for reappointment as Auditors of the Company.
5. To transact any other business with the permission of the Chairman.

By Order of the Board

MUHAMMAD RAFIQUE

Company Secretary

Lahore: 09 December 2003

NOTES:

1. The share transfer books of the company will remain closed and no transfer of shares will be accepted for registration from 24th December, 2003 to 31st December, 2003 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting. Proxies must be deposited at the Company Registered Office not less than forty eight hours before the time of holding the meeting.
3. Any individual beneficial owner of CDC, entitled to vote at the General Meeting, must bring his/her NIC with his/her to prove his/her identity, and in case of proxy, attested copy of share holder's NIC must be attached with the proxy form. The representative of corporate member should bring the usual documents required for such purpose.
4. Members are requested to notify immediately the change of address to our Company Registrar, Corplink (Pvt) Limited, Wings Arcade, I-K Commercial, Model Town, Lahore.

JDW SUGAR MILLS LIMITED

Registered Office: 32-N Industrial Area,
Gulberg-II, Lahore

DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors I welcome you to the 14th Annual General Meeting and present before you the Annual Report and Audited Accounts of the company for the year ended 30* September, 2003.

FINANCIAL RESULTS	2003 (Rupees in '000')	2002
Operating profit	259,344	123,034
Other income	317	129

Financial charges	-93,080	-98,019
Profit before other charges	166,581	25,144
Provision for WPPF	8,329	1,257
Provision for minimum taxation	8,254	5,686
	16,584	6,943
Profit after taxation	149,998	18,201
Un-appropriated profit brought forward	8,048	136
Profit available for appropriations	158,046	18,337
Appropriations:		
Proposed cash dividend @20% (2002:5%)	41,156	10,289
Un-appropriated profit carried forward	116,890	8,048

OPERATING RESULTS

Operating results for the year with comparative figures are given below:

		2002-03	2001-02
Season started		15.11.2002	03.12.2001
Season closed		03.05.2003	30.03.2002
Days worked		170	118
Average crushing	Tones	6,437	5,680
Cane crushed	Tones	1,094,212	670,272
Recovery	%	10.04	9.868
Sugar production	Tones	109,875	66,155
Molasses recovery	%	4.53	4.355

Owing to carryover surplus stocks, record production in the country and negligible export of sugar by TCP the sugar prices remained depressed throughout the year, which has caused financial problems for the sugar industry. Your company, even under these circumstances, has still performed well. The performance is better than last year and net profit after tax has risen to Rs. 150 million as compared to Rs. 18.2 million last year.

The reason for the good results even in a tough year for the Industry is solely due to the long term vision of Management. Our efforts and Investment in working with Farmers to increase per acre yields, reduce costs and our prompt payment policy has resulted in increased Farmer Incomes. They have therefore brought more area under cane cultivation resulting in the large jump in crushing volume.

The development of a close and friendly relationship with farmers has also resulted in the complete elimination of low sucrose varieties, Farmer adherence to a planned harvesting regime and the supply of clean cane. These crucial activities are the reason for our excellent sucrose recovery.

Other significant points for the year under review are summarized below:

Your company has produced 109,875 tons of sugar, which is 66% higher as compared to last year. Production achieved this year is highest ever since the inception of your mills. The second highest was 66,155 tons achieved last year. This production level has placed your company on 3rd position on overall Pakistan basis.

Average recovery rate 10.04 % achieved this season has again placed your mills at top of the list in Punjab Province and 7* on overall country basis. Your company has the privilege of achieving double-digit average recovery rate which none of the sugar mills in Punjab had ever achieved in the past.

With same capacity level the average cane crushing per day achieved during this year is 6,437 TCD as compared to 5,680 TCD last year.

The entire growers liability amounting to Rs.1.1 billion has been fully settled. The payment of the last fortnight of the crushing season was paid to the growers within 15 days of the close of the season. Provision of technical and financial assistance through different schemes was also continued to large and small growers. These consistent efforts have resulted in substantial increase in the area under sugar cane cultivation and your company now has become self sufficient in the availability of sugar cane.

The gross profit ratio has gone up to 18% as compared to 14% last year. Earning per share has increased from Rs.0.88 to Rs.7.29.

The work of re-profiling the balance sheet was successfully completed during the year by obtaining long-term loans of five years from Habib Bank Limited, Union Bank Limited and Faysal Bank

Limited on competitive mark up rates. These loans were utilized to repay the expensive leases and short- term loans. Part of these loans was also utilized to finance the addition to fixed assets during the year. The leasing company also reduced the IRR on existing outstanding leases to single digit. The working capital loans for 2003-04 have been negotiated at substantially reduced mark up rates. The positive financial impact of reduction in mark up rates on all type of financing shall result in further improving the profitability of your company from 2003-04 and onwards.

The annual maintenance of the plant & machinery was completed ahead of the schedule. Replacement of certain equipments and improvement in certain areas has been done to minimize the technical stoppages during the coming season.

Your company is the first one in Pakistan, which has taken the initiative of introducing mechanical devices in the field of cane harvesting. For this purpose Cane Harvesters have been imported from Australia and the trial run of these machines has been successfully completed. This process of harvesting will result in more efficiency and cost effectiveness.

This is the 3rd consecutive year of your company in which cash dividend has been declared. The cash dividend percentage as compared to last years has been substantially improved. The improvement in dividend rate will be continued keeping in view the financial results in the subsequent years.

NEW SEASON

For 2003-04 season crushing was started in November 2003 and the production results being achieved are quite satisfactory. We are confident that the Crushing and sucrose recovery levels achieved last year will be maintained in the current year also.

FUTURE OUT LOOK

Your company has achieved satisfactory growth in the area under sugarcane cultivation. All out efforts shall be made to maintain this growth and further increase it.

All out efforts shall be made to further increase efficiencies in plant operations and enhancing quality of the sugar.

STATEMENT OF CHANGES AND FINANCIAL REPORTING FRAME WORK

- a) The financial statements prepared by the company fairly present company's state of affairs, the result of operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) as applicable in Pakistan, have been followed in preparation of financial statements and there has been no departure there from.
- e) The system of internal control has been effectively implemented and is being continuously reviewed and monitored.
- f) The company is a going concern and there are no doubts about its ability to continue.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) The key operating and financial data of last six (6) years is annexed herewith.
- i) Company maintains a Funded Provident Fund Scheme for its employees. Contribution of 10% of basic salary is made by the employees and an equal contribution is made by the company. A separate fund has been established on 06 November 2003 and all the funds valuing to Rs. 45,018 million were transferred to the fund subsequent to the balance sheet date. Gratuity Scheme which was applicable to few employees was discontinued during the year by making payments of outstanding balances to the respective employees.
- j) Outstanding statutory payments as on 30th September 2003 on account of taxes, duties, levies are summarized Rs.35,098,514 in the accounts. All statutory payments, which were due as on the

Balance sheet date, were subsequently paid off.

k) Directors / Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children have made the following transactions in company's shares during the year.

Name	Sale	Purchase
Mr. Jahangir Khan Tareen, CEO	6,173,500	3,078,500
Ms. Meher Khan Tareen, Director	910,714	-
Syed Ahmed Mahmud, Director	-	514,450
Mrs. Am ina Tareen, Director	210,000	-
Mrs. Sameera Mahmud, Director	514,450	-
Mr. Muhammad Rafique, CFO/Co.Scy.	20,000	-

1) There have been five Board meetings during the year and the attendance of each director is stated as under:

Name of Directors	Number of meetings attended	Number of meetings held
Syed Ahmed Mahmud	5	5
Mr. Jahangir Khan Tareen	5	5
Mrs. Amina Tareen	5	5
Mrs. Sameera Mahmud	5	5
Ms. Meher Khan Tareen	3	5
Mr. Ijaz Ahmed Phulpoto	5	5
Mr. Muhammad Nawaz	3	5

m) The pattern of shareholding is annexed to the audited accounts.

AUDITORS

M/s Taseer Hadi Khalid & Company, Chartered Accountants, the existing Auditors of the company being eligible, have offered themselves for re-appointment.

SUBSEQUENTEVENTS

No material changes or commitments effecting position of the company have taken place between the end of the financial year and the date of this report.

ACKNOWLEDGEMENT

I would like to place on record my appreciation for the dedication and hard work of the employees of the company. I would also like to thank our customers and dealers who have reposed their confidence in the company. I also thank bankers and leasing companies for the financial assistance and co-operation they have extended to the company.

On behalf of Board of Directors

JAHANGIR KHAN TAREEN

Chief Executive

Lahore: 09 December 2003

JDW SUGAR MILLS LIMITED

LAST SIX YEARS REVIEW AT A GLANCE

	1	2	3	4	5	6	Current year
Season started	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Season closed	15-11-1996	17-11-1997	20-11-1998	01-11-1999	28-10-2000	03-12-2001	03-12-2001
Days worked	13-04-1997	29-04-1998	27-04-1999	10-03-2000	31-03-2001	30-03-2002	30-03-2002
Average daily crushing	150	164	159	131	155	118	118
Cane crushed	M. Tones 3,216	4,077	4,309	3,730	4,149	5,680	9,273
Recovery (%)	M. Tones 482,409	668,555	685,097	488,665	643,056	670,272	1,094,212
Sugar production	% age 9.57	9.444	9.106	9.216	9.113	9.868	10.04
Raw sugar remelted	M. Tones 46,175	63,118	62,408	45,025	58,608	66,155	109,875
Paid up capital	M. Tones -	-	-	-	14,850	-	-
Un-appropriated profit/(accumulated loss)	Rs. 205,772	205,772	205,772	205,772	205,772	205,772	205,772
Shares holders equity	Rs. -54,309	-42,239	30,216	-11,657	137	8,048	116,892
	Rs. 151,463	163,533	235,988	194,115	205,909	213820	322,664

Fixed assets (at cost less depreciation)	Rs.	672,642	655,282	639,176	753,368	772,961	789,701	850,244
Sales	Rs.	872,113	843,945	1,152,666	691,141	1,485,462	1,137,192	1,650,911
Cost of sales	Rs.	793,431	734,052	964,035	626,722	1,322,916	978,442	1,353,417
Gross profit	Rs.	78,682	109,893	188,631	64,419	162,546	158,751	297,494
Profit/(Loss) after taxation	Rs.	11,376	12,070	72,455	-41,872	22,082	18,200	149,998
Cash Dividend	%	-	-	-	-	5	5	20
Earning per share	Rs.	0.85	0.59	3.52	-2.03	1.07	0.88	7.29

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Stock Exchanges for the purpose of establishing a framework of good governance whereby a listed Company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manners:

- The Board of Directors comprised of 7 Directors. The Company encourages representation of independent non-executive Directors on its Board. At present the Board includes at least six independent non-executive Directors.
- The Directors have confirmed that none of them is serving as a Director in more than ten listed companies including this Company.
- All the resident Directors of the Company are registered as tax payers and none of them have been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking Company, DPI or NBFIs. No one is a member of Stock Exchange.
- There had been no casual vacancy occurring on the Board during the year ended 30th September, 2003.
- The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the Directors and employees of the Company.
- The Board has developed Vision/Mission Statement, overall Corporate Strategy and Significant Policies of the Company. A complete record of particulars of Significant Policies alongwith the dates on which they were approved or amended has been maintained.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO and other executive directors, have been taken by the board.
- The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings alongwith agenda and working papers, were circulated at least 7 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Board arranged orientation course for its Directors during the year to apprise them of their duties and responsibilities.
- The Board has approved appointment of Company Secretary including remuneration and terms and conditions of employment, as determined by the CEO.
- The Director's report for this year has been prepared in compliance with the requirements of Code and fully described the salient matters required to be disclosed.
- The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
- The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- The Company has complied with all the Corporate and financial reporting requirement of the Code.

15. The Board has formed an audit committee. At present the committee includes two non-executive Directors and one executive Director as Chairman of committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function having suitable qualified and experienced personnel who are conversant with the policies and procedures of the Company.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that tiVv 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 Institute of Chartered Accountants of Pakistan.

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

20. We confirm that all other material principles contained in the Code have been complied with.

For & on behalf of Board of Directors

Jahangir Khan Tareen
Lahore: 09 December 2003

Chief Executive Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of JDW Sugar Mills Limited to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges respectively, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 September 2003.

Lahore: 09 December 2003

Taseer Hadi Khalid & Co.

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of JDW Sugar Mills Limited as at 30 September 2003 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in

conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2003 and of the profit, its cash flows and changes in equity for the year then ended; and

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

Lahore: 09 December 2003

Taseer Hadi Khalid & Co.

Chartered Accountants

BALANCE

LIABILITIES	Note	2003	2002
Authorised Capital			
25,000,000 Ordinary shares of Rs. 10/- each		250,000,000	250,000,000
Issued, Subscribed and Paid-up Capital			
20,577,200 Ordinary shares of Rs.10/- each			
fully paid in cash		205,772,000	205,772,000
Accumulated Profit		116,891,600	8,048,338
		322,663,600	213,820,338
Long Term Loans - Secured	4	367,500,000	7,500,000
Long Term Loans From Directors - Unsecured		-	58,461,555
Liabilities Against Assets Subject to Finance Lease	5	16,597,580	26,693,325
Other Long Term Liabilities			
Road cess payable	6	7,883,957	26,843,469
Staff retirement benefits - Gratuity	7	-	367,677
		7,883,957	27,211,146
Current Liabilities			
i			
Current portion of long term loans, liabilities against assets			
subject to finance lease and road cess payable	8	116,685,998	90,132,386
Short term borrowings - Secured	9	210,289,233	290,459,038
Staff retirement benefits - Provident fund	10	45,018,179	49,289,393
Creditors, accrued and other liabilities	11	119,853,079	210,626,983
Dividend payable		-	10,288,600
Proposed dividend		41,154,400	-
		533,000,889	650,796,400
Contingencies and Commitments	12		
	Rupees	1,247,646,026	984,482,764

ASSETS	Note	2003	2002
Operating Assets - At cost less accumulated depreciation	13	850,244,036	789,701,005
Capital Work in Progress		-	4,237,727
Security Deposits		5,753,599	7,590,183
Current Assets			
Stores, spares and loose tools	15	64,371,843	45,583,435
Trade debtors - Unsecured, considered good		17,650,638	2,409,439
Advances, deposits, prepayments and other receivables	16	302,559,817	133,405,052
Cash and bank balances	17	7,066,093	1,555,923
		391,648,391	182,953,849

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	2003	2002
GROSS SALES		1,926,044,198	1,303,333,359
Less: Sales tax and brokerage charges		-275,132,836	-166,140,942
	18	1,650,911,362	1,137,192,417
COST OF SALES	19	-1,353,417,474	-978,441,569
GROSS PROFIT		297,493,888	158,750,848
OPERATING EXPENSES			
Administrative	20	-35,768,605	-33,210,819
Selling and distribution	21	-2,381,007	-2,506,156
		-38,149,612	(35,716,975)
Operating profit		259,344,276	123,033,873
Financial charges	22	-93,080,179	-98,018,942
	:-	166,264,097	25,014,931
Other income	23	317,186	128,625
		166,581,283	25,143,556
Workers' profit participation fund		-8,329,064	-1,257,178
Profit before taxation		158,252,219	23,886,378
Provision for taxation	24	-8,254,557	-5,685,962
Profit after taxation		149,997,662	18,200,416
	Rupees		
Earnings per share	29	7.29	0.88

The attached notes 1 to 32 form an integral part of these accounts.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Note	2003	2002
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		158,252,219	23,886,378
Adjustments for:			
Depreciation		55,223,784	49,493,894
(Profit)/Loss on disposal of fixed assets		-289,967	189,615
Financial charges		93,080,179	98,018,942
Provision for workers' profit participation fund		8,329,064	1,257,178
Provision for staff retirement benefits		5,028,197	4,283,613
Reversal of accumulated depreciation		-	-283,392
		161,371,257	152,959,850
Operating Profit before working capital changes		319,623,476	176,846,228
(Increase)/Decrease in current assets:			
Stores, spares and loose tools		-18,788,408	-12,127,302
Advances, deposits, prepayments and other receivables		-164,746,016	-25,732,988
Stock in trade		-	1,763,455
Trade debts		-15,241,199	43,773,826
		-198,775,623	7,676,991
(Decrease)/Increase in current liabilities:			
Creditors, accrued and other liabilities		-90,545,076	17,832,663
Cash generated from operations		30,302,777	202,355,882
Financial charges paid		-82,973,386	-119,864,564
Staff retirement benefits paid		-14,902,919	-3,590,292
WPPF paid		-2,419,371	

Operating fixed assets are stated at cost less accumulated depreciation except freehold land and capital work in progress, which are stated at cost. Depreciation is charged to income on reducing balance method, so as to write off the written down value of an asset over its estimated useful life at rates disclosed in Note -13 to the accounts. Plant and machinery is depreciated at 5% per annum on reducing balance method. It is the company's estimate that this rate adequately accounts for the useful life of the plant based on normal maintenance and regular replacement and renewal of aging components. Since replacement and renewal is a continuous process, the reducing balance method is considered to be the appropriate basis for determination of this charge. Full year's depreciation is charged on all assets in the year of acquisition. No depreciation is charged in the year of disposal. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Interest and charges on long term loans are capitalized for the period upto the date of commissioning of the respective assets acquired out of the proceeds of such loans. Gain or loss arising on the sale of fixed assets is taken to profit and loss account.

Leased

Leased assets held under finance leases are stated at cost less accumulated depreciation at the rates and basis applied to the company's owned assets. The outstanding obligations relating to assets subject to finance lease are accounted for at the net present value of liabilities. The financial charges are calculated at the interest rates implicit in the lease and are charged to income.

3.3 Stocks, stores and spares

These are valued as follows:

Stores, spares and loose tools	At average cost
Raw material	At the lower of average cost and net realizable value
Work in process	At average manufacturing cost
Finished goods	At the lower of average manufacturing cost or net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale
'Molasses	At net realizable value

3.4 Receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

3.5 Staff retirement benefits

Staff provident fund

The Company had been operating an un-funded provident fund scheme since 01 October 1992 for all eligible employees. However, the company's provision for the liability and employees contributions had not been transferred to the fund required to be established in accordance with section 227 of the Companies Ordinance, 1984 nor invested in accordance with the requirements of this section or kept in a separate bank account.

The Company has established recognized employees provident fund on 06 November 2003 to which the employees contributions and the company's provision equivalent to these contributions have been transferred subsequent to the balance sheet date along with interest accrued on amount utilized by the company. Hence the fund's recognition and working has taken effect from 06 November 2003.

The contributions made by the employees and the company's provision equivalent to these contributions to cover obligations under the scheme are shown as a current liability at the balance sheet date. The employees and the Company make equal contribution of 10% of basic salary towards the fund. The Company also pays interest ranging from 7.5% to 14% (2002:16%) per annum on the monthly outstanding balance payable to the provident fund.

3.6 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any or one-half of one percent on turnover, whichever is

higher.

Deferred

The company accounts for deferred taxation, using the liability method, on all material timing differences. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

3.7 Revenue recognition

Revenue is recognized on delivery of goods to the customers. Interest income is recognized on accrual basis.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

3.9 Provisions

Provisions are recognized when the company has a present obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

3.10 Financial instruments

Financial assets and liabilities are recognized when the company becomes party to the contractual provisions of the instrument.

Financial assets are de-recognized when the company loses control of the contractual rights that comprise the financial asset.

Financial liabilities are de-recognized when they are extinguished - that is, when the obligation specified in the contract is discharged, cancelled, or expired.

The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

3.12 Creditors, accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.13 Foreign currencies

Foreign currency transactions are converted into Pak Rupees using the rates prevailing on the date of transaction while monetary assets and liabilities are converted into Pak Rupees using the rates of exchange prevailing at the balance sheet date.

Exchange gains and losses on conversion are charged to income.

	Note	2003	2002
4. LONG TERM LOANS - SECURED			
Habib Bank Limited	4.1	160,000,000	-
Faysal Bank Limited	4.2	150,000,000	-
Union Bank Limited	4.3	140,000,000	-
National Bank of Pakistan (formerly NDFC)	4.4	-	9,821,429
Industrial Development Bank of Pakistan	4.4	-	20,000,000
Muslim Commercial Bank Limited	4.4	-	29,340,000
		450,000,000	59,161,429
Less: Current portion	8	82,500,000	49,161,429
Overdue installments	8	-	2,500,000

	82,500,000	51,661,429
^Rupees	367,500,000	7,500,000

4.1 Habib Bank Limited

The tenor of this loan is five years inclusive of one-year grace period and is secured by first pari-passu charge to an extent of Rs. 250 million over fixed assets of the company and personal guarantees of all directors of the company. The principal is to be repaid in 10 equal installments of Rs. 16 million each starting from 01 April 2004 and then payable on 01 April and 01 July every year till 01 July 2008. Mark up is payable on quarterly basis and the applicable rates during the year were as follows:

Date of disbursement SBP discount rate + (plus) 3% with a floor of 1 0% and no cap
01 September 200 (Cut off yield) T.Bill /3 50 bps with a floor of 5.5%.

4.2 Faysal Bank Limited

The tenor of this loan is five years and is secured by way of first pari-passu charge to an extent of Rs. 200 million over fixed assets of the company and personal guarantees of all directors. The principal is to be repaid in four equal monthly installments of Rs. 7.5 million from March to June each year till 30 September 2008. The rate of mark up is SBP discount rate minus 0.5% p.a. (No cap & floor 7.0% p.a.) and payable on quarterly basis.

4.3 Union Bank Limited

The tenor of this loan is five years and is secured by first pari-passu charge over fixed assets of the company to an extent of Rs.250 million and personal guarantees of all sponsoring directors. The principal is to be repaid in four equal monthly installments of Rs. 7 million from December to March each year till 31 March 2008. Mark up is payable on quarterly basis and the applicable rates during the year were as follows:

Date of disbursement to 17 September 2003 Rs. 0.3288/1000/day (12% p.a.)
18 September 2003 onwards T-Bill rate + 350 bps with a floor of 6.5%.

4.4 These have been repaid during the year.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2003		Principal	2002		Principal
	Minimum	Financial	outstanding	Minimum	Financial	outstanding
	lease	charges for		lease	charges for	
	payments	future periods		payments	future periods	
Not later than one year	18,812,011	3,586,013	15,225,998	18,571,450	4,938,789	13,632,661
Overdue	-	-	-	5,575,805	1,556,156	4,019,649
Later than or one year						
not later than five years	17,586,681	989,101	16,597,580	29,574,392	2,881,067	26,693,325
	Rupees	36,398,692	4,575,114	31,823,578	53,721,647	9,376,012
						44,345,635

The Company has entered into various lease agreements with First Punjab Modaraba for plant & machinery and vehicles. Lease rentals are payable on quarterly basis and include finance charges ranging between 15.5% to 17.5% 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.

6. ROAD CESS PAYABLE	Note	2003	2002
Road cess payable	6.1	26,843,957	-47,662,116
Less: Current liability	8	-18,960,000	-19,218,647
Overdue liability	8	-	-1,600,000
Long term liability	Rupees	7,883,957	26,843,469

6.1 The initial liability for the Road cess payable amounting to Rs. 57,523,236 was decided by the Cane Commissioner-Punjab Food Directorate for the period 1994-95 to 2000-01 on 04 March 2002. The

road cess is payable in 36 monthly unequal installments starting from 07 March 2002. There is a 14 % penalty per annum, in addition to the actual amount of installment, in case of failure to pay the installment by the 7th of each month. In case of further default, 16% markup for additional period (after one month) shall be charged on amounts due but not paid.

	Note	2003	2002
7. STAFF RETIREMENT BENEFITS - Gratuity			
Opening balance		367,677	342,107
Add: Provision during the year		-	25,570
Less: Payments during the year		-367,677	-
	Rupees	-	367,677

The company has discontinued the gratuity scheme, which was applicable to only few of its employees. The amount accrued till the end of the last year has been paid to the respective employees.

8. CURRENT PORTION OF LONG TERM LOANS, LIABILITIES AGAINST ASSETS SUBJECT TO

FINANCE LEASE AND ROAD CESS PAYABLE

	Note	2003	2002
Current portion of long term loans:			
Habib Bank Limited		32,000,000	-
Faysal Bank Limited		22,500,000	-
Union Bank Limited		28,000,000	-
National Bank of Pakistan (formerly NDFC)		-	9,821,429
Industrial Development Bank of Pakistan		-	10,000,000
Muslim Commercial Bank Limited		-	29,340,000
	4	82,500,000	49,161,429
Overdue portion of long term loans:			
Industrial Development Bank of Pakistan	4	-	2,500,000
Current portion of liabilities against assets subject to finance lease:			
First Punjab Modaraba		15,225,998	9,002,380
Orix Leasing Pakistan Limited		-	2,384,536
English Leasing Limited		-	2,245,745
	5	15,225,998	13,632,661
Overdue portion of finance lease			
English Leasing Limited		-	365,862
First Punjab Modaraba		-	3,653,787
	5	-	4,019,649
Current portion of road cess payable	6	18,960,000	19,218,647
Overdue portion of road cess payable	6	-	1,600,000
		18,960,000	20,818,647
	Rupees	116,685,998	90,132,386

	Note	Limit (Rs. in million)	2003	2002
9. SHORT TERM BORROWINGS - SECURED				
Habib Bank Limited				
- Running Finance	9.1	20	10,304,821	20,404,115
- Demand Finance	9.2	40	-	37,750,000
- Demand Finance	9.2	80	-	80,000,000
Saudi Pak Commercial Bank Limited	9.3	50	49,992,247	-
Faysal Bank Limited	9.4	50	50,000,000	-
Union Bank Limited - Cash Finance	9.5	100	99,992,165	-
Union Bank Limited	9.2	80	-	79,993,187
Deutsche Bank - AG	9.2	55	-	32,311,736
Escorts Investment Bank Limited	9.2	20	-	20,000,000
Escorts Investment Bank Limited	9.2	10	-	10,000,000
Fidelity Investment bank Limited	9.2	10	-	10,000,000
		Rupees	210,289,233	290,459,018

9.1 This facility is secured by way of ranking hypothecation charge to an extent of Rs. 140 million over current assets of the company, equitable mortgage & token register mortgage on personal residential property of a director and personal guarantees of all the directors of the company. The repayment of

the loan is due on 31 May 2004. The applicable mark up rates during the year were as follows:

Date of disbursement to 31 August 2003	Ps. 22/1000/day
01 September 2003 to 15 September 2003	Ps. 19/1000/day
16 September 2003 onwards	Ps. 16.5/1000/day

9.2 These have been repaid during the year.

9.3 This facility is secured by way of first pari-passu charge to an extent of Rs. 67 million over current and fixed assets of the company and personal guarantees of directors. The rate of mark up is 10% per annum. The repayment of the loan is due on 31 January 2004. The applicable mark up rates during the year were as follows:

Date of disbursement 10%p.a.
28 September 200 8%p.a.

9.4 This facility is secured by way of first pari-passu charge to an extent of Rs. 67 million over the current assets of the company and personal guarantees of all the directors. The rate of mark up is 7.5% per annum. The repayment of the loan is due on 31 March 2004.

9.5 This facility is secured by way of joint pari-passu charge to an extent of Rs. 133 million over current assets of the company, ranking charge to an extent of Rs. 135 million over fixed assets of the company and personal guarantees of all sponsoring directors. The repayment of the loan is due on 31 December 2003. It is repayable on demand or expiry of the period whichever is earlier. Mark up is payable on quarterly basis and the applicable rates during the year were as follows:

Date of disbursement 9.5% p.a.
19 September 200 7.5% p.a.

Note	2003	2002
0. STAFF RETIREMENT BENEFITS		
Provident Fund		
Opening balance	49,289,393	41,140,065
Add: Company's contribution	2,341,023	2,129,022
Employees' contribution	2,341,023	2,129,021
Provision for interest	5,476,911	7,481,577
	10,158,957	11,739,620
Less: Payments during the year	-14,430,171	-3,590,292
10.1 Rupees	45,018,179	49,289,393
10.1 Company's contribution	17,148,106	14,807,083
Provision for interest payable by the company thereon	17,466,606	14,728,150
	34,614,712	29,535,233
Employees' contribution	17,148,106	14,807,082
Provision for interest payable by the company thereon	17,466,606	14,728,150
	34,614,712	29,535,232
Less: Payments to outgoing employees	24,211,245	9,402,954
Loan to employees	-	378,118
	24,211,245	9,781,072
Rupees	45,018,179	49,289,393

The Company has transferred the outstanding liability of Rs. 45.018 million to the fund on 06 November 2003 consequent to establishment of the staff provident fund.

Note	2003	2002
11. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Trade creditors	77,315,061	86,086,217
Advances from customers	-	54,156,271
Accrued expenses	4,074,154	6,061,769
Tax deducted at source	1,205,271	2,669,944
Retention money	1,196,432	916,976
Accrued mark-up on long term secured loans	7,409,863	6,953,962
Accrued mark-up on short term secured loans	3,761,279	10,522,243
Workers' Profit Participation Fund Payable	8,329,064	2,419,371
Payable to Muslim Commercial Bank Limited	-	15,980,519
Due to associated companies	-	3,129,443
Un-claimed dividend	464,477	644,774

Tax payable	8,254,557	5,685,962
Loan from director	-	11,550,000
Other pay ables	7,842,921	3,849,532
	Rupees	210,626,983
11.1 Workers' Profit Participation Fund		
Opening balance	2,419,371	1,162,193
Allocation for the year	8,329,064	1,257,178
Interest on funds utilized by the company	386,617	-
	11,135,052	2,419,371
Less: Paid during the year	-2,805,988	-
Closing balance	Rupees	8,329,064
		2,419,371

12. CONTINGENCIES AND COMMITMENTS

Contingencies

12.1 As per the Lahore High Court's ruling in favour of the government's policy in 1997, regarding levy of sales tax on the internally consumed bagasse, the company became liable to sales tax amounting to Rs. 1.26 million approximately. The company, alongwith eighteen other petitioners, approached the Supreme Court for the reversal of this ruling. The company has already deposited Rs. 709,565. The final decision is still pending, however, the company expects the outcome to be favourable.

12.2 The company claimed an exemption of Rs.10.75 million from excise duty on an export transaction during 1993-94. However, the Excise Department rejected the claim and the company deposited Rs.9.88 million under protest. The company has been in litigation against this demand since then and the decision of the case is still pending. However, the company expects the outcome to be favourable.

12.3 A case with respect to arbitrary assessment of Social Security dues has been filed with PESSI under section 57 of Ordinance No. X of 1965. The Social Security has assessed Rs.4.9 million for the period 1993-94 to 1998-99. The Company filed the case in the Head Office of Social Security in 2001. In 2002 JDW Sugar Mills Ltd approached Lahore high court to expedite the resolution of this case, which has directed the commissioner to review the petition within reasonable time.

12.4 The Sales Tax Department has imposed penalties on the company for late payments of sales tax for the month of March-01 (Rs.556, 828), May-01 (Rs.263, 158) and Jul-01 (Rs.685, 521). The company has contested the above decision on the grounds that CBR had earlier given them relief by extending the time for payments. The Collectorate of Sales Tax & Central Excise Multan has already reduced the additional sales tax for the month of March-01 and May-01 by half on 13/02/02. Furthermore the High Court has given stay order i.e. no additional sales tax/ penalty will be imposed till the decision of the Court.

12.5 The Sales Tax Department has demanded further tax from the company on the grounds that it charged sales tax at the rate of 15% on it's sales to persons liable to be registered. The company is in adjudication against this on grounds of the definition of registered person in the Sales Tax Act. Another company has won a favourable decision from the Supreme Court on the same issue in the past, although there has been an increase in the rate of sales tax on unregistered persons. Certain other sugar mills have been granted stay in the recovery proceedings by the Lahore High Court.

The Sindh High Court upheld the petitioner's view in it's judgment in November 2000 on a constitutional petition filed by Matiari Sugar Mills Limited. The Sales Tax Department has however filed an appeal in the Supreme Court against this decision.

Furthermore, the Lahore High Court has stopped any recovery by the sales tax department from JDW ,Sugar Mills Limited till its decision. The company expects a favourable outcome in this case. The amount of further sales tax is Rs. 77.9 million.

12.6 The income tax authorities have raised demand of Rs. 1.98 million from the assessment years 1993-94 to 1999-00 under various sections. The company has filed appeals and rectifications. The cases are pending with various income tax authorities. The company expects a favourable outcome in these cases

Commitments

12.7 The company has capital commitments of Rs. 40.727 million (2002: Rs. 10.433 million) on account of import of machinery and its related components.

13. OPERATING ASSETS

PARTICULARS	COST			As at 30 September 2003	Rate %	DEPRECIATION			As at 30 September 2003	NET BOOK VALUE AS AT 30 SEPTEMBER 2003
	As at 01 October 2002	Additions during the year	Deletions / Transfer during the year			As at 01 October 2002	For the year	Transfer/ (Deletion)		
OWNED										
Freehold land	23,458,763	-	-	23,458,763	-	-	-	-	-	23,458,763
Factory building on freehold land	93,438,832	17,629,559	-	111,068,391	10	44,154,890	6,691,350	-	50,846,240	60,222,151
Non factory building on freehold land	16,764,871	2,531,840	-	19,296,711	5	3,894,449	770,113	-	4,664,562	14,632,149
Roads and boundary wall	7,098,931	-	-	7,098,931	10	4,170,352	292,858	-	4,463,210	2,635,721
Plant and machinery	849,630,614	95,891,198	-20,377,160	925,144,652	5	243,849,312	33,861,116	4,073,011	281,783,442	643,361,210
Office equipment	11,275,453	2,834,730	-	14,110,183	20	7,599,827	1,302,071	-	8,901,898	5,208,285
Electrical installation	32,661,927	-	-	32,661,927	10	19,525,270	1,313,666	-	20,838,936	11,822,991
Tools and equipment	5,020,710	2,049,456	-	7,018,166	10	2,496,428	457,374	-	2,953,802	4,116,364
Furniture and fixture	5,913,926	1,583,267	-	7,497,193	10	3,159,993	433,720	-	3,593,713	3,903,480
Weighbridge	9,717,830	-	-	9,717,830	10	4,690,496	502,733	-	5,193,229	4,524,601
Arms and ammunitions	218,850	616,650	-	835,500	10	133,278	70,222	-	203,500	632,000
Motor vehicles	45,797,384	26,365,150	-6,759,928	65,402,606	20	30,380,640	7,183,252	-894,295	36,669,597	28,733,009
Tubewell	212,434	-	-	212,434	10	122,985	8,945	-	131,930	80,504
Implements	2,050,507	1,245,000	-	3,295,507	10	466,368	282,914	-	749,282	2,546,225
	1,103,261,032	150,746,850	-27,137,088	1,226,870,794		364,644,288	53,170,334	3,178,716	420,993,341	805,877,453
LEASED										
Plant and machinery	51,177,140	20,377,160	-27,000,000	44,554,300	5	5,406,898	1,753,720	-4,073,011	3,087,607	41,466,693
Motor vehicles	5,033,087	17,010,000	-19,653,000	2,390,087	20	1,006,617	170,974	-528,600	648,991	1,741,096
Implements	1,430,610	-	-	1,430,610	10	143,061	128,755	-	271,816	1,158,794
	57,640,837	37,387,160	-46,653,000	48,374,997		6,556,576	2,053,449	-4,601,611	4,008,414	44,366,583
2003 Rupees	1,160,901,869	188,134,010	-73,790,088	1,275,245,791		371,200,864	55,223,783	-1,422,895	425,001,755	850,244,036
2002 Rupees	1,095,932,537	160,333,655	-95,364,323	1,160,901,869		322,971,999	49,493,894	-1,265,029	371,200,864	789,701,005

Depreciation charge for the year has been allocated as follows:

	Note	2003	2002
Cost of sales	19.1	53,405,780	48,276,753
Administrative expenses	20	1,818,003	1,217,141
	Rupees	55,223,783	49,493,894

14. DISPOSAL OF FIXED ASSETS

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	(Loss)/ Gain	Mode of Disposal	Particulars of Buyer
Motor vehicles							
LXK - 562	337,688	199,371	138,317	138,000	-317	Negotiation	MRafique - Employee
RNJ - 7842	309,000	227,998	81,002	110,000	28,998	Negotiation	M.Afzal - Employee
LOS -4198	487,180	421,792	65,38k	150,000	84,612	Negotiation	M. Hassan -Employee
RNH- 1110	242,000	201,400	40,600	120,000	79,400	Negotiation	Jafar Iqbal - Employee
LOK - 5040	360,000	311,681	48,319	115,000	66,681	Negotiation	Raja Adeem - Employee
LOP - 4479	31,460	27,235	4,225	20,000	15,775	Negotiation	Amjad Ali - Employee
RNJ - 8960	38,600	33,418	5,182	20,000	14,818	Negotiation	Amjad Ali - Employee
Suzuki Mehran	354,000	-	354,000	354,000	-	Sale and Lease back	First Punjab Modarba
Parade Jeep	4,600,000	-	4,600,000	4,600,000	-	Sale and Lease back	First Habib Bank Modaraba
Plant and machinery							
Three phase motors	2,500,000	-	2,500,000	2,500,000	-	Sale and Lease back	First Punjab Modarba
Different machines	17,877,160	-	17,877,160	17,877,160	-	Sale and Lease back	First Punjab Modarba
2003 Rupees	27,137,088	1,422,895	25,714,193	26,004,160	289,967		
2002 Rupees	33,336,818	1,121,968	32,018,242	31,82^627	-189,615		

15. STORES, SPARES AND LOOSE TOOLS

	Note	2003	2002
Stores			
Spares		5,640,114	5,095,933
Loose tools		54,939,762	37,306,687
Oil and lubricants		1,310,440	1,035,348
Civil stores		1,623,732	1,254,655
Packing materials		148,290	206,002
		709,505	684,810

16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Rupees	2003	2002
		64,371,843	45,583,435

Advances to staff - Unsecured, considered good			
Advances to growers, suppliers and contractors -unsecured, considered good	16.1	2,104,382	2,690,661
Advance income tax		272,029,328	114,497,526
Security deposits		9,351,715	3,842,966
Prepaid expenses		-	1,100,000
Excise duty receivable		375,107	458,598
Due from associated companies		9,888,364	4,888,364
Letter of credit	16.2	1,251,380	2,464,628
Sales tax receivable		6,926,870	2,882,013
Other receivable		571,038	580,296
		61,633	-
	Rupees	302,559,817	133,405,052

16.1 These represent unsecured interest free advances to employees and include Rs. 884,852 (2002: Rs. 921,657) receivable from executives and are considered good. The maximum amount due from executives at the end of any month during the year was Rs. 2,599,592 (2002: Rs. 1,013,128).

16.2 This balance represents receivables from Riaz Bottlers (Private) Limited and Superior Textile Mills Limited, both associated companies, on account of telephone, fax and photocopying charges, as these companies share common premises. The maximum amounts due at the end of any month during the

-----year from Riaz Bottlers (Private) Limited and Superior Textile Mills Limited were Rs. 81,204 (2002:

Rs. 81,312) and Rs. 2,493,484 (2002: Rs. 2,383,316) respectively.

17. CASH AND BANK BALANCES	Note	2003	2002
Cash in hand			
Cash at bank - In current accounts		280,644	346,283
Cash at bank - In saving accounts		2,940,634	564,825
	17.1	3,844,815	644,815
	Rupees	7,066,093	1,555,923

17.1 This represents TDK kept under lien as security against Central Excise Duty on Demand Finance.

		2003	2002
1*. SALES			
Sugar		1,867,926,134	1,271,082,220
Molasses		58,118,064	32,251,139
		1,926,044,198	1,303,333,359
Less:			
- Sales -tax		274,447,746	164,798,142
- Brokerage charges		685,090	1,342,800
		275,132,836	166,140,942
	Rupees	1,650,911,362	1,137,192,417

18.1 This includes sales of Rs. 94,983,000 (2002: Rs. 5,580,000) to Riaz Bottlers (Private) Limited, an associated company and prices are determined in accordance with market rates. All transactions with associates are at arms length basis.

	Note	2003	2002
19. COST OF SALES			
Finished goods (Opening stock)			
- Sugar		-	-
- Molasses		-	1,335,678
			1,335,678
Cost of goods manufactured	19.1	1,353,417,474	977,105,891
		1,353,417,474	978,441,569
Finished goods (Closing stock)			
- Sugar		-	-
- Molasses		-	-
	Rupees	1,353,417,474	978,441,569

Note		2003	2002
19.1 Cost of goods manufactured			
Cost of sugarcane consumed (including procurement and other costs)		1,129,741,580	788,393,915
Salaries, wages and other benefits	19. 1. 1	69,992,095	62,575,340

Depreciation	13	53,405,780	48,276,753
Stores and spares consumed		37,378,162	31,915,690
Packing materials consumed		17,206,103	10,459,317
Chemicals consumed		7,875,234	4,842,676
Oil, lubricants and fuel consumed		6,879,531	8,667,897
Telephone and fax		900,799	931,199
Electricity		3,951,538	4,968,094
Insurance		3,550,912	1,851,275
Vehicle running expenses		6,156,129	4,920,837
Printing and stationery		1,705,517	1,030,156
Travelling and conveyance		1,366,315	1,219,159
Freight and octroi		2,203,630	847,762
Mud and bagasse shifting expenses		1,318,452	1,631,769
Handling and storage of sugar		1,196,463	786,140
Repairs and maintenance		4,326,909	1,317,570
Other expenses		4,262,325	2,042,565
		1,353,417,474	976,678,114
Add: Opening stock of sugar and molasses in process		-	427,777
		1,353,417,474	977,105,891
Less: Closing stock of sugar and molasses in process		-	-
Rupees		1,353,417,474	977,105,891

19.1.1 Salaries, wages and other benefits include Rs. 1,688,988 (2002: Rs. 1,764,207) in respect of staff retirement benefits.

	Note	2003	2002
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	20.1	13,324,028	11,766,352
Travelling and conveyance		8,313,919	3,252,154
Bad debts		-	6,714,801
Telephone and fax		2,015,196	1,618,095
Electricity		349,743	594,927
Entertainment		228,560	77,174
Printing and stationery		420,909	391,809
Postage		185,385	128,049
Auditors' remuneration	20.2	442,985	322,500
Vehicle running and maintenance		3,136,627	2,303,098
Legal and professional		2,249,170	2,440,180
Depreciation	13	1,818,003	1,217,141
Fee and taxes		81,300	136,850
Fee, subscription and renewals		567,851	576,705
Insurance		141,068	-
Advertising		181,484	124,841
Office rent and renovation		541,263	521,990
Computer software and maintenance		812,260	397,717
Newspapers, books and periodicals		121,946	104,961
Charafy and donations	20.3	575,150	136,850
Other expenses		261,758	384,625
	Rupees	35,768,605	33,210,819

20.1 Salaries, wages and other benefits include Rs. 446,118 (2002: Rs. 359,253) in respect of staff retirement benefits.

	2003	2002
20.2 Auditors' remuneration		
Audit fee	309,000	306,500
Half yearly review	117,985	-
Out of pocket expenses	16,000	16,000
	Rupees	442,985
		322,500

20.3 Charity and donations

None of the directors of the company or their spouses have any interest in, or are otherwise associated with any of the recipients of donations made by the company during the year.

	Note	2003	2002
21. SELLING AND DISTRIBUTION			

Salaries, wages and other benefits	21.1	1,086,606	896,424
Sugar loading expenses		1,259,725	1,432,420
Other selling expenses		34,676	141,487
Freight outward		-	35,825
	Rupees	2,381,007	2,506,156

21.1 Salaries, wages and staff benefits include Rs. 29,655 (2002: Rs. 27,430) in respect of staff retirement benefits.

		2003	2002
22. FINANCIAL CHARGES			
Mark up on secured long term loans		27,015,837	45,050,225
Mark up on unsecured long term loan from directors		-	4,672,753
Mark up on secured short term loans		45,814,737	30,313,375
Mark up on provident fund balance		5,476,911	7,481,577
Financial charges on leases		10,548,328	8,499,925
Bank charges and commission		3,276,636	1,436,754
Project monitoring fee		947,730	564,333
	Rupees	93,080,179	98,018,942
23. OTHER INCOME			
Miscellaneous income		27,219	318,240
ProfnY(Loss) on sale of fixed assets		289,967	-189,615
	Rupees	317,186	128,625
24. TAXATION			
Income tax - Current	Rupees	8,254,557	5,685,962

24.1 The company has provided for the minimum tax on turnover for the year due under section 113 of the Income Tax Ordinance, 2001.

25. INTEREST RATE RISK EXPOSURE

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income earning financial assets and interest / mark-up bearing financial liabilities, the following table indicate their effective interest/ mark-up rates at the balance sheet date and the periods in which they will re-price or mature.

	Effective Mark-up rates %	Interest Bearing		Non-interest Bearing		Total
		Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	
Financial Assets						
Trade debts		-	-	17,650,638	-	17,650,638
Security deposits		-	-	-	5,753,599	5,753,599
Advances, deposits and other receivables		-	-	282,373,593	-	282,373,593
Cash and bank Balances		-	-	7,066,093	-	7,066,093
				307,090,324	5,753,599	312,843,923
Financial Liabilities						
Long term loans	5.5-12	82,500,000	367,500,000	-	-	450,000,000
Liabilities against assets subject to finance lease	15.5-17.5	15,225,999	16,597,580	-	-	31,823,579
Short term Borrowings	6-10	210,289,233	-	-	-	210,289,233
Staff retirement Benefits	7.5-14	45,018,179	-	-	-	45,018,179
Creditors, accrued and other liabilities		-	-	102,064,187	-	102,064,187
Proposed dividend Commitments		-	-	41,154,400	-	41,154,400
		-	-	40,727,528	-	40,727,528
		353,033,411	384,097,580	183,946,115	-	921,077,106
Net financial (liabilities)/ assets						
2003 Rupees		-353,033,411	-384,097,580	123,144,209	5,753,599	-608,233,183
2002 Rupees		-408,417,355	-62,093,784	-153,745,204	-23,338,590	-647,594,933

25.1 Concentration of credit risk

Credit risk represents the loss that would result if counter parties failed to perform as contracted. The company considers the credit risk as minimum.

25.2 Interest rate risk

Since, the company borrows funds usually at fixed interest rates, therefore, risk occurrence is minimal.

25.3 Fair value of the financial instrument

The carrying values of all the financial instruments reflected in the financial statements are approximately their fair values. This assessment is based upon settlement / realizable values.

26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration, including all benefits to the Chief Executive, Directors and Executives of the company were as follows:

	Chief Executive 2003	2002	Direectors 2003	2002	Executives 2003	2002
Managerial remuneration	1,599,996	1,599,996	-	-	7,270,206	6,561,729
House allowance	640,004	640,004	-	-	2,908,083	2,624,691
Utilities	160,000	160,000	-	-	740,682	499,235
Others	133,333	-	-	-	471,012	171,141
Bonus	666,665	533,332	-	-	3,322,624	2,559,008
Company's contribution towards provident fund	-	-	-	-	727,021	639,233
Total (Rupees)	3,199,998	2,933,332	-	-	15,439,628	13,055,037
Number of persons (including those who worked part of the year)	1	1	6	6	33	30

In addition to the above, some of the Executives are provided with free use of company maintained cars.

	2003	2002
27. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Sale of sugar to Riaz Bottlers (Pvt) Ltd.	Rupees 94,983,000	5,580,000
Interest free loan received and refunded to Riaz Bottlers (Pvt) Ltd.	Rupees 6,500,000	6,000,000
Cane development expenditure incurred by JK Agri Solution (Pvt) Ltd on behalf of JDW Sugar Mills Ltd.	Rupees 4,564,835	7,365,810
Provision of Services to Superior Textile Mills Ltd.	Rupees 193,569	76,176

28. CAPACITY AND PRODUCTION

The overall cane crushing capacity of the plant on three shifts basis for 160 days operations comes to 800,000 tonnes. During the season plant was operated for 170 days (2002: 118 days) and 1,094,212 (2002: 670,272) tonnes of sugarcane was crushed producing 109,875 (2002:66,155) tonnes of sugar.

	2003	2002
29. EARNINGS PER SHARE		
Net profit for the year	Rupees 149,997,662	18,200,416
Number of ordinary shares issued	20,577,200	20,577,200
Earnings per share	Rupees 7.29	0.88
30. NUMBER OF EMPLOYEES		
The total number of employees at the end of the year	610	604

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 December 2003 by the Board of Directors of the

Company.

32. Figures have been rounded off to the nearest rupee.

Lahore: 09 December 2003

ChiefExecutive

Director

FORM "34"

THE COMPANIES ORDINANCE 1984

(Section 236(1) and 464)

PATTERN OF SHARE HOLDING

1. Incorporation Number L02480
2. Name of the Company JDWSuqA* Mills LiMrrcd
3. Pattern of holding of the shares held by the shareholders as at 30 September 2003

No. of shareholders	from	to	Total Shares Held
21	1	100	2100
	427101	500	209900
54	501	1000	53800
79	1001	5000	233800
20	5001	10000	156000
3	15001	20000	56000
6	20001	25000	134800
4	25001	30000	111400
. 2	30001	35000	65300
4	35001	40000	153000
4	40001	45000	176000
3	45001	50000	150000
3	50001	55000	158000
2	60001	65000	126800
3	75001	80000	236800
1	80001	85000	85000
2	95001	100000	200000
2	100001	105000	203386
2	105001	110000	213500
1	195001	200000	200000
1	225001	2100000	228500
1	270001	275000	275000
1	510001	515000	514410
1	695001	700000	697000
1	720001	725000	722600
1	815001	820000	818860
1	3600001	3605000	3601030
1	4205001	4210000	4210000
1	6580001	6585000	6584214
652			20577200

Categories of Shareholders	Number	Share Held	Percentage
Individuals	603	18486900	89.842
Investment Companies	2	13500	0.066
Insurance Companies	1	200000	0.972
Joint Stock Companies	34	864700	4.202
Financial Institutions	4	32800	0.159
Modaraba Companies	3	32900	0.16
Leasing Companies	2	53900	0.262
Others	3	892500	4.337
Total	652	20577200	100
Others			
Association			
Abandoned Property			
Government Authority			
Non-Resident	1	61900	0.301
Foreign Company			

Trust	2	830600	4.037
Total	3	892500	4.337

JDWSiqAR Mills LiMi

As on 30th September, 2003

Detail of Pattern of Shareholding as per requirement of Code of Corporate Governance

S. No.	Name	Holding	Percentage
DIRECTORS			
1	Mr. Jahangir Khan Tareen (CDC)	4,210,000	20.4595
2	Ms. Amina Tareen (CDC)	818,860	3.9795
3	Syed Ahmed Mahmud (CDC)	3,601,030	17.5001
4	Ms. Sameera Mahmud (CDC)	514,410	2.4999
5	Ms. Meher Khan Tareen (CDC)	102,886	0.5
6	Mr. Ijaz Ahmed Phulpoto	500	0.0024
7	Mr. Muhammad Nawaz	500	0.0024
		9,248,186	44.9439
INVESTMENT COMPANIES			
1	Saudi Pak Industrial and Agricultural Investment Company (pvt) Limited	9,100	0.0442
2	Investment Corporation of Pakistan (CDC)	4,400	0.0214
		13,500	0.0656
INSURANCE COMPANIES			
1	EFU General Insurance	200,000	0.9719
FINANCIAL INSTITUTIONS			
1	N. D. F. C. (Investor)	2,000	0.0097
2	Atlas Bot Investment Bank Limited	8,500	0.0413
3	Prime Commercial Bank Limited	22,200	0.1079
4	Islamic Investment Bank Ltd. Khi (CDC)	100	0.0005
		32,800	0.1594
LEASING COMPANIES			
1	Atlas Bot Lease Co. Limited	28,400	0.138
2	Trust Leasing Corp. Ltd. (CDC)	25,500	0.1239
		53,900	0.2619
MODARABA COMPANIES			
1	First Elite Capital Modaraba	30,300	0.1473
2	First Elite Capital Modaraba (CDC)	100	0.0005
3	First Pak Modaraba (CDC)	2,500	0.0121
		32,900	0.0126
JOINT STOCK COMPANIES			
1	Abbasi & Company (Pvt) Limited (CDC)	51,000	0.2478
2	Aqeel Karim Dhedhi Securities (Pvt) Ltd (CDC)	500	0.0024
3	Aqeel Karim Dhedhi Securities (Pvt) Ltd (CDC)	1,500	0.0073
4	Continantal Captial Management (Pvt) Ltd (CDC)	500	0.0024
5	Crescent Steel And Allied (CDC)	105,500	0.5127
6	Javed Omer Vohra &Company Ltd. (CDC)	10,000	0.0486
7	Munaf Sattar Securities (Pvt) Ltd. (CDC)	23,000	0.1118
8	Prudential Securities Limited (CDC)	76,800	0.3732
9	Prudential Securities Limited (CDC)	85,000	0.4131
10	Salim Chamdia Securities (Pvt) Ltd (CDC)	100,500	0.4884
11	Y.S Securities & Services (Pvt) Ltd.	400	0.0019
12	Zillion Capital Securities (Pvt) Ltd.	1,500	0.0073
13	AMZ Securities (Pvt) Ltd. (CDC)	54,500	0.2649
14	First Capital Equities Ltd. (CDC)	2,500	0.0121
15	Salman Services (Pvt) Ltd. (CDC)	21,100	0.1025
16	AKD Securities (Pvt) Ltd. (CDC)	1,000	0.0049
17	Aziz Fida Husein And Co (Pvt) Ltd. (CDC)	22,000	0.1069
18	Aziz Fida Husein And Co (Pvt) Ltd. (CDC)	275,000	1.3364
19	Moosa Noor Muhammad Shahzada & Co. (Pvt) Ltd. (CDC)	2,000	0.0097
20	Alfa Adhi Securities (Pvt) Ltd. (CDC)	2,500	0.0121
21	M.R.A Securities (Pvt) Ltd. (CDC)	1,500	0.0073
22	Time Securities (Pvt) Ltd. (CDC)	5,000	0.0243
23	Plus Securities (Pvt) Ltd. (CDC)	500	0.0024
24	Live Securities (Pvt) Ltd. (CDC)	2,000	0.0097
25	S.Z Securities (Pvt) Ltd. (CDC)	3,000	0.0146

26	Dossalini's Securities (Pvt) Ltd. (CDC)	500	0.0024
27	Iqbal Usman Kodvavi Securities (Pvt) Ltd. (CDC)	500	0.0024
28	Safe Securities (Pvt) Ltd. (CDC)	500	0.0024
29	M^S Securities (Pvt) Ltd. (CDC)	5,400	0.0262
30	Darson Securities (Pvt) Ltd. (CDC)	500	0.0024
31	Zahid Latif Khan Securities (Pvt) Ltd. (CDC)	4,000	0.0194
32	Invest and Finance Securities (Pvt) Ltd. (CDC)	1,000	0.0049
33	Sarfraz Mahmood (Pvt) Ltd.	500	0.0024
34	Invest Capital & Securities (Pvt) Ltd.	3,000	0.0146
		864,700	4.2022

TRUST

1	National Bank of Pakistan, Trustee Deptt (CDC)	108,000	0.5249
2	National Bank of Pakistan, Trustee Deptt (CDC)	722,600	3.5117
		830,600	4.0365

NON-RESIDENT / FOREIGN COMPANIES

1	Somers Nominees (Far East) Limited	61,900	0.3008
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SHARES HELD BY THE GENERAL PUBLIC

9,238,714	44.8978
20,577,200	100

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S.No.	Name	Holding	% Age
1	Mr. Jahangir Khan Tareen	4,210,000	20.4595
2	Syed Ahmad Mahmud	3,601,030	17.5001
3	Ms. Seher Khan	6,584,214	21.9976