CONTENTS

COMPANY INFORMATION

EXECUTIVE DIRECTORS
Muhammad Baqir Jafferi - Chief Executive Officer
Ghazanfar Baber Siddiqui

NON-EXECUTIVE DIRECTORS
Haroon Iqbal - Chairman Board of Director
Syed Muhammad Anwar
Syed Maqbool Ali
Muhammad Naeemuddin Malik

INDEPENDENT DIRECTOR
Aziz-ul-Haque

COMPANY SECRETARY
Muhammad Hanif German

CHIEF FINANCIAL OFFICER
Muhammad Ilyas Abdul Sattar

AUDITORS
Feroze Sharif Tariq & Co. - Chartered Accountants

TAX ADVISOR
Sharif & Company - Advocates

LEGAL ADVISOR
A.K. Brohi & Company Advocates

AUDIT COMMITTEE

Aziz-ul-Haque	Chairman
Haroon Iqbal	Member
Syed Muhammad Anwar	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Aziz-ul-Haque	Chairman
Haroon Iqbal	Member
Muhammad Baqir Jafferi	Member

BANKERS
National Bank of Pakistan
Summit Bank Limited
Habib Bank Limited
Standard Chartered Bank Limited
Bank of Khyber Limited
NIB Bank Limited
Meezan Bank Limited
Silk Bank Limited
Bank of Punjab Limited

REGISTERED OFFICE:
Dewan Centre, 3-A Lalazar, Beach Hotel
Road, Karachi-74000, Pakistan.

CORPORATE OFFICE
Block-A, 2nd Floor
Finance & Trade Centre
Shahrah-e-Faisal, Karachi, Pakistan.

SHARE REGISTRAR / TRANSFER AGENT
BMF Consultants Pakistan (Pvt.) Limited
Annum Estate Building, Room No. 310 & 311,
3rd Floor, 49, Darul Aman Society.
Main Shahrah-e-Faisal, Adjacent Baloch Colony,
Karachi, Pakistan.

FACTORY
Jillaniabad, Budho Talpur,
Taluka: Mirpur Bathoro
District: Sujawal Sindh, Pakistan.

WEBSITE
www.yousufdewan.com

The Vision Statement

"The vision of Dewan Sugar Mills Limited is to become leading market player in the Sugar Sector".

Mission Statement

The Mission of Dewan Sugar Mills Limited is to be the finest Organization, and to conduct business responsibly and in a straight forward way.

Our basic aim is to benefit the customers, employees and shareholders and to fulfill our commitments to the society. Our hallmark is honesty, innovation, teamwork of our people and our ability to respond effectively to change in all aspects of life including technology, culture and environment.

We will create a work environment, which motivates, recognizes and rewards achievements at all levels of the Organization because

In Allah We Believe & In People We Trust

We will always conduct ourselves with integrity and strive to be the best.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Eighth Annual General Meeting of **Dewan Sugar Mills Limited** ("***DSML***" or "***the Company***") will be held on **Monday, January 27, 2020, at 11:00 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Monday, January 28, 2019;

2. To elect Seven Directors on the Board of Directors of the Company, pursuant to the provisions of Section 159 of the Companies Act, 2017 ("the Act"). The following are the retiring Directors;

i. Mr. Haroon Iqbal
ii. Mr. Muhammad Baqir Jaffery
iii. Syed Muhammad Anwar
iv. Mr. Ghazanfar Baber Siddiqi
v. Mr. Muhammad Naeemuddin Malik
vi. Syed Maqbool Ali
vii. Mr. Aziz-ul-Haque

3. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended September 30, 2019, together with the Directors' and Auditors' Reports thereon;

4. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;

5. To consider any other business with the permission of the Chair.

By order of the Board

Muhammad Hanif German
Company Secretary

Karachi: December 27, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from January 20, 2020 to January 27, 2020 (both days inclusive).

2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Annum Estate Building, Room No. 310 & 311, 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi, Pakistan.

3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above-said address, not less than 48 hours before the meeting.

4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

   a) For Attending Meeting:

   i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.

ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

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

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

CHAIRMAN'S REVIEW

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the Company's objectives. The Board of Directors is responsible for the management of the Company, which formulates all significant policies and strategies. The Board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

An annual self evaluation of the Board of Directors of the Company is carried out. The purpose of the evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

During financial year ended September 30, 2019, four board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the Board and its committee meetings. The non-executive and independent directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.

Haroon Iqbal
Chairman Board of Director

DIRECTORS' REPORT 2019

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE **(HOLY QURAN)**

On behalf of the Board of Directors, it is my privilege to welcome you for participating the 38th Annual General meeting. The Company's Annual financial statements for the year ended 30th September 2019 is being presented.

OVERVIEW

Sugar industry is 2nd agro base industry after cotton industry which not only provide employment but also provide economic activities for rural area. It's finished stock used in confectionery and beverage industries and by products which are used in paper board, furniture, petroleum and many other industries. Unfortunately having such an importance this sector is near to collapse due to lack of proper policies.

FINANCIAL RESULTS

	2019	2018
Net Sales	**5,707,989,323**	4,738,180,041
Gross (Loss)	**(52,845,520)**	(264,375,496)
(Net Loss) after tax	**(546,913,922)**	(787,798,844)
Key performance indicators		
- G.P % to sales	**(0.01%)**	(5.58%)
- (Net Loss)/Profit % to sales	**(9.55%)**	(16.63%)
- EPS	**(5.98)**	(10.37)

PERFORMANCE REVIEW OF THE COMPANY IN SEASON 2018-2019

PLANT PERFORMANCE

Sugar Operations:

The plant started its Crushing on 27th December, 2018 and operated up to March 9th 2019 for (73days) as against operation of 121 days in the preceding season. The performance is as under.

Operation	**2019**	2018
Sugarcane crushed in M. Tons	**333,105**	507,595
Sugar produced in M. Tons	**35,485**	53,360
Average Sugar recovery %	**10.65%**	10.52%
Operating Loss	**(572.421)**	(671,339)

This substantial loss apparently due to decrease in crushing mainly owing to un-availability of working capital and pledge facilities. We have no other option but to off load the finished stock during peak crushing season time when the prices remain at lowest level. We could not avail the opportunity to take the benefit of increase in prices post crushing off-season as we do not have the carrying capacity. Other reason for loss was low production and Company have to bear the extra burden of per ton cost of production.

Distillery Operations

The plant produced 30,630 MT of industrial alcohol, as compared to 32,945 MT of industrial alcohol last year.

The period under review operating profit of distillery unit was Rs.84.400 million as compared to operating profit of Rs.116.342 million. Decline in profit was mostly due to raw material cost which shot up to over Rs. 12,000/- as compared to last year it was approximately Rs. 8,000/- per ton and Company managed to absorb this over 30% raw material excess cost by selling largely Drum consignments rather than depend on bulk shipment. We hope that the improvement in profitability of this segment will further increase due to timely procurement of raw material on minimum prices and taking some cost saving measure to bring down cost of production and getting better sell prices applying other tools of selling and avoiding bulk shipment as per current scenario.

Board & Panel Operations

Chip Board plant has produced 72,410 sheets during the period under review as compared to last year 100,310 sheets. This unit is dependent on supply of bagasse, which is not sufficient due to sugar segment short crushing. The procurement of main raw material from out-side is not viable. Management is focused on producing value added products and “A” quality of sheets to compete in the market. We are confident that in coming future this segment will be in positive.

Polypropylene Operations

Due to unviable situation this plant is un-operative.

The company is facing financial crunch, because of non-availability of working capital from banks. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed execution of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management expect favorable outcome therefrom.

The auditors have expressed adverse opinion in their report on going concern assumption, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their report.

The financial statements have been prepared on going concern assumption as the Company approached its lender for further restructuring of its long term liabilities. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilization of production capacity. Therefore the preparation of financial statements using going concern assumption is justified, as explained in note, 1.2 to the financial statements.

FUTURE OUTLOOK OF SUGAR INDUSTRY FOR 2019-2020

The cane harvesting and cane yield per acre has on declining trends. It has generated fierce competition among sugar mills for cane procurement, Resulting in supplies of sugar cane diversion towards strong financial mills, while smaller units are suffering shortage of sugar cane resulting in under-utilization of capacities thus incurring losses.

The Sugar industry needs support from Government. It should be supported by special financial limits for early grower payments and abolishment of sugar cane price system. It will lead the industry to grow in its natural and global business environment. Pakistan has serious potential to grow as net exporter of Sugar and Allied Products, having great opportunity for boosting pakistan economy.

Keeping in view the above facts the future of the industry depends on the consistent policies of the Government in the interest of all stakeholders; Government should take long term steps instead of short term measures to revive this vital industry. Main measures should include:

- Introducing high yielding and high sucrose variety of seeds and technical assistance for improving quantity and quality of crops.
- Increasing cultivation of cane planted area which has nowadays witnessed shrinking.
- Consistent export of refined sugar.
- Comparison of cane support prices with refined sugar.
- Taking steps for avoiding middlemen which make sugar costlier.

The above measures will result in improving utilization of surplus crushing capacity of industry with higher recovery and keeping down cost of production on viable position which enable the country and industry for earning foreign exchange after fulfilling domestic requirement. Increase in Yield per hector, improvement in recovery and other measure will also help to maintain the cost on minimum level and improve the standard of living of our rural area population.

The Sindh Agriculture Department notified sugar cane prices on 9th December, 2019 for the season 2019-2020 of Rs.192/- per 40 kg., in addition to payment of quality premium which will actually determined sucrose recovery over and above 8.7% @ 50 paisa per unit.

CORPORATE SOCIAL RESPONSIBILITIES

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

HEALTH, SAFETY AND ENVIRONMENT

Environmental protection issues are always considered on higher priority. Your Company produces all its products from renewable crops and raw materials and does not believe in making profit at the cost of damage to our environment. Energy conservation and aiming for ‘zero` wastes are our key environment friendly policies. Company is regularly maintaining the existing greenery and improving environment at the plants and we believe that natural environment supports all human activity. Effluent water is treated before its disposal and at work safety equipment is provided to the employees to prevent any un-warranted incident and first aid equipment and ambulance is also in place to meet such situations.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

- The financial statements for the year ended September 30, 2019, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;

- Proper books of accounts of the company have been maintained;

- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended September 30, 2019 and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed in the financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- The Management has explained their views in detail regarding the going concern ability of the company in note 1.2 and non-provisioning of mark up in note 18.1 and note 28.1of the annexed financial statements.

- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations of the stock exchange of Pakistan;

- Summarized key operating and financial data of last six years is enclosed with the report;

- All taxes have been paid except as disclosed in note 28.2 of the annexed audited financial statement;

- The fair value of the Provident Fund’s Investment as at June 30, 2019 was Rs.67.107million (2018: Rs.62.822) million.

BOARD

The Board of Directors comprises of individuals with diversified knowledge with endeavor to contribute towards the aim of the Company with the best of their abilities. The Board of Directors as of September 30, 2019 consisted of the following:

	Directors	Numbers
a)	Male	7
b)	Female	None
	Composition	**Numbers**
a)	Independent Director	1
b)	Other Non-executive Directors	4
c)	Executive Directors	2

During the year four meetings of the Board were held. The attendance of directors was as follows:

Members of the Board of Directors	Number of meetings attended
Mr. Haroon Iqbal	4
Mr. Ghazanfar Babar Siddiqui	4
Syed Muhammad Anwar	4
Mr. Aziz-ul Haque	4
Mr. Ishtiaq Ahmed	2
Syed Maqbool Ali	2
Mr. Muhammad Naeemuddin Malik	4
Mr. Muhammad Baqir Jafferi	4

AUDIT COMMITTEE MEETING

During the year four meetings of the audit committee were held with the chair of Mr. Aziz-ul-Haque.

Members' attendance in these meetings is as under:

Members of the Audit Committee	Number of meetings/Eligibility to attended Meetings
Mr. Aziz-ul Haque	4/4
Mr. Haroon Iqbal	4/4
Syed Muhammad Anwar	4/4

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETING

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies. It also assists Board in selection, evaluation, compensation and succession planning of key management personnel.

During the year one meeting of the human resource committee with the chair of Mr. Aziz-ul Haque was held.

Members of the Human Resources	Number of meetings attend
Mr. Aziz-ul Haque	1
Mr. Haroon Iqbal	1
Mr. Muhammad Baqir Jafferi	1

AUDITORS:
The present auditors, M/s. Feroze Sharif Tariq & Co, Chartered Accountants, would retire at the conclusion of the current Annual General meeting and have offered themselves for re-appointment.

CONTRIBUTION TO NATIONAL EXCHEQUER
During the year, your Company has made contribution to the national exchequer is Rs.435.59 Million in under the head of Sales Tax, Custom Duty, and Income Tax and other statutory levies.

DIVIDEND
The management has decided not to declare any dividend due to enormous fund requirement.

EARNING PER SHARE (EPS)
The EPS is Rs (5.98)

PATTERN OF SHAREHOLDING
The prescribed Pattern of shareholdings of the Company is attached at the end of this report.

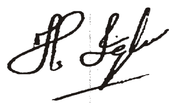
VOTE OF THANKS
The Board places on record its gratitude to its valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and farmers whose Co-operation, continued support and patronage have enabled the Company to perform well.

The Board also expresses its thanks for the valuable teamwork, loyalty and laudable efforts rendered by the executives, staff members and workers of your Company, during the year under review and wish to Place on record its appreciation for the same.

CONCLUSION
In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet, Mohammad, may Allah peace be upon him, for continued showering of His Blessings, Guidance, Strength, Health and Prosperity on our Company, Country and Nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to the whole of Muslim Ummah, Ameen Summa-Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER **(AL-QURAN)**

For and on behalf of the Board of Directors



Haroon Iqbal
Chairman Board of Director

Date: December 23, 2019
Place: Karachi

FINANCIAL HIGHLIGHTS

Restated (Rupees in Thousand)

	2019	2018	2017	2016	2015	2014
TURNOVER	**6,113,146**	5,122,427	3,171,736	2,711,312	4,677,375	5,817,264
LESS GOVT. LEVY & COMMISSION	**405,157**	384,247	186,932	143,684	235,009	242,039
SALES (NET)	**5,707,989**	4,738,180	2,984,804	2,567,628	4,442,366	5,575,225
GROSS PROFIT/(LOSS)	**(52,846)**	(264,375)	(480,121)	(602,887)	(26,886)	2,808
PROFIT/(LOSS) BEFORE TAX	**(560,457)**	(817,979)	(773,310)	(772,009)	(448,958)	(99,180)
PROFIT/(LOSS) AFTER TAX	**(546,914)**	(787,799)	(755,907)	(695,893)	(454,131)	(109,768)
GROSS ASSETS EMPLOYED	**6,179,329**	7,673,517	6,426,362	5,195,790	5,267,983	5,878,395
CURRENT ASSETS	**1,058,695**	2,205,784	2,853,746	1,364,678	2,012,000	2,554,647
SHAREHOLDERS EQUITY	**534,264**	1,077,858	(69,232)	667,664	73,415	103,631
LONG TERM DEBTS & DEFERRED LIABILITIES	**1,222,216**	1,423,940	1,482,362	1,948,470	1,973,664	2,562,884
CURRENT LIABILITIES	**4,422,849**	5,171,718	5,013,232	2,579,656	2,389,859	2,310,504
GROSS PROFIT/(LOSS)(%)	**(0.01)**	(5.58)	(16.09)	(23.48)	(0.61)	0.05
CURRENT RATIO	**0.24**	0.43	0.57	0.53	0.84	1.11
NUMBER OF SHARES ISSUED	**91,511,992**	91,511,992	66,511,992	66,511,992	66,511,992	36,511,992
EARNINGS PER SHARE	**(5.98)**	(10.37)	(11.36)	(10.46)	(8.43)	(3.01)

PRODUCTION

SUGAR -	VOLUME IN (TONS)	**35,485**	53,360	52,020	23,365	52,405	64,600
POLYPROPYLENE-	VOLUME IN (TONS)	**-**	-	-	404	131	-
BOARD & PANEL-	NO.OF SHEETS	**72,410**	100,310	141,450	86,180	173,450	131,670
ETHANOL-	VOLUME IN (TONS)	**30,430**	32,945	23,469	18,529	24,062	29,133

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION, 2017 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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:
   a. Male: 7
   b. Female: None*

*The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

2. The composition of board is as follows:

a)	Independent Director	:	Aziz-ul-Haque
b)	Other Non-executive Directors	:	Haroon Iqbal Syed Muhammad Anwar Syed Maqbool Ali Muhammad Naeem Uddin Malik
c)	Executive Director	:	Ghazanfar Baber Siddiqui Muhammad Baqir Jafferi

3. Six Directors have confirmed that none of them is serving as director on more than seven listed companies, including this company, whereas, one Director is serving as Director in more than seven listed Yousuf Dewan Companies.

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 decision on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has compiled with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Five Directors are qualified under the directors training program. During the year the board did not arrange training program. However, we will arrange the same in the next coming session.

10. The board has approved appointment of 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 CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee	Aziz-ul-Haque - Chairman Syed Muhammad Anwar – Member Haroon Iqbal - Member
b) HR and Remuneration Committee	Aziz-ul-Haque - Chairman Haroon Iqbal - Member Muhammad Baqir Jafferi -Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

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

a) Audit Committee	4 quarterly meetings during the financial year ended September 30, 2019
b) HR and Remuneration Committee	1 annual meeting held during the financial year ended September 30, 2019

15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these 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.

Date : December 23, 2019
Place : Karachi

Haroon Iqbal
Chairman Board of Director

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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KARACHI 75400
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DEWAN SUGAR MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dewan Sugar Mills Limited for the year ended September 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

a) The independent directors shall not be less than two or one third of total members of the board, whichever is higher, whereas board includes one independent director, who in our opinion doesnot meet the criteria of independence due to his cross director ship in associated companies; accordingly due to forgoing reasons, requirement of Chairman of audit and human resource committee to be an independent director has not been complied.

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

Furthermore, we highlight that the company has no female director on its board and one of the directors of the company is serving as director in more than seven listed companies as reflected in the Para 1 and 3 of the statement of compliance.

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

Audit Engaging Partner: Mohammad Tariq
Dated: December 23, 2019
Place: Karachi

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEWAN SUGAR MILLS LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion
We have audited the annexed financial statements of Dewan Sugar Mills Limited (the Company), which comprise the statement of financial position as at September 30, 2019, and the statement of profit or loss and 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, because of the significance of the matters described in Basis for Adverse opinion Paragraph, 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 forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at September 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse 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 adverse opinion.

a) The financial Statements which indicates in note 1.2 to the financial statements that as of Septembers 30, 2019 the company incurred a loss after taxation of Rs. 546.914 (2018: Rs. 787.799) million and as of that date it has accumulated losses amounting to Rs. 2.848 billion (2018: Rs. 2.529) billion and its current liabilities exceeded its current assets by Rs. 3.364 (2018: Rs. 2.966) billion without providing markups of Restructured and other liabilities and as refer in below para (b) and (c). The Company has defaulted in repayments of installments of earlier restructured long term liabilities as disclosed in para (b) below and short-term finance facilities had expired and not renewed by the banks amounting to Rs. 192.196 million, and therefore the company not utilizing its full capacity due to working capital constraints. Further, the financial institution filled suit for execution of decree as disclosed in note 28.1 to the financial Statements this shows restructuring proposal of the company had not been accepted by the lenders till the reporting date. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) The company defaulted in repayment of installments of restructured liabilities, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs. 2.348 billion (note 18.1to the financial Statements) along with markup of Rs. 896.875 million (Rs. 471.824 million eligible for waiver mark up and Rs. 425.051 million outstanding markups note 19 to the financial Statements) become immediately payable, therefore provision for markup should be made in these financial statements, excluding 286.680 million already provided in the financial statements.

c) In addition to above, since the proposal, has not been accepted so far and the lenders, instead of accepting the restructuring proposal, have preferred to filed suit against the company, therefore the company should make the provision of mark up in the financial statements. Further during the year, the company not made Provision for the restructured long-term liabilities amounting to Rs. 33.259 million in the financial Statements as disclosed in note 34.1 to the financial Statements. Had the provisions for the mark up, as discussed in preceding paragraph (b), been made in these financial statements, the loss after taxation would have been higher by Rs. 612.720million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 612.720million.

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Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined, 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 year. 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 Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	First time application of IFRS 15 During the year ended September 30,2019, the International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' became effective and applicable to companies for the first time. This new standard superseded the previous revenue recognition standards i.e. the International Accounting Standard (IAS)18 'Revenue' and IAS 11 'Construction Contracts' and the various interpretations issued there under. As stated in note 5 (b) to the financial statements, during the year, the Company has changed its accounting policy with respect to recognition of revenue arising from the sale of goods. As per the new policy, the Company recognizes revenue from the sale of goods when, subject to certain conditions, the delivery order is issued to the customer (i.e. when customer control of the goods is deemed to be transferred to the customer) rather than when the physical possession of those goods is transferred to the customer (i.e. when risks and rewards of the goods are transferred to the customer). Given the complexities involved in the evaluation of the new accounting policy adopted by the Company, determining appropriately its effects on the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, is matter of significant management judgment, which, inturn, required us to apply significant auditor judgment and, accordingly, devote sufficient time and resources (including the involvement of senior engagement team members) in order to obtain sufficient appropriate audit evidence. We considered this matter to be of most significance keeping in view the material effects that the aforesaid change in revenue recognition policy has on the financial statements for the year ended September 30, 2019 or may have on the future financial statements of the Company.	Our audit procedures included the following: Discussing with management their rationale for the change required in accounting policy relating to revenue recognition, understanding their bases for conclusions, and corroborating the results of such discussions / inquiries to relevant references in the applicable financial reporting standards and our knowledge of the specific facts and circumstances of the Company; Obtaining, from management and the Board of Directors of the Company, their specific written representation with respect to the effect's analysis of the initial application of IFRS 15;and Assessing the completeness, accuracy and appropriateness of the related disclosures made in the financial statements including, in particular, note 4.12 (accounting policy with respect to revenue recognition) and note 5 (b) (the note where in the effects of the initial application of IFRS 15 have been discussed).

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	The Company is subject to material litigations involving different courts pertaining to Recovery of Loans by Financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters. The details of contingencies along with management's assessment and the related provisions are disclosed in note 28.1, 28.2 and 28.3 to the financial statements. There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.	In response to this matter, our audit procedures included: Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal advisors dealing with such cases in the form of confirmations. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy In view of the significant judgments required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases. Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible. As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.

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

Management is responsible for the other information. The other information comprises the information in the annual report including, in particulars, the chairman's review, directors report, financial and business highlights, but does not include the financial statements and our auditor's reports 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.

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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 Accounting and Reporting Standards as applicable in Pakistan and 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.

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From the matters communicated 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 except for the matter discussed in basis for adverse opinion section, 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) because of the matters described in Basis for Adverse Opinion section, 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 not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;

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

(d) No Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Tariq.

Feroze Sharif Tariq & Co.

Audit Engaging Partner: Mohammad Tariq
Dated: December 23, 2019
Place: Karachi

CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	Notes	2019	2018
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	**5,120,634,123**	5,467,732,088
CURRENT ASSETS			
Stores, Spares and Loose Tools	7	**232,018,466**	213,435,671
Stock-in-Trade	8	**273,052,732**	1,467,636,506
Trade Debts - Unsecured, Considered Good	9	**14,415,008**	32,774,163
Loans, Advances and Other Receivable - Unsecured, Considered Good	10	**391,148,587**	309,334,184
Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities	11	**11,261,492**	12,003,947
Income Tax Refunds and Advances		**88,449,938**	80,012,484
Short Term Investment - Related Party	12	**-**	-
Cash and Bank Balances	13	**48,348,292**	90,587,518
		1,058,694,515	2,205,784,473
TOTAL ASSETS		**6,179,328,638**	7,673,516,561
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
130,000,000 (2018: 130,000,000) Ordinary Shares of Rs. 10/- each		**1,300,000,000**	1,300,000,000
Issued, Subscribed and Paid-up Capital	14	**915,119,920**	915,119,920
Reserves and Surplus	15	**(2,848,217,397)**	(2,528,757,159)
Surplus on Revaluation of Property, Plant & Equipment (Net)	16	**2,467,361,142**	2,691,495,185
		534,263,665	1,077,857,946
NON-CURRENT LIABILITIES			
Sponsors Loan - Unsecured	17	**343,000,146**	309,206,277
Long Term Finance	18	**-**	139,347,625
Long Term Interest Payable	19	**286,680,272**	286,680,272
Liabilities Against Assets Subject to Finance Lease - Secured	20	**1,770,419**	6,282,803
Deferred Liabilities	21	**590,764,928**	682,423,336
CURRENT LIABILITIES			
Trade and Other Payables - Unsecured	22	**1,724,526,540**	2,653,530,905
Interest, Profit, Mark-up Accrued on Loans and Other Payables	23	**12,693,247**	3,715,631
Short Term Finances - Secured	24	**199,477,537**	202,726,589
Unclaimed Dividend	25	**769,543**	769,543
Current Portion of Non-Current Liabilities	26	**2,355,682,341**	2,222,275,634
Provision for Taxation	27	**129,700,000**	88,700,000
		4,422,849,208	5,171,718,302
CONTINGENCIES & COMMITMENTS	28	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,179,328,638**	7,673,516,561

The annexed notes form an integral part of these financial statements

Muhammad Baqir Jafferi	Muhammad Ilyas Abdul Sattar	Haroon Iqbal
Chief Executive Officer	Chief Financial Officer	Chairman Board of Director

STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Notes	2019	2018
		(Rupees)	
Sales - Net	29	**5,707,989,323**	4,738,180,041
Cost of Sales	30	**(5,760,834,843)**	(5,002,555,537)
Gross (Loss)		**(52,845,520)**	(264,375,496)
Administrative and General Expenses	31	**(107,890,865)**	(121,809,761)
Distribution and Selling Costs	32	**(351,116,052)**	(199,213,616)
Other Operating Income	33	**5,828,593**	2,494,556
(Loss) from Operations		**(506,023,844)**	(582,904,317)
Finance Cost	34	**(54,433,284)**	(235,074,438)
(Loss) Before Income Tax		**(560,457,128)**	(817,978,755)
Taxation	35	**13,543,206**	30,179,911
(Loss) for the Year (after Income Tax)		**(546,913,922)**	(787,798,844)
(Loss) Per Share - Basic	36	**(5.98)**	(10.37)

The annexed notes form an integral part of these financial statements

Muhammad Baqir Jafferi
Chief Executive Officer

Muhammad Ilyas Abdul Sattar
Chief Financial Officer

Haroon Iqbal
Chairman Board of Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019	2018
	(Rupees)	
(Loss) for the year	**(546,913,922)**	(787,798,844)
Other Comprehensive Income		
Amortization of interest free loans	**3,319,641**	-
	(543,594,281)	(787,798,844)
Items that will not reclassify to profit or loss		
Surplus on revaluation of Property , Plant & Equipment	**-**	2,310,939,845
Related Deferred tax	**-**	(643,481,689)
	-	1,667,458,156
Total Comprehensive (loss)/ income for the year	**(543,594,281)**	879,659,312

The annexed notes form an integral part of these financial statements

Muhammad Baqir Jafferi	**Muhammad Ilyas Abdul Sattar**	**Haroon Iqbal**
Chief Executive Officer	Chief Financial Officer	Chairman Board of Director

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2019 (Rupees)	2018 (Rupees)
Cash Flow from Operating Activities		
(Loss) Before Taxation	**(560,457,128)**	(817,978,755)
Adjustment for non-cash and other items:		
Depreciation	**427,679,277**	421,782,997
Financial Charges	**54,433,284**	235,074,438
	482,112,561	656,857,435
	(78,344,567)	(161,121,320)
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Current Assets		
Stores and Spares	**(18,582,795)**	28,055,474
Stock in Trade	**1,194,583,776**	404,337,583
Trade Debts	**18,359,155**	48,696,884
Loans and Advances	**(81,814,402)**	217,943,585
Trade Deposits, Prepayments & Other Balances	**742,455**	505,174
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	**(929,004,365)**	(387,606,370)
Short Term Finances	**(3,249,052)**	(12,876,430)
	181,034,772	299,055,900
Taxes Paid	**(45,441,959)**	(57,710,257)
Financial Charges Paid	**(14,149,158)**	(14,129,203)
Gratuity Paid	**(110,700)**	(1,367,906)
Unclaimed Dividend	**--**	(205)
	(59,701,817)	(73,207,571)
Net Cash Flows from Operating Activities	**42,988,388**	64,727,009
Cash Flow from Investing Activities		
Fixed Capital Expenditure	**(80,581,312)**	(5,959,492)
Net Cash Out Flows from Investing Activities	**(80,581,312)**	(5,959,492)
Cash Flow from Financing Activities		
Sponsors Loan	**5,807,000**	6,800,000
Morabaha Payment	**(6,026,082)**	(4,405,885)
Lease Finance	**(4,427,220)**	(2,108,844)
Net cash flows from financing activities	**(4,646,302)**	285,271
Net Increase in Cash and Bank Balances	**(42,239,226)**	59,052,788
Cash and Bank Balances at Beginning of the year	**90,587,518**	31,534,730
Cash and Bank Balances at the end of the year	**48,348,292**	90,587,518

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

Muhammad Baqir Jafferi	**Muhammad Ilyas Abdul Sattar**	**Haroon Iqbal**
Chief Executive Officer	Chief Financial Officer	Chairman Board of Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Issued, Subscribed & Paid-up Capital	General Reserve	Accumulated Profit/(Loss)	Revaluation Surplus on Property, Plant & Equipment	Total
			(Rupees)		
Balance as on October 01, 2017 as reported	665,119,920	190,000,000	(2,144,506,734)	1,220,154,668	(69,232,146)
(Loss) for the year	-	-	(787,798,844)	-	(787,798,844)
Right shares issue from Sponsor Loan	250,000,000	-	-	-	250,000,000
Revaluation during the period Net of tax	-	-	-	1,667,458,156	1,667,458,156
Incremental Depreciation transferred from Surplus on Revaluation of Property, Plant & Equipment - Net of tax	-	-	213,548,419	(213,548,419)	-
Effect rate difference Incremental Surplus transferred from Deferred tax	-	-	-	17,430,780	17,430,780
Balance as on September 30, 2018	**915,119,920**	**190,000,000**	**(2,718,757,159)**	**2,691,495,185**	**1,077,857,946**
(Loss) for the Year	-	-	(543,594,281)	-	(543,594,281)
Incremental Depreciation transferred from Surplus on Revaluation of Property, Plant & Equipment - Net of tax	-	-	224,134,043	(224,134,043)	-
Balance as on September 30, 2019	**915,119,920**	**190,000,000**	**(3,038,217,397)**	**2,467,361,142**	**534,263,665**

The annexed notes form an integral part of these financial statements

Muhammad Baqir Jafferi
Chief Executive Officer

Muhammad Ilyas Abdul Sattar
Chief Financial Officer

Haroon Iqbal
Chairman Board of Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. CORPORATE INFORMATION

Dewan Sugar Mills Limited (the Company) was incorporated in Pakistan, as a public Limited company on June 27, 1982, under the Companies Act, 1913 (Now the Companies Act 2017, and its shares are listed in Pakistan Stock Exchange Guarantee Limited.(formerly Karachi and Lahore Stock Exchanges in Pakistan). The registered office of the company is situated at Dewan Centre, 3-A, Lalazar, Beach Hotel Road, Karachi-74000, Pakistan; while its manufacturing facilities are located at Jillaniabad, Budho Talpur, Taluka: Mirpur Bathoro, District: Thatta, Sindh, Pakistan. The Principal activity of the Company is production and sale of white crystalline refined sugar, processing and trading of by-products, and other related activities and allied products.

1.1 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company’s statement of financial position and performance during the year have been adequately disclosed either in the notes to these financial statements or in the Directors’ report.

1.2 GOING CONCERN ASSUMPTION

The financial statements of the company for the year ended September 30, 2019 reflect net loss after taxation of Rs. 546.914 million (2018: Rs.787.799 million) and its current liabilities exceeded its current assets by Rs.3,364 (2018 Rs.2,966) million. The Company defaulted in repayment of its restructured long term liabilities due to liquidity crunch faced by the Company and the entire restructured liabilities along with markup eligible for waiver (as disclosed in note 18.1 and 28.1 to the financial statements) have become immediately repayable, short term loan has not been renewed by the Banks. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The financial statements has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities which is in process. Company is hopeful that such restructuring will be effective soon and will further streamline the funding requirements of the Company which will ultimately help the management to run the operations smoothly with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore the preparation of financial statements using going concern assumption is justified.

2 STATEMENT OF COMPLIANCE

The accounting policies and method of computation adopted in the preparation of this financial information are the same as those applied in the preparation of the annual financial statements of the Company for the preceding year ended September 30, 2018.

2.1 Standards, Interpretations and Amendments

The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Basis of Measurement

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the fixed assets which are on revalued amount in note 6 to the financial statements, financial assets and liabilities which are carried at their fair values. Further, accrual basis of accounting is followed except for cash flow information.

2.3 New Accounting Pronouncements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 October 2018 other than those disclosed in note 4 are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

2.4 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

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

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

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The management is in the process of analyzing the potential impacts on adoption of this interpretation, if any.

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

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

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

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

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

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

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

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

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

The above amendments are effective from annual period beginning on or after January 1, 2019 and are not likely to have an impact on Company's financial statements.

2.5 Significant Accounting Judgments, Estimates and Assumption

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

2.5.1 Property, Plant and Equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

2.5.2 Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.5.3 Stock-in-trade, Stores, Spare Parts and Loose Tools

The Company reviews the Net Realizable Value (NRV) of stock-in-trade to assess any diminution in the respective carrying values.

2.5.4 Provision for Doubtful Receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

2.5.5 Provision for Impairment

The company reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the Profit and loss account.

3. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were resolved as approved by the Board of Directors and authorized for issue on December 23, 2019.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except new amendment if applicable as disclosed in note 2 and 5 to the financial statements.

4.1 Post Employment Benefits - Defined Benefit Plan

The Company operated an unfunded gratuity scheme for its staff till 31 March 2007 and changed its policy for Staff retirement benefit from Gratuity to Provident Fund Scheme from April 1, 2007.

The company operated an approved defined contribution provident fund scheme for its eligible permanent employees who opted for the benefits. Equal monthly contributions are made, both by the company and the employees of the fund at the rate of 8.33% of the basic salary.

4.2 Trade and Other Payables

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

4.3 Taxation

Current Year

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined, and tax charged at the current rates of taxation after taking into account tax credits, rebates available, if any, and the income falling under the presumptive tax regime, or the minimum tax liability is determined on a whichever is higher basis, and in the event of a current or accumulated carried forward tax loss.

Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial statement reporting purposes. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, tax credits and unused tax losses can be utilized. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date up to September 30, 2012 the company has recognized deferred tax assets in financial statements.

4.4 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any or revalued amounts; except for free hold land which is stated at cost, and capital works in progress which are stated at cost accumulated up to the balance sheet date.

Leased

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined as the fair values or discounted value of minimum lease payments; whichever is the lower, as at inception, less accumulated depreciation and impairment losses. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

- **Depreciation**

Depreciation is charged on monthly basis using the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Previously the same was charged at an annual basis. Further, the rates applied are in no case less than the rates prescribed by the Central Board of Revenue. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods. Depreciation is charged for the full month in the period of acquisition and is not charged for the month in which it is disposed .

Depreciation on Plant and Machinery of Board & Panel Unit, Poly Propylene Unit & Distillery Unit on unit of production method. In accordance with the IAS-16 every Company should select the method for charging depreciation that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The Method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits. The IAS further requires that such pattern of flow of economic benefits should be periodically reviewed and reassessed. Poly propylene Plant has stopped it Production since June 2016 therefore no depreciation has been charged as per company policy.

- **Repairs, Renewals and Maintenance**

Major repairs and renewals are capitalized . Normal repairs and maintenance are charged as expense when incurred.

- **Disposal / Retirement of Assets**

Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently. When revalued assets are sold, the relevant undepreciated surplus is transferred directly by the company to its accumulated profit / loss.

- **Capital Works-in-Progress**
  All expenditures connected with specific assets and incurred during development, installation and construction period are carried as capital work-in-progress. These are transferred to the specific assets as and when these assets are available for commercial or intended use.

- **Surplus on Revaluation**
  Any revaluation increase arising on the revaluation of buildings and plant and machinery is recognized in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit. The surplus realized on disposal of revalued fixed assets is credited directly to retained earnings.

- Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

4.5 Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. In the case of operating leases, rentals are accounted for in the current period profit and loss account, while liability for future payments are disclosed as commitments of the company.

4.6 Investment in Associated Company

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognized in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognized in the associate's profit or loss. The Company's share of those changes is recognized in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognized in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses.

4.7 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the weighted average cost measurement. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Provision is made for any slow moving and obsolete items .

4.8 Stock-in-Trade

These are valued as follows :

Raw Material	:	At lower of weighted average cost and net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	At lower of weighted average cost and net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
Work-in-Process	:	At lower of weighted average cost and net realizable value. Weighted average cost comprises of the cost of raw materials only. Conversion costs are not included as these are insignificant.
Stock in Transit	:	At cost plus direct expenses accumulated up to the balance sheet date.
Molasses	:	Cost in relation to Stock of molasses held by distillery acquired from out side sugar mills is valued at lower of weighted average cost and net realizable value where as the molasses transferred by the mill to distillery are valued on the basis mentioned in note 4.9
Stock at Fair Price Shop	:	At cost calculated on the first-in-first-out method of valuation.
Packing Material	:	At lower of weighted average cost and net realizable value.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

4.9 Inter Segment Transfer

Transfer between business segment are recorded at net realizable value.

4.10 Trade Debts and Other Receivables

Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. A review of the carrying amount is made at each year end. An estimate for a doubtful receivable is made when collection of the whole or part of the amount is no longer probable. Bad debts are written off as incurred.

4.11 Foreign Currency Translation and Hedging

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company, at times, enters into forward exchange contracts. Such transactions are translated at contracted rates. Exchange differences on translating of foreign currency are charged to the current period Profit and Loss Account.

4.12 Revenue Recognition

Revenue from sale of goods is recognized when the customer obtains control of the goods being when the delivery order is issued to the customer provided that the goods have been identified separately as belonging to the customer, the goods are ready for physical transfer to the customer and the Company does not have the ability to use the goods or direct it to another customer.

Dividend income is recognized on the basis of declaration by the investee company.
Export sales are recorded when shipped.

Rebate on export sales is recognized in the period in which the related export sales revenue is recognized unless there exist any specific facts and circumstances which indicate that receipt of the rebate amount from the government is uncertain. In that case, the rebate income is recognized when it is realized.

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Unrealized gains / loss arising on re-measurement of investments classified as "financial assets at fair value though "profit or loss" are included in the profit and loss account in the period in which these arise.

Realized capital gains / loss on sale of investments are recognized in the profit and loss account at the time of sale.

4.13 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time the assets are ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

4.14 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made for the amount of this obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.15 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances.

4.16 Impairment of Assets

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down to the recoverable amount and the impairment loss is recognized in the profit and loss account. The recoverable amount of property, plant and equipment is the greater of the net selling price and its value in use.

4.17 Related Party Transactions and Transfer Pricing

All transactions with related parties are carried out by the company at arm's length prices, and the transfer price is determined in accordance with the methods prescribed under the Companies Act 2017, and as approved by the board of directors of the company.

4.18 Loans, Advances and Other Receivables

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

4.19 Short Term and Long Term Loans

Short Term and Long Term Loans are recognized initially at cost, and subsequently at their amortized / residual cost.

4.20 Business Segments

Business segments are distinguishable components of the company that are engaged in providing an individual product or a group of related products and that is subject to risk and returns that are different from those of other business segments. The business segments of the company are located in the same geographical location.

The assets of a segment include all operating assets used by a segment and consists principally of receivables, inventories and property, plant and equipment, net of allowances and provisions, if any. Segment liabilities include all operating liabilities consisting principally of deferred liabilities, other payables and accrued liabilities. The carrying amount of identifiable assets and liabilities are directly attributed to respective segments. The carrying amount of jointly used assets and liabilities of sugar and allied segments are classified as unallocated assets and liabilities. Inter-segment transfers are effected at cost to the transferring department. All identifiable expenses are directly attributed to the respective segments.

4.21 Intangible Assets

Computer software costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the costs of the respective assets. Software which are not an integral part of the related hardware are classified as intangible assets.

4.22 Financial Instruments

a Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

b i) Classification of Financial Assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

ii) Classification of Financial Liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

c) Subsequent Measurement

i) Financial Assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income(loss).

ii) Financial Assets and Liabilities at Amortized Cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial Assets and Liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

d) Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost as more fully explained in note 4.16

e) Derecognition

i) Financial Assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial Liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

4.23 Offsetting of Financial Assets and Financial Liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5 CHANGES IN ACCOUNTING POLICY

The Company has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' from October 01, 2018. Consequently, the following changes in accounting policies have taken place effective from October 01, 2018:

a) IFRS 9 - Financial Instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of requirement of IAS 39 Financial Instruments. Recognition and Measurement (IAS 39) and covers the classification, measurement and de-recognition of financial assets and financial liabilities. It requires all fair value movements on equity investments to be recognized either in the profit or loss or in other comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

In respect of retrospective application of IFRS 9, the Company has adopted modified retrospective approach as, permitted by this standard, according to which the Company is not required to restate the prior year results. The Company has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 have been recognized directly in retained earnings and other components of equity.

The impact of the adoption of IFRS 9 has been in the following areas:

i) Classification and Measurement of Financial Assets and Financial Liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

ii) Hedge Accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended September 30, 2019.

iii) Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model of IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments.

Under IFRS 9, loss allowances are measured on either of the following basis:

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

The Company has elected to measure provision against financial assets on the basis of lifetime ECLs.

Lifetime ECL is only recognized if the credit risk at the reporting date has increased significantly relative to the credit risk at initial recognition. Further, the Company considers the impact of forward looking information (such Company's internal factors and economic environment of the customers) on ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Presentation of Impairment

Provision against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impact of the New Impairment Model

For assets within the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. There is no impact of the new impairment model, defined by IFRS 9, on the Company's financial statement for the year ended September 30, 2019.

b) IFRS 15 - Revenue from Contracts with Customers

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standard (IFRS) 15 Revenue From Contracts with Customers which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are satisfied rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and the number of revenue related interpretations issued thereunder.

The contracts for the sale of sugar, bagasse and molasses entered into by the Company with its customers generally include a single performance obligation. Management of the Company has concluded that, in accordance with the principles defined in IFRS 15, revenue from the sale of goods be recognized at the point in time when the Delivery Order is issued to the customer (subject to certain conditions as described in note 4.12). This is not consistent with the timing of revenue recognition previously followed by the Company in accordance with IAS 18. As per that standard, the Company recognized revenue upon lifting of the goods (i.e. when the significant risks and rewards of ownership of the goods had passed to the customer); however, upon adoption of IFRS 15, the Company recognizes revenue when the Delivery Order is issued to the customer (i.e. when control of the goods is deemed to be transferred to the customer).

The aforesaid change in the timing of revenue recognition, however, has no financial effect on the amount of revenue recognized in the year ended September 30, 2019 since, as of that date, there were no un-lifted stocks of goods.

6 PROPERTY, PLANT & EQUIPMENT

	Note	2019	2018
		(Rupees)	
Operating Property, Plant and Equipment	6.1	**4,932,036,435**	5,317,560,792
Capital work -in-progress	6.2	**188,597,688**	150,171,296
		5,120,634,123	5,467,732,088

6.1 Operating Property, Plant and Equipment

PARTICULARS	COST				Rate %	DEPRECIATION			Written Down Value as at September 30, 2019
	As at October 01, 2018	Additions/Transfer (Disposals)/	SURPLUS ON REVALUATION	As at September 30, 2019		As at October 01, 2018	For the year / (Adjustment)	As at September 30, 2019	
Free Hold Land	142,650,000		--	142,650,000	--	--	--	--	**142,650,000**
Factory Building on Free Hold Land	1,241,472,143	20,083,880	--	1,261,556,023	10	595,153,560	62,733,833	657,887,393	**603,668,630**
Labour Quarters on Free Hold Land	494,262,950	--	--	494,262,950.00	25	377,577,451	26,050,416	403,627,867	**90,635,083**
Plant and Machinery									
Owned	7,424,087,594	18,778,941 --	--	7,442,866,535.00	10	3,129,778,659	327,783,332 --	3,457,561,991	**3,985,304,544**
Leased	100,000,000	-- --		100,000,000.00	10	34,179,837	4,281,483 --	38,461,320	**61,538,680**
Furniture and Fixtures	56,172,158	813,047		56,985,205.00	10	40,585,651	1,538,415	42,124,066	**14,861,139**
Office Equipment	60,719,624	2,479,052		63,198,676.00	10	44,771,938	1,594,381	46,366,319	**16,832,357**
Vehicles	172,099,633	--		172,099,633.00	20	151,856,212	3,697,419	155,553,631	**16,546,002**
2019	**9,691,464,102**	**42,154,920**	**--**	**9,733,619,021**		**4,373,903,310**	**427,679,279**	**4,801,582,587**	**4,932,036,435**

PARTICULARS	COST				Rate %	DEPRECIATION			Written Down Value as at September 30, 2018
	As at October 01, 2017	Additions/Transfer (Disposals)/	SURPLUS ON REVALUATION	As at September 30, 2018		As at October 01, 2017	For the year / (Adjustment)	As at September 30, 2018	
Free Hold Land	50,612,532	--	92,037,468	142,650,000	--	--	--	--	**142,650,000**
Factory Building on Free Hold Land	931,736,520	1,503,720	308,231,903	1,241,472,143	10	534,741,708	60,411,852	595,153,560	**646,318,583**
Labour Quarters on Free Hold Land	408,276,282	--	85,986,668	494,262,950	25	349,645,715 --	27,931,736	377,577,451	**116,685,499**
Plant and Machinery									
Owned	5,599,403,787	-- --	1,824,683,806	7,424,087,594	10	2,808,310,501	321,468,158 --	3,129,778,659	**4,294,308,933**
Leased	100,000,000	-- --	--	100,000,000	10	29,542,968	4,636,869 --	34,179,837	**65,820,163**
Furniture and Fixtures	55,763,850	408,308	--	56,172,158	10	38,968,653	1,616,998	40,585,651	**15,586,507**
Office Equipment	60,392,366	327,258	--	60,719,624	10	43,118,084	1,653,854	44,771,938	**15,947,686**
Vehicles	169,833,803	2,265,830	--	172,099,633	20	147,792,682	4,063,530	151,856,212	**20,243,421**
2018	**7,376,019,140**	**4,505,116**	**2,310,939,845**	**9,691,464,102**		**3,952,120,313**	**421,782,997**	**4,373,903,310**	**5,317,560,792**

6.1a The segment and category wise allocation of depreciation is as follows:

	2019	2018
	(Rupees)	
Cost of Sales		
Sugar Unit	**274,137,689**	271,621,451
Polypropylene Unit	**4,986,043**	4,979,489
Board and Panel Unit	**7,403,753**	8,237,965
Distillery Unit	**136,170,288**	131,641,475
Administrative and General Expenses		
Sugar Unit	**2,779,131**	3,115,508
Polypropylene Unit	**120,046**	134,920
Board and Panel Unit	**113,265**	125,175
Distillery Unit	**1,969,062**	1,927,014
	427,679,277	421,782,997

6.1b Company had revalued its Factory Building and Plant and Machinery which arises amounting to Rs.2.311 on 17th January 2018 with a independent valuer M/s. Anderson 103, Ist Floor 16-C Rahat Commercial DHA Phase VI, Karachi. Valuation made on basis of Direct Method i-e. Physical inspection and allocating approximate fair value as per the inquiries conducted by the valuer from different sources and experience of such assignments. Forced sale value of these revalued assets as per report is 4.211 billion. Had there been no such revaluation made by the Company, the written down values of these assets would have been as under:

Free Hold Land	**50,612,532**	50,612,532
Factory building on freehold land	**95,642,402**	84,437,732
Labour quarters on freehold land	**1,490,269**	1,918,603
Plant and Machinery	**1,236,949,295**	1,309,748,639
	1,384,694,498	1,446,717,506

6.1c Freehold land represents 320 Acres and 16 ghuntas situated at jilaniabad, Budhu Talpur, District Sujawal. The value of Freehold land is Rs.142.650 million(2018 Rs.142.650 million).

6.2 Capital Work-in-Progress		**150,171,296**	148,716,920
Additions during the year		**57,205,330**	1,454,376
		207,376,626	150,171,296
Less: Transfer to Fixed assets		**18,778,938**	-
	6.2.1	**188,597,688**	150,171,296
6.2.1 Break up are as follows			
Civil Work		**78,141,900**	78,141,900
Plant and Machinery		**110,455,788**	72,029,396
		188,597,688	150,171,296

7 STORES, SPARES & LOOSE TOOLS

Stores	**270,573,862**	255,707,626
Spares	**67,643,466**	63,926,907
	338,217,328	319,634,533
Less: Provision for obsolescence and slow moving items	**(106,198,862)**	(106,198,862)
	232,018,466	213,435,671

		2019	2018
		(Rupees)	
8	**STOCK-IN-TRADE**		
	Raw Materials		
	- Board and Panel Unit	**31,265,690**	10,147,901
	- Molasses (Distillery) Unit	**12,346,654**	131,457,129
	- Polypropylene Unit	**1,028,066**	1,028,066
		44,640,410	142,633,096
	Work-in-Process		
	- Sugar Unit	**1,974,457**	1,910,558
	- Board and Panel Unit	**232,499**	180,187
	- Distillery Unit	**1,654,424**	242,219
	- Polypropylene Unit	**739,103**	739,103
		4,600,483	3,072,067
	Finished Goods		
	- Sugar		
	Less valued written down to net realizable value	**-**	1,054,218,009
	Net realizable value	**-**	(208,989,009)
		-	845,229,000
	- Boards and Panels - at cost	**18,245,567**	12,117,311
	Less valued written down to net realizable value	**(2,468,130)**	(1,889,785)
	Net realizable value	**15,777,437**	10,227,526
	- Industrial Alcohol - at cost	**208,034,402**	466,474,817
		273,052,732	1,467,636,506

9	**TRADE DEBTS - UNSECURED, CONSIDERED GOOD**		
	Sugar Unit	**3,450**	281,633
	Polypropylene Unit	**-**	3,735,514
	Board and Panel Unit	**1,247,000**	7,492,075
	Distillery Unit	**13,164,558**	21,264,941
		14,415,008	32,774,163
9.1	The aging of debtors at the reporting date was		
	Up to one month	**6,486,754**	14,748,373
	1 to 6 months	**4,324,502**	9,832,249
	More then 6 months	**3,603,752**	8,193,541
		14,415,008	32,774,163

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts due to major amount of trade debts have been recovered subsequent to the balance sheet date and for the rest of the trade debts management believes that the same will be recovered in short course of time. The credit quality of the company's receivable can be measured with their past performance of no default.

10	**LOANS, ADVANCES AND OTHER RECEIVABLES UNSECURED, CONSIDERD GOOD**			
	Advances			
	Against Imports		**-**	17,957,809
	To Contractors		**15,773,549**	31,205,941
	To Growers		**35,132,412**	35,146,298
	To Staff	**10.2**	**2,691,920**	4,158,986
	Against Stores and Expenses		**20,121,966**	60,477,840
	Advances against Supplier		**190,973,135**	38,148,814
	Sundry		**35,938,075**	31,720,966
	Others		**90,517,530**	90,517,530
			391,148,587	309,334,184

10.1 These advances and other receivables are interest free.
10.2 Advance to Staff includes Rs. 0.20 (2018: Rs. 0.024) million due from the executives of the company. The maximum amount due from these executives at any month end was Rs.0.20 (2018: Rs. 0.024) million.

	2019	2018
11 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS & CURRENT BALANCES WITH STATUTORY AUTHORITIES	**(Rupees)**	
Security Deposits	**6,928,110**	10,430,225
Prepayments	**4,333,382**	1,573,722
	11,261,492	12,003,947

12 SHORT TERM INVESTMENT IN ASSOCIATED COMPANY- AVAILABLE FOR SALE

No. of Ordinary Shares of Rs. 10/- each

2019	2018			
13,000,000	13,000,000	Invested in Cash		
650,000	650,000	Received as fully paid		
13,650,000	13,650,000		**-**	-

	2019	2018
Surplus on revaluation of investment	**-**	-
	-	-
Market Value as at September 30 (Rupees per share)	**4.70**	24.61
Percentage of Equity held	**9.84%**	9.84%

12.1 Associate is an entity over which the Company has significant influence but no control. Company's investee Company is considered to be its associate by virtue of common directorship, member of Yousuf Dewan Companies and its ownership interest of 9.84 % investee Company.

	2019	2018
12.2 Investment in Dewan Farooque Motors Limited		
Number shares held	**13,650,000**	13,650,000
Cost of investment (Rupees)	**130,000,000**	130,000,000
Fair value of investment (Rupees)	**64,155,000**	335,926,500
Ownership interest	**9.84%**	9.84%
12.3 Summarized financial information of associated Company		
Total assets	**3,397,958,000**	3,594,724,000
Total Liabilities	**5,798,151,000**	5,747,818,000
Net assets	**(2,400,193,000)**	(2,153,094,000)
Company's share of net assets	**(236,178,991)**	(211,864,450)
Revenue	**-**	349,000
Loss for the period	**(47,562,000)**	(44,767,000)

	2019	2018
13 CASH AND BANK BALANCES		
Cash in Hand	**451,991**	738,112
Cash at Banks		
Current Accounts	**47,896,301**	89,849,406
Saving Accounts	**-**	-
	48,348,292	90,587,518

Bank balances with deposits and saving accounts are placed under interest / mark-up arrangements. The Company has conventional banking relationships with all the banks.

14 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Ordinary Shares of Rs. 10/- each

2019	2018		2019 (Rupees)	2018 (Rupees)
11,430,000	11,430,000	Fully Paid in cash	**114,300,000**	114,300,000
18,255,996	18,255,996	100% Right Issue of the	**182,559,960**	182,559,960
55,000,000	55,000,000	Right Issue of the Ordinary Share from Sponsor loan	**550,000,000**	550,000,000
84,685,996	84,685,996		**846,859,960**	846,859,960
6,825,996	6,825,996	Issued as fully paid bonus shares	**68,259,960**	68,259,960
91,511,992	91,511,992		**915,119,920**	915,119,920

The above Holding includes holding of associated companies 5,788,938 (2018: 5,788,938)

14.1 The shareholders are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the company. All shares rank equally in respect to the company's residual assets.

14.2 The pattern of shareholding, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, is attached at the end of this report.

15 RESERVES AND SURPLUS

	2019	2018
General Reserve	**190,000,000**	190,000,000
Accumulated Loss	**(3,038,217,397)**	(2,718,757,159)
	(2,848,217,397)	(2,528,757,159)

16 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT (Net)

The following fixed assets of the Company were revalued on January 17, 2018. The revaluation was carried out by independent valuer M/s. Anderson, 103 Ist Floor 16-C Rahat Commercial DHA Phase VI, Karachi. Bases of revaluation are as follows:

Factory Building & Labour Quarters on free hold land

Revalued amount of building had been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical conditions and level of preventive maintenance carried out by the Company.

Plant and Machinery

Revalued amount of plant and machinery had been determined by reference to present depreciated replacement values after taking into consideration the existence, level of maintenance and assessment of value of the machinery on the basis of its present conditions. Since the plant was not operational therefore assessment is carefully made to establish if the machinery can be put into operation after routine maintenance. Assessed value was determined through a computation of the remaining useful life of the assets with the present market value.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of property, plant and equipment by Rs.2,311 million.

Particulars	W.D.V. of assets before revaluation	Revalued amount	Revaluation Surplus
		(Rupees)	
Free hold Land	50,612,532	142,650,000	92,037,468
Plant and Machinery	2,809,073,194	4,633,757,000	1,824,683,806
Factory Building on free hold land	80,411,704	388,643,607	308,231,903
Labour Quarter on free hold land	55,041,968	141,028,636	85,986,668
	2,995,139,398	5,306,079,243	2,310,939,845

		2019	2018
		Rupees	
Balance at beginning (restated :2018)		2,691,495,185	1,220,154,668
Surplus arising on revaluation of Property, Plant & Equipment during the year		-	2,310,939,845
Related deferred tax on arising surplus (excluding freehold land)		-	(643,481,689)
Surplus relating to incremental depreciation - net of deferred tax		(224,134,043)	(213,548,419)
Effect of change in tax rates		-	17,430,780
		2,467,361,142	2,691,495,185
17 SPONSORS LOAN-UNSECURED			
Sponsors Loan	17.1	219,836,873	195,493,356
Sponsors Loan	17.2	123,163,273	113,712,921
		343,000,146	309,206,277

17.1 Sponsors Loan

	2019	2018
Opening Balance Original Loan amount	507,425,200	750,625,200
Addition during the year	5,807,000	6,800,000
	513,232,200	757,425,200
Right issue of paid up capital from sponsor loan	-	(250,000,000)
	513,232,200	507,425,200
Less Present value adjustment	(311,931,844)	(490,515,563)
Amortized Interest Income	(3,319,641)	149,503,462
Add Amortization Discount Charged to P & L	21,856,158	29,080,257
	(293,395,327)	(311,931,844)
Present Value of Sponsors Loan	219,836,873	195,493,356

The Sponsors loan has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of ranging 11.18% per annum. These interest free loans are payable in lump sum on September 30, 2027.

	2019	2018
17.2 Sponsors Loan obtained for payment of Term Loan	159,647,920	159,647,920
Less Present value adjustment	(45,934,999)	(54,660,221)
Add Amortization Discount Charged to P & L	9,450,352	8,725,222
	(36,484,647)	(45,934,999)
	123,163,273	113,712,921

This represents unsecured interest free loan payable to sponsor director. This liability has arisen on account of settlement of liabilities of the bank, which were settled by sponsor director. The terms of repayment of loan finalized after restructuring settlement made and as of that date payable in lump sump on December 31, 2022. The amount of loan has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of raging 8.1% per annum.

			2019	2018
			(Rupees)	
18	**LONG TERM FINANCE - SECURED**			
	Syndicated Term Finance	**18.1**	**-**	136,305,886
	First National Bank Modaraba	**18.2**	**-**	3,041,739
	Syndicated Term Finance		**-**	139,347,625
18.1	**Syndicated Term Finance**		**2,348,128,218**	2,348,128,218
	Less: Repayment during the year		**-**	-
			2,348,128,218	2,348,128,218
	Classified as current portion			
	Current Maturity		**136,305,886**	562,795,215
	Overdue installments		**2,211,822,332**	1,649,027,117
	Less : Current Maturity of Non Current Liabilities		**2,348,128,218**	2,211,822,332
			-	136,305,886
18.2	**First National Bank Modaraba**			
	Principal amount outstanding		**9,067,821**	13,473,705
	Less: Repayment during the year		**6,026,082**	4,405,884
			3,041,739	9,067,821
	Less : Current Maturity of Non Current Liabilities		**3,041,739**	6,026,082
			--	3,041,739

18.1 The Company had made settlement with all the lenders of the Company through compromising decree dated February 18, 2011 granted by Honorable High Court of Sindh at Karachi. In the compromise decree the terms had been finalized as all the loans of the Company had been rescheduled by the lenders. The loan amount Rs.3.447 Billion after repayment of sale proceeds of Khoski by Rs. 450 million in proportions of lenders outstanding loan. The repayment was made out of the sale proceeds of Khoski assets of Rs.500 million and the remaining Rs. 50 million paid to the buyer against outstanding liabilities of the sugarcane suppliers of Khoski unit.

Further more, it was agreed that the said loan will be repayable in ten years with one year grace period with no markup through out the repayment period, the principal amount will be paid in 32 (1 to 32)un-equal quarterly installments ranging from Rs.57.099 million to Rs. 152.395 million. The tenure of repayments had been started from March 30, 2012 and last payment will be made on December 30, 2020.

Moreover banks / financial institutions had allowed further working capital limit to the Company as fully explained in note 24.1 and 28.1 to these financial statements. However, in case of default by the company the entire outstanding mark up as disclosed in the agreement will remain outstanding liability of the company and all amounts in respect of its liabilities shall become payable with immediate effect as per term of the Compromise Agreement.

The Company had defaulted in repayments of restructured liabilities . however, the Company has approached its lenders for further restructuring of its liabilities. Management is hopeful that such revision will be finalized soon. Accordingly the Banks' liability has been classified as non-current.

18.2 This amount represents principal outstanding out of 37.525 million mutual agreed rescheduled amount approved by the management of First National Bank Modaraba on June 15, 2011. The Principal amount will be paid in 32 (1 to 32) quarterly un-equal installments of Rs. 0.558 million to 1.520 million repayable in 10 year including grace Period of one year installments have been commenced from 16th June, 2012 and the last installment will be paid on March 16, 2021. No mark up will be charged during the period of tenure.

		2019	2018
19 LONG TERM MARK UP PAYABLE		**(Rupees)**	
Syndicated Term Finance Markup Payable	**19.1**	**284,801,103**	284,801,103
Mark-up payable (First National Bank Modaraba)	**19.2**	**1,879,169**	1,879,169
		286,680,272	286,680,272

19.1 This amount represents token mark up of Rs. 425.051 payable to Syndicated (Summit Bank & Other) in 4 equal quarterly installments (33 to 36) million. Company had provided Rs.284.80 million till September, 2018 and stopped providing further markup and approaching to lender for waiver due to current worst situation of industries of the Country specially Sind province. We are hopeful our this request will be oblige.

Syndicated Term Finance Markup Payable		
Mark up Payable opening	**284,801,103**	251,801,103
Add Provision during the year	**-**	33,000,000
	284,801,103	284,801,103

19.2 This amount represents token mark up of Rs. 2.525 million payable to First National Bank Moradabad in 4 equal quarterly installments (33 to 36) of Rs.0.631 million. Company had provided Rs. 1.88 million till September, 2018 and stopped providing further markup and approaching to lender for waiver due to current worst situation of industries of the Country specially Sind province. We are hopeful our this request will be oblige.

Mark-up payable (First National Bank Modaraba)		
Mark up Payable opening	**1,879,169**	1,620,737
Add Provision during the year	**-**	258,432
	1,879,169	1,879,169

19.3 In 2015 one of the Banks had Settled the liability of the company through the sponsor of the company as disclosed in note 17.2. to the financial statements.

20 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2019		2018	
	Minimum Lease Payments	**Present value of Minimum Lease Payments**	**Minimum Lease Payments**	**Present value of Minimum Lease Payments**
	(Rupees)			
Due not later than one year	**2,256,192**	**2,256,192**	2,213,610	2,213,610
Due later than one year but not later than five years	**4,026,612**	**4,026,612**	8,496,413	8,496,413
Due later than five year and onward	**--**	**--**	--	--
Total Payments	**6,282,804**	**6,282,804**	10,710,023	10,710,023
Less: Financial charges allocated to future periods	**--**	**--**	--	--
Present Value of Minimum Lease Payments	**6,282,804**	**6,282,804**	10,710,023	10,710,023
Classified as current portion				
Current Maturity on Lease Liabilities	**4,512,385**	**4,512,385**	4,427,220	4,427,220
	1,770,419	**1,770,419**	6,282,803	6,282,803

The company entered into Finance Lease arrangements with various leasing companies in order to obtain certain Property & Plant & Equipment's. The minimum lease payments have been discounted at an implicit interest rate, floating as per the relevant arrangements, i.e., three month KIBOR (Ask Side) base rate plus 2.75% per annum and State Bank of Pakistan Discount rate base rate plus 2% per annum; to arrive at the present value of the liability. Rentals are paid in monthly / quarterly / bi-annual basis, and in case of a default in any payment, an additional charge @ 3%~20% per annum is required to be paid.

The company has the option to purchase the asset upon expiry of the lease term, which it intends to exercise at the offered residual value being the amount advanced as security deposit to the leasing companies. Taxes, repairs, and insurance are borne by the company. In case of an early termination of the lease contract, the company is required to pay the entire amount of the rentals under the contract for the unexpired period of the lease agreement. In case of a finance lease, the prime security is the leased asset itself, as the title to the asset does not transfer to the company until the satisfactory discharge of the lease contract.

20.1 The Dawood Investment Bank Ltd has accepted our request and agreed to reschedule their lease liabilities. In this regard a Supplemental Lease Agreement was made on December 15, 2011. As per term 27.731 million settled amount will be paid in 40 installments in 10 years and paid quarterly commencing from 24 November, 2011 and ended on 15 August , 2021. No mark up will be paid during tenure of period.

			2019	2018
			(Rupees)	
21	**DEFERRED LIABILITIES**			
21.1	Deferred Liability for Staff Gratuity (Provision)	**21.1**	**5,970,894**	6,081,594
21.2	Deferred Income Tax Liability	**21.2**	**584,794,034**	676,341,742
			590,764,928	682,423,336
21.1	**Deferred Liability for Staff Gratuity (Provision)**			
	Opening Balance		**6,081,594**	7,449,500
	Less: Payments made during the year		**110,700**	1,367,906
			5,970,894	6,081,594

The Company discontinued its policy for staff retirement benefits plan for gratuity to Provident fund on 31-3-2007 and provision for all its outstanding liabilities had been made until 31-3-2007.

		2019	2018
21.2	**Deferred Income Tax Liability**		
	Deferred tax liability arising on Surplus on Revaluation of Property, Plant and Equipment	**970,202,626**	1,061,750,335
	Deferred tax liability arising due to accelerated tax depreciation	**92,593,241**	94,602,976
	Deferred tax asset arising on carry forward losses	**(1,098,162,486)**	(943,595,277)
	Deferred tax assets arising on Staff Gratuity and Other Provisions	**(1,731,559)**	(1,763,662)
		(37,098,178)	210,994,372
	Deferred tax asset not recognized	**621,892,212**	465,347,370
		584,794,034	676,341,742

			2019	2018
			(Rupees)	
22	**TRADE AND OTHER PAYABLES**			
	Creditors for Goods		1,343,482,212	2,302,716,072
	Advance from Customers		152,527,058	212,209,011
	Accrued Expenses			
	Sales Tax		181,696,477	70,121,787
	Excise Duty		-	3,755,128
	Sales Commission		11,194,265	20,340,364
	Salaries and Wages		16,047,971	17,826,103
	Others		8,430,819	20,682,446
			217,369,532	132,725,828
	Other Liabilities		11,147,738	5,879,994
			1,724,526,540	2,653,530,905
23	**INTEREST, PROFIT, MARK-UP OTHER PAYABLES ACCRUED ON LOAN**			
	On Short Term Finances		12,693,247	3,715,631
			12,693,247	3,715,631
24	**SHORT TERM FINANCE - SECURED**			
	Short Term Running Finance Facilities - Secured	24.1	192,195,875	192,195,875
	Book Overdraft		7,281,662	10,530,714
			199,477,537	202,726,589

24.1 This amount represent RF facility of 192.196 (2018: 192.196) million sanctioned by the lenders as per Court order/compromising decree. The facility is secured by the way of first charge over current assets of the Company with 20% margin. The markup of this facility is 3 month KIBOR plus 0.75% per annum payable quarterly basis. The Financing agreement has been Expired and not renewed by the Banks.

			2019	2018
25	**UNCLAIME DIVIDEND**			
	Opening		769,543	769,748
	Paid during the year		-	205
			769,543	769,543
26	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long Term Finance Facilities	18	2,351,169,957	2,217,848,414
	Liability against Assets subject to Finance Lease	20	4,512,384	4,427,220
			2,355,682,341	2,222,275,634
27	**PROVISION FOR TAXATION**			
	Balance at the beginning		88,700,000	96,841,886
	Add: Provision for the year		71,000,000	58,700,000
			159,700,000	155,541,886
	Payment /adjustment during the period		30,000,000	66,841,886
			129,700,000	88,700,000

Update income tax returns of the Company have been filed and adjustment have been made till tax year 2018 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001. The provision made in these financial statement is sufficient to cover the tax obligation and comparison of tax provision as per accounts viz a viz for last three is as follows:

	Provision	Deemed Assessment
Tax Year 2016	**40,841,886**	30,168,157
Tax Year 2017	**26,000,000**	24,018,878
Tax Year 2018	**30,000,000**	36,465,273

27.1 Relationship between income tax expense and accounting profit.

Accounting (loss) as per profit and loss account	**(560,457,128)**	(817,978,755)
(Profit) & Loss under FTR	**(85,326,957)**	(117,150,364)
	(645,784,085)	(935,129,119)
Applicable tax rate	**29%**	29%
Tax on accounting (loss)	**(187,277,385)**	(271,187,445)
Tax effect of timing difference on depreciation	**69,140,612**	68,630,365
Tax effect of expenses/provision that are not deductible in determining taxable loss charged to profit & loss account	**8,084,089**	53,922,900
Effect of Loss carried/(brought) forward	**110,052,684**	148,634,180
	-	-
	-	-
Minimum tax payable under Income Tax Ordinance, 2001	**71,000,000**	58,700,000

28 CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 a In respect of liabilities towards banks / financial institutions disclosed in note 18 to the financial statements, During the year ended 2012, certain lenders have entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs. 3.244 billion and including markup of Rs.471.824 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

b As per the terms of the restructuring the waiver markup allowed by the lender amounting Rs. 471.824 million, which would be liable to pay in the event of default of the term of agreement. The company had defaulted in repayments of liability, however the company approached to the lenders for further restructuring as detailed in note 18.1 to the financial statements. since the restructuring is in advance stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

28.2 The Sales tax Department showed inadmissible input sales tax of Rs. 120 million and 13.8 million the company filled appeal against the disallowance of adjustment of same in Commissioner appeals and obtained stay orders against the recovery of the same amount from High Court of Sindh. The out Come of same two Cases are in Pending and the management and the Legal Council Feels the Out come will favorable to the company.

28.3 The Department issued show cause against the recovery of the May 2019 sales tax amounting to Rs. 138.90 million the Company filled appeal against the demand to Appellate tribunal IR and the Tribunal after the balance sheet date order passed in favor of the company and set-aside and revert Back to the department to adjust the refunds and ascertain exact claim after adjustment of Refund as of reporting date the same pending with the department.

28.4 Certain appeals are pending with the Income tax authorities related to the disallowances of expenses etc. The management feels that the outcome of the appeals will not be against the company.

28.5 Guarantees given by the commercial banks on behalf of the Company amounted to Rs.- 2.84 (2018:Rs. 3.407) million.

29 SALES

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
					(Rupees)					
Gross Sales										
Local	2,844,185,565	2,800,300,890	-	-	62,748,172	90,857,957	95,915,876	81,275,468	3,002,849,613	2,972,434,315
Exports	-	-	-	-	-	-	3,110,296,392	2,149,992,987	3,110,296,392	2,149,992,987
	2,844,185,565	2,800,300,890	-	-	62,748,172	90,857,957	3,206,212,268	2,231,268,455	6,113,146,005	5,122,427,302
Sales Commission	781,000	2,882,663	-	-	-	-	16,307,059	11,446,146	17,088,059	14,328,809
Sales Tax/Special Excise Duty	367,944,780	346,425,090	-	-	10,431,384	14,574,582	9,692,459	8,918,780	388,068,623	369,918,452
	368,725,780	349,307,753	-	-	10,431,384	14,574,582	25,999,518	20,364,926	405,156,682	384,247,261
Net Sales	2,475,459,785	2,450,993,137	-	-	52,316,788	76,283,375	3,180,212,750	2,210,903,529	5,707,989,323	4,738,180,041

30 COST OF SALES

	Note	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
						(Rupees)					
Raw material - opening stock		-	-	1,028,066	1,122,662	10,147,896	6,223,539	131,457,129	302,074,672	142,633,091	309,420,873
Purchases		1,766,219,605	2,048,745,190	-	-	59,343,141	48,313,002	1,614,593,380	1,304,397,035	3,440,156,126	3,401,455,227
Raw material - Return		-	-	-	(94,596)	-	-	-	-	-	(94,596)
Raw material - closing stock		-	-	(1,028,066)	(1,028,066)	(31,265,690)	(10,147,901)	(12,346,654)	(131,457,129)	(44,640,410)	(142,633,096)
Raw material consumed	30.1	1,766,219,605	2,048,745,190	-	-	38,225,347	44,388,640	1,733,703,855	1,475,014,578	3,538,148,807	3,568,148,408
Road Cess		2,081,923	3,172,493	-	-	-	-	-	-	2,081,923	3,172,493
Salaries, Wages and Other Benefits	30.2	159,551,091	177,527,396	463,077	476,094	13,297,477	20,052,241	70,319,813	66,211,852	243,631,458	264,267,583
Water, Fuel and Power		37,222,910	51,321,386	-	-	8,119,596	8,633,718	384,396,358	298,185,372	429,738,864	358,140,476
Stores and Spares consumed		77,839,204	104,833,493	28,944	43,227	5,840,864	7,487,948	102,991,328	90,334,774	186,700,340	202,699,442
Printing and Linter feeding		-	-	-	-	-	-	-	-	-	-
Insurance		154,916	551,616	-	210,167	-	204,819	6,149,246	3,035,676	6,304,162	4,002,278
Depreciation		274,137,689	271,621,451	4,986,043	4,979,489	7,403,753	8,237,965	136,170,288	131,641,475	422,697,773	416,480,380
Repairs and Maintenance		5,386,516	4,160,612	-	-	47,239	269,612	15,087,933	11,249,296	20,521,688	15,679,520
Other Overheads		20,738,132	21,224,405	-	22,750	217,080	342,103	11,903,913	11,696,904	32,859,125	33,286,162
Vehicle Running Expenses		5,951,072	6,490,817	-	-	308,340	185,884	287,943	267,786	6,547,355	6,944,488
		2,349,283,058	2,689,648,859	5,478,064	5,731,727	73,459,696	89,802,930	2,461,010,677	2,087,637,713	4,889,231,495	4,872,821,229
Work in process - beginning		1,910,558	677,835	739,103	739,103	180,187	171,027	242,219	441,890	3,072,067	2,029,855
Work in process - ending		(1,974,457)	(1,910,558)	(739,103)	(739,102)	(232,499)	(180,187)	(1,654,424)	(242,219)	(4,600,483)	(3,072,066)
Cost of Goods Manufactured		2,349,219,159	2,688,416,136	5,478,064	5,731,728	73,407,384	89,793,770	2,459,598,472	2,087,837,384	4,887,703,079	4,871,779,018
Finished goods - opening stock		845,229,000	1,284,604,103	-	-	10,227,526	19,327,778	466,474,818	256,591,482	1,321,931,344	1,560,523,363
Transfer to Other Segments		(224,987,740)	(107,815,500)	-	-	-	-	-	-	(224,987,740)	(107,815,500)
Finished goods - closing stock		-	(845,229,000)	-	-	(15,777,437)	(10,227,526)	(208,034,403)	(466,474,818)	(223,811,840)	(1,321,931,344)
		2,969,460,419	3,019,975,739	5,478,064	5,731,728	67,857,473	98,894,022	2,718,038,887	1,877,954,048	5,760,834,843	5,002,555,537

30.1 a) No production activity in polypropylene Unit during the year, therefore the depreciation on Plant & Machinery has not been charged on same unit as per the Company policy as disclosed in No.4.4 to the Financial Statements.

30.2 Salaries, Allowances & Other Benefits include Rs.3.640 (2018:3.650) million in respect of Staff Retirement Benefits.

31 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	Sugar Segment 2019	Sugar Segment 2018	Polypropylene Segment 2019	Polypropylene Segment 2018	Board and Panel Segment 2019	Board and Panel Segment 2018	Distillery Segment 2019	Distillery Segment 2018	Total 2019	Total 2018
		(Rupees)									
Salaries, Allowance & Other Benefits	31.1	**38,434,881**	37,670,086	**-**	-	**2,580,000**	1,800,000	**17,106,157**	11,634,627	**58,121,038**	51,104,713
Office and Other Expenses		**10,030**	79,137	**-**	-	**-**	-	**-**	250,000	**10,030**	329,137
Entertainment		**441,149**	539,781	**-**	-	**-**	-	**247,309**	353,349	**688,458**	893,130
Communication		**638,144**	894,064	**-**	-			**1,371,477**	1,256,719	**2,009,621**	2,150,783
Depreciation		**2,779,131**	3,115,508	**120,046**	134,920	**113,265**	125,175	**1,969,062**	1,927,014	**4,981,504**	5,302,617
Vehicle Running Expenses		**3,293,696**	3,153,070	**-**	-	**-**	-	**3,026,927**	2,461,289	**6,320,623**	5,614,359
Legal and Professional Charges		**5,094,942**	1,000,950	**-**	-	**-**	-	**1,500,412**	148,250	**6,595,354**	1,149,200
Printing and Stationery		**530,256**	891,004	**-**	-	**-**	-	**210,370**	61,523	**740,626**	952,527
Rent, Rates and Taxes		**22,200,850**	44,263,668	**-**	-	**-**	-	**-**	-	**22,200,850**	44,263,668
Traveling and Conveyance		**449,583**	595,377	**-**	-	**-**	-	**3,619,577**	2,253,966	**4,069,160**	2,849,342
Auditors' Remuneration	31.2	**650,000**	650,000	**-**	-	**-**	-	**-**	-	**650,000**	650,000
Fees and Subscription		**1,079,752**	5,919,135	**-**	-	**-**	-	**398,402**	605,325	**1,478,154**	6,524,460
Miscellaneous		**25,447**	25,824	**-**	-			**-**	-	**25,447**	25,824
		75,627,861	**98,797,604**	**120,046**	134,920	**2,693,265**	**1,925,175**	**29,449,693**	20,952,062	**107,890,865**	121,809,761

31.1 Salaries, Allowances & Other Benefits include Rs.1.705(2018:1.495) million in respect of Staff Retirement Benefits.

31.2 Auditors Remuneration

	2019	2018
	(Rupees)	
Audit Fee	**525,000**	525,000
Half Yearly Review	**125,000**	125,000
	650,000	650,000

32 DISTRIBUTION AND SELLING COSTS

	Sugar Segment 2019	Sugar Segment 2018	Polypropylene Segment 2019	Polypropylene Segment 2018	Board and Panel Segment 2019	Board and Panel Segment 2018	Distillery Segment 2019	Distillery Segment 2018	Total 2019	Total 2018
	(Rupees)									
Sugar Bags Handling	**2,792,264**	3,558,943	**-**	-	**-**	-	**-**	-	**2,792,264**	3,558,943
Export Expenses	**-**	-	**-**	-	**-**	-	**348,323,788**	195,654,673	**348,323,788**	195,654,673
	-	-	**-**	-	**-**	-	**-**	-	**-**	-
	2,792,264	3,558,943	**-**	-	**-**	**-**	**348,323,788**	195,654,673	**351,116,052**	199,213,616

33 OTHER OPERATING INCOME/(CHARGED)

	Note	2019	2018
Profit from Dewan Petroleum Services		**746,459**	1,400,927
Profit on Deposit Account	**33.1**	**1,327,006**	1,093,629
Excise Duty Refund	**33.2**	**3,755,128**	--
		5,828,593	2,494,556

33.1 Represents markup on bank accounts under conventional banking relationship.

33.2 Amount represent 50% rebate of excise duty reversal over the excess production of 1993 from 1992.

34 FINANCIAL COST

	Note	2019	2018
Markup and Charges on:			
Term Finance Facilities		**-**	33,258,432
Short Term Finance Facilities		**22,713,509**	13,806,926
Bank Charges		**413,266**	700,138
Interest Free Loan		**-**	149,503,462
Unwinding of discount	**17**	**31,306,509**	37,805,480
		54,433,284	235,074,438

34.1 The company has not provided the markup on long term borrowings from Banks for the year amounting to Rs. 33.258 million on the contention of the Company as disclosed in note 19.1 & 19.2 to the Financial Statements. However had the provision been made in the financial statements markup for the year would have been higher by Rs.33.258 million and accrued markup and accumulated loss would have been increased by Rs. 33.258 million.

	2019	2018
35 TAXATION	**(Rupees)**	
Current Income Tax charge	**71,000,000**	58,700,000
Provision for Deferred Income Tax	**(91,547,711)**	(87,224,005)
Prior Year Adjustment	**7,004,505**	(1,655,906)
	(13,543,206)	(30,179,911)

In view of the carry forward tax losses of the company; current year taxation charge, except for income covered under the presumptive tax regime, has been determined as the minimum tax under Section 113 of the Income Tax Ordinance, 2001. Following course, gross turnover from all sources up to September 30, 2019 have been taxed @ 1.5% and advance tax deducted under the presumptive tax regime have been determined as the current tax liability of the company for the year and that preceding. Hence a reconciliation of the accounting and taxable profits is deemed not applicable in the instance.

36 LOSS PER SHARE - BASIC

Loss for the Year	**(546,913,922)**	(787,798,844)
Weighted average number of shares in issue	**91,511,992**	75,964,047
Loss per Share - Basic	**(5.98)**	(10.37)

36.1 There is no dilution of the basic earning per share of the company, as it has not issued any instrument having an option to convert into the issued ordinary share capital of the company.

37 REMUNERATION OF CHIEF EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year, in respect of remuneration, including certain benefits to the Directors and Executives of the company, is as follows:

Description	2019				2018			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
		(Rupees)				(Rupees)		
Managerial Remuneration	**3,249,290**	**5,417,032**	**12,764,385**	**21,430,707**	1,586,900	5,417,021	12,274,040	19,277,961
House Rent Allowance	**1,462,181**	**2,437,665**	**5,743,973**	**9,643,819**	714,105	2,437,660	5,523,318	8,675,083
Utilities	**324,929**	**541,703**	**1,276,438**	**2,143,070**	158,695	541,719	1,227,442	1,927,856
Others	**3,600**	**3,600**	**21,600**	**28,800**	3,600	3,600	21,600	28,800
Total	**5,040,000**	**8,400,000**	**19,806,396**	**33,246,396**	2,463,300	8,400,000	19,046,400	29,909,700
Number of Persons	**1**	**1**	**6**	**8**	1	1	6	8

Certain Directors and executives of the company are provided with free use of company maintained cars.

38 PLANT CAPACITY AND PRODUCTION

	2019	2018
Sugar Unit		
Rated crushing capacity per day (MT) (Seawall unit)	**8,000**	8,000
Cane crushed by the company (MT)	**333,105**	507,595
Sugar produced by the company (MT)	**35,485**	53,360
Days worked (Nos.)	**73**	121
Sugar Recovery (%)	**10.650%**	10.520%
Polypropylene Unit		
Annual Capacity in Tons	**4,455**	4,455
Capacity Utilization	**-**	-
Board and Panel Unit		
Per Day Capacity (Number of Sheets)	**1,000**	1,000
Capacity Utilization	**19.84%**	27.48%
Distillery Unit		
Annual Capacity on the basis of 300 days (Tons)	**30,000**	30,000
Capacity Utilization	**96.32%**	96.04%

The company has not utilized the full capacity for the production due to working capital constraints and short supply of Raw material to the plant.

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to Credit Risk

Credit risk of the Company arises from long term loans, long term deposits, trade debts, short term loans, trade deposits, other receivables and bank balances. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

	2019	2018
	Rupees	
Short term Investment	**-**	-
Trade Debts	**14,415,008**	32,774,163
Loans and Advances	**391,148,587**	309,334,184
Trade Deposits and Prepayments	**11,261,492**	12,003,947
Cash and Bank Balances	**48,348,292**	90,587,518
	465,173,379	444,699,812

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and dealing banks posses good credit ratings.

39.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years & onward
				(Rupees)			
Financial Liabilities - Recognized							
Term Finance Rescheduled	**2,351,169,964**	**2,351,169,964**	**2,351,169,964**	--	--	--	--
Short Term Finances	**192,195,875**	**203,580,985**	**203,580,985**	--	--	--	
Finance Lease Liability	**6,282,804**	**6,282,804**	**2,256,192**	**2,256,192**	**1,770,420**	--	--
Trade & Other Payables	**1,724,526,540**	**1,724,526,540**	**1,724,526,540**	--	--	--	--
Mark up payable	**12,693,247**	**12,693,247**	**12,693,247**	--	--	--	--
Total 2019	**4,286,868,430**	**4,298,253,540**	**4,294,226,928**	**2,256,192**	**1,770,420**	--	--
Financial liabilities - Recognized							
Term Finance Rescheduled	2,357,196,038	2,784,772,394	1,652,011,453	565,836,961	565,661,354	1,262,626	--
Short Term Finances	192,195,875	198,871,415	198,871,415	--	--	--	
Finance Lease Liability	10,710,023	10,710,023	2,213,610	2,213,610	4,512,384	1,770,420	--
Trade & Other Payables	2,653,530,905	2,653,530,905	2,653,530,905	--	--	--	--
Mark up payable	3,715,631	3,715,631	3,715,631	--	--	--	--
Total 2018	5,217,348,472	5,651,600,368	4,510,343,014	568,050,571	570,173,738	3,033,046	--

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at September 30.

39.3 Market Risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, interest rate risk and other price risk. The market risks associated with the Company's business activities are discussed as under:

39.3.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk as there are no foreign currency denominated receivables / payables as of the reporting date.

39.3.2 Interest Rate Risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2019	2018
Financial Assets		
Balance with banks		
Variable rate instruments at carrying amounts:	Rupees	
Financial liabilities		
Lease liabilities	**6,282,804**	10,710,023
Short term borrowings	**192,195,875**	192,195,875
	198,478,679	202,905,898

Fair Value Sensitivity Analysis for Fixed Rate Instruments:

The company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments:

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest /mark-up rate in terms of KIBOR has increased by 605 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

Effect on loss / profit due to change of 100 BPs	2019	2018
Increase	**1,921,959**	1,921,959
Decrease	**1,921,959**	1,921,959

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

39.4 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares or sell assets to reduce debt.

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 expectation of the shareholders. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Following is the quantitative analysis of capital managed by the Company.

39.5 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

40 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings, comprise associated companies, staff retirement funds, directors and key management personnel. Transaction with related parties and associated undertakings, other than remuneration and benefits to key management personnel disclosed in the respective notes, are as follows:

	Note	**2019**	2018
		Rupees	
Sales Commission		**16,307,059**	11,446,146
Provident fund Contribution	**40.1**	**5,345,426**	5,146,440
Loan from Director		**5,807,000**	6,800,000
Right issued to Director		**-**	250,000,000

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note 36 above.

The receivable/payable balances with related parties as at September 30, 2019 are disclosed in the respective notes to the financial statements.

40.1 Investments of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

41 ADDITIONAL BUSINESS SEGMENT INFORMATION

	Sugar Segment		Polypropylene Segment		Board & Panel Segment		Distillery Segment		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees)									
Net Sales (Note 25)	**2,475,459,785**	2,450,993,137	**-**	-	**52,316,788**	76,283,375	**3,180,212,750**	2,210,903,529	**5,707,989,323**	4,738,180,041
Cost of Sales (Note 26)	**2,969,460,419**	3,019,975,739	**5,478,064**	5,731,727	**67,857,473**	98,894,022	**2,718,038,887**	1,877,954,048	**5,760,834,843**	5,002,555,537
Gross Profit(Loss)	**(494,000,634)**	(568,982,602)	**(5,478,064)**	(5,731,727)	**(15,540,685)**	(22,610,647)	**462,173,863**	332,949,481	**(52,845,520)**	(264,375,496)
Administrative Expenses (Note 27)	**75,627,861**	98,797,604	**120,046**	134,920	**2,693,265**	1,925,175	**29,449,693**	20,952,062	**107,890,865**	121,809,761
Selling & Distribution costs (Note 28)	**2,792,264**	3,558,943	**-**	-	**-**	-	**348,323,788**	195,654,673	**351,116,052**	199,213,616
	78,420,125	102,356,547	**120,046**	134,920	**2,693,265**	1,925,175	**377,773,481**	216,606,735	**459,006,917**	321,023,377
Segment Results	**(572,420,759)**	(671,339,149)	**(5,598,110)**	(5,866,648)	**(18,233,950)**	(24,535,822)	**84,400,382**	116,342,746	**(511,852,437)**	(585,398,872)
Segments Assets	**3,066,103,031**	4,217,091,891	**221,574,604**	233,114,540	**276,858,557**	266,556,991	**2,614,792,447**	2,956,753,142	**6,179,328,639**	7,673,516,564
Segments Liabilities	**2,237,016,007**	3,032,647,789	**(922,793)**	6,896,404	**19,698,381**	47,662,611	**871,381,868**	1,218,472,833	**3,127,173,463**	4,305,679,637
Capital Expenditure - Excluding revaluation	**58,150,830**	1,631,376	**-**	-	**19,800**	-	**22,410,679**	4,328,116	**80,581,309**	5,959,492
Depreciation	**276,916,820**	274,736,959	**5,106,089**	5,114,409	**7,517,018**	8,363,140	**138,139,350**	133,568,489	**427,679,277**	421,782,997

42 NUMBER OF EMPLOYEES

Number of Head Office employees as at 30 September	**31**	31
Number of factory employees as at 30 September	**463**	479
Average number of employees during the year	**33**	33
Average number of factory employees during the year	**526**	630

43 GENERAL

i Functional and Presentation Currency

These financial statements are presented in Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee and rounded off to nearest Rupee.

ii Corresponding Figures

Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. No major reclassification to report.

Muhammad Baqir Jafferi	**Muhammad Ilyas Abdul Sattar**	**Haroon Iqbal**
Chief Executive Officer	Chief Financial Officer	Chairman Board of Director

PATTERN OF SHAREHOLDING UNDER REGULATION 37 (XX) (I) OF THE CODE OF CORPORATE GOVERNANCE
AS ON SEPTEMBER 30, 2019

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**	2	5,788,938	6.33%
2.	**NIT and ICP**	6	1,641,284	1.79%
3.	**Directors, CEO, their Spouses & Minor Children**	7	4,000	0.00%
4.	**Executives**			0.00%
5.	**Public Sector Companies & Corporations**	14	377,681	0.41%
6.	**Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds**	1	71,935	0.08%
7.	**Individuals**	2,114	83,628,154	91.38%
	TOTAL	**2,144**	**91,511,992**	**100.00%**

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	**Names**	**Number of Shareholders**	**Number of Shares held**	**% of Shareholding**
1.	**Associated Companies**			
1.1	M/s Dewan Motors (Pvt.) Limited	1	2,894,469	3.16%
1.2	M/s Dewan Mushtaq Motors Co. (Pvt.) Limited	1	2,894,469	3.16%
		2	**5,788,938**	**6.33%**
2.	**NIT and ICP**			
2.1	NATIONAL BANK OF PAKISTAN	1	1,357	0.00%
2.2	NATIONAL BANK OF PAKISTAN,TRUSTEE WING	1	100	0.00%
2.3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,366,432	1.49%
2.4	NATIONAL INVESTMENT TRUST LIMITED-ADMINISTRATION FUND	1	44,818	0.05%
2.5	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	7,749	0.01%
2.6	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	220,828	0.24%
		6	**1,641,284**	**1.79%**
3.	**Directors, CEO, their Spouses & Minor Children**			
	Directors and CEO			
3.1	Mr. Haroon Iqbal	1	1,000	0.00%
3.2	Mr. Aziz-Ul-Haque	1	500	0.00%
3.3	Mr. Ghazanfar Badar Siddiqui	1	500	0.00%
3.4	Syed Muhammad Anwar	1	500	0.00%
3.5	Mr. Ishtiaq Ahmed	1	500	0.00%
3.6	Mr. Muhammad Naeem Uddin Malik	1	500	0.00%
3.7	Mr. Muhammad Baqar Jafferi	1	500	0.00%
		7	**4,000**	**0.00%**
3.2	**Spouses of Directors and CEO**			
3.2.1		-	-	0.00%
		-	**-**	**0.00%**
3.3	**Minor Children of Directors and CEO**			
3.3.1		-	-	0.00%
		-	**-**	**0.00%**
		7	**4,000**	**0.00%**

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	**Names**	**Number of Shareholders**	**Number of Shares held**	**% of Shareholding**
1	Dewan Muhammad Yousuf Farooqui	2	61,302,772	66.99%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN			
Srl #	**Names**	**Date of Transaction**	**Number of Shares sold**

THE COMPANIES ORDINANCE, 1984

FORM 34

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number: **0009535**
2. Name of the Company: **DEWAN SUGAR MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at: **30 09 2019**
4.

Number of Shareholders	Shareholdings				Total Shares held
559	1	-	100	Shares	14,319
548	101	-	500	Shares	150,079
216	501	-	1,000	Shares	197,016
443	1,001	-	5,000	Shares	1,245,541
153	5,001	-	10,000	Shares	1,245,250
82	10,001	-	20,000	Shares	1,269,533
44	20,001	-	30,000	Shares	1,128,082
24	30,001	-	40,000	Shares	844,704
20	40,001	-	50,000	Shares	923,707
5	50,001	-	60,000	Shares	283,000
6	60,001	-	70,000	Shares	394,500
3	70,001	-	80,000	Shares	226,795
2	80,001	-	90,000	Shares	179,000
6	90,001		100,000	Shares	577,667
4	100,001	-	120,000	Shares	444,018
3	120,001	-	140,000	Shares	384,459
1	140,001	-	160,000	Shares	150,000
1	160,001	-	200,000	Shares	200,000
2	200,001	-	220,000	Shares	420,631
4	220,001	-	240,000	Shares	925,112
2	240,001	-	300,000	Shares	579,350
1	300,001	-	400,000	Shares	312,000
1	400,001	-	500,000	Shares	481,866
1	500,001	-	600,000	Shares	502,500
1	600,001	-	700,000	Shares	619,000
1	700,001	-	800,000	Shares	738,720
3	800,001	-	1,000,000	Shares	2,873,500
1	1,000,001	-	1,400,000	Shares	1,366,432
1	1,400,001	-	1,500,000	Shares	1,431,665
1	1,500,001	-	1,900,000	Shares	1,864,382
1	1,900,001	-	2,500,000	Shares	2,447,454
2	2,500,001	-	3,000,000	Shares	5,788,938
1	3,000,001		7,000,000	Shares	6,157,361
1	7,000,001	-	55,500,000	Shares	55,145,411
2144				**TOTAL :-**	**91,511,992**

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	4,000	0.00%
5.2	Associated Companies, undertakings and related parties	5,788,938	6.33%
5.3	NIT and ICP	1,641,284	1.79%
5.4	Banks, Development Financial Institutions, Non-Banking Finance	-	0.00%
5.5	Insurance Companies	71,935	0.08%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 5%	61,302,772	66.99%
5.8	General Public		
	a. Local	83,628,154	91.38%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	377,681	0.41%

اختتامی بیان:

اختتام پر اللہ پاک رحمٰن ورحیم کے حضور سجدہ ریز ہو کر دعا مانگتے ہیں ہمارے نبی سرکار دو عالم ﷺ کے وسیلے سے کہ اے اللہ ہماری رہنمائی کرتا رہے اور کمپنی قوم اور وطن عزیز کو اپنے حفظ وامان میں رکھے اور بھرپور ترقی کرنے کی توفیق عطا کرے۔ ساتھ ہی اللہ پاک سے دعا مانگتا ہوں کہ امت مسلمہ میں امن، چین اور بھائی چارہ پیدا کرے آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)

بورڈ آف ڈائریکٹرز کی جانب سے

بورڈ کے ڈائریکٹران کی جانب سے

ہارون اقبال
چیئرمین بورڈ آف ڈائریکٹرز

کراچی
مورخہ 23 دسمبر 2019ء

انسانی وسائل اور خدمات کی کمیٹی میٹنگ:

بورڈ کی جانب سے انسانی وسائل اور خدمات کی کمیٹی قائم کی گئی تھی تاکہ ڈائریکٹرز کو انسانی وسائل کی پالیسیوں کے وقتاً فوقتاً جائزوں کے سلسلے میں اپنی ذمہ داریوں کو نبھانے میں مدد دی جاسکے۔ یہ بورڈ کو اہم انتظامی شخص کے انتخاب، تشخیص، معاوضے اور جانشینی کی منصوبہ بندی میں بھی مدد کرتا ہے۔

سال کے دوران انسانی وسائل اور خدمات کی کمیٹی نے ایک ملاقات کی جس کی سربراہی جناب عزیز الحق صاحب نے کی۔

اراکین برائے انسانی وسائل اور خدمات کی کمیٹی	ملاقاتوں میں حاضری
جناب عزیز الحق	1
جناب ہارون اقبال	1
جناب محمد باقر جعفری	1

آڈیٹرز:

موجودہ آڈیٹرز ایم ایس فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اس سالانہ عمومی اجلاس کے بعد ریٹائر ہو جائیں گے تاہم اہلیت کی بنیاد پر خود کو بعد از ریٹائرمنٹ دوبارہ نامزدگی کے لئے پیش کرتے ہیں۔

قومی خزانے میں شراکت داری:

سال کے دوران آپ کی کمپنی نے سیلز ٹیکس، کسٹم ڈیوٹی، انکم ٹیکس اور دیگر لاگو محصولات کی مد میں حکومتی خزانے میں 435.59 ملین روپے جمع کروائے ہیں۔

ڈیویڈنڈ:

انتظامیہ نے معقول فنڈز نہ ہونے کی وجہ سے اس بار ڈیویڈنڈ نہ دینے کا فیصلہ کیا ہے۔

فی حصص آمدن:

اس سال EPS کا ریٹ (5.98) روپے ہے۔

شیئر ہولڈنگ کا پیٹرن:

کمپنی کی شیئر ہولڈنگ کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

اظہارِ تشکر:

بورڈ ممبران کمپنی کے حصص یافتگان، وفاقی اور صوبائی حکومتوں، بینکوں، مالیاتی اداروں اور کسانوں کے اعتماد پر تہہ دل سے شکر گزار ہیں۔ آپ کے اس غیر متزلزل اعتماد کی بدولت کمپنی چل رہی ہے۔

بورڈ ادارے کی اپنی ٹیم، ایگزیکٹو اراکین، اسٹاف کے ساتھی اور ورکرز کا بھی بھرپور شکریہ ادا کرتا ہے جو کمپنی کی ترقی میں اپنا بھرپور کردار ادا کر رہے ہیں۔ ہم آپ کی محنت اور کاوشوں کو قدر کی نگاہ سے دیکھتے ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

۱۔ 30 ستمبر 2019ء کو اختتام پذیر مالی سال میں انتظامیہ کی جانب سے تیار کیے گئے کمپنی کے مالیاتی گوشوارے کمپنی کے حالات، کاروباری نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔

۲۔ کمپنی کے کھاتوں کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

۳۔ 30 ستمبر 2019ء کو اختتام پذیر مالی سال کے مالیاتی گوشوارے تیار کرتے وقت مناسب اکاؤنٹنگ پالیسیاں مسلسل اختیار کی جاتی رہی ہیں اور تمام مالیاتی گوشوارے میں اندازے سمجھداری سے بہتر فیصلوں پر مرتب کیے گئے ہیں۔

۴۔ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسے پاکستان میں نافذ العمل ہیں اُنہیں ویسے ہی مالیاتی گوشواروں کی تیاری میں نافذ کیا گیا۔

۵۔ کمپنی میں اندرونی کنٹرول سسٹم کا ڈیزائن موزوں ہے اور بہت موثر انداز میں لاگو ہے اور اس کی عمدگی سے مانیٹرنگ کی جاتی رہی ہے۔

۶۔ انتظامیہ نے کمپنی کے آگے بڑھنے کی صلاحیت کے بارے میں نوٹ 1.2 اور مارک اپ کی عدم فراہمی کے بارے میں نوٹ 18.1 اور نوٹ 28.1 میں اپنے خیالات کی وضاحت کی ہے۔

۷۔ کارپوریٹ گورننس کی تمام اعلیٰ پریکٹسز جیسا کہ اسٹاک ایکس چینج آف پاکستان کی لسٹنگ ریگولیشن میں سے بھی کوئی میٹریل ڈیپارچر نہیں ہوا۔

۸۔ گذشتہ چھ سالوں کے کلیدی آپریٹنگ اور فنانشل معلومات مختصراً اس رپورٹ میں شامل ہیں۔

۹۔ تمام ٹیکسز کی ادائیگی کر دی گئی ہے، سوائے اس کے کہ جو منسلکہ آڈٹ شدہ مالی حسابات کے نوٹ 28.2 میں درج ہے۔

۱۰۔ 30 جون 2019ء کو اختتام پذیر مالی سال کے پروویڈنٹ فنڈ انویسٹمنٹ کی فیئر ویلیو 67.107 ملین روپے (2018: 62.827 ملین روپے) رہی ہے۔

بورڈ میٹنگز:

بورڈ کے ڈائریکٹران قابل اور کئی علوم کے ماہرین پر مشتمل ہیں جو کمپنی کو منافع بخش بنانے میں اپنا بھرپور کردار ادا کر رہے ہیں۔ 30 ستمبر 2019ء کے بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہیں:

ڈائریکٹرز	تعداد
مرد	7
خواتین	کوئی نہیں
بشمول	تعداد
انفرادی ڈائریکٹر	1
دیگر غیر ایگزیکیٹیو ڈائریکٹرز	4
ایگزیکیٹیو ڈائریکٹرز	2

آڈٹ کمیٹی کی میٹنگ:

سال کے دوران آڈٹ کمیٹی کے اراکین نے چار ملاقاتیں کیں جن کی صدارت جناب عزیز الحق نے کی۔

میٹنگ میں حاضر ہونے والے اراکین درج ذیل ہیں:

آڈٹ کمیٹی کے اراکین	ملاقاتوں میں حاضری
جناب عزیز الحق	4/4
جناب ہارون اقبال	4/4
سید محمد انوار	4/4

شکر انڈسٹری کے مستقبل کا منظر نامہ برائے سال 20-2019:

گنے کی کٹائی اور گنے کی فی ایکڑ پیداوار میں کمی کے رجحانات ہیں۔اس نے گنے کی خریداری کیلئے شوگر ملز میں سخت مقابلہ پیدا کیا ہے اس کے نتیجہ میں گنا مضبوط مالیاتی ملز کو مل جاتا ہے جبکہ چھوٹے یونٹ گنے کی قلت کا شکار ہیں جس کے نتیجے میں کرشنگ صلاحیت کا استعمال کم ہو رہا ہے جس کی وجہ سے نقصانات کا سامنا ہے۔

شکر انڈسٹری کو حکومت کی مدد کی ضرورت ہے۔گنے کی قیمتوں کے نظام کو درست کرنے اور کسانوں کو جلد ادائیگی کرنے کیلئے خصوصی بینک فنانس مہیا کئے جائیں جس کی وجہ سے یہ صنعت ملکی اور عالمی کاروباری ماحول میں پروان چڑھے۔ پاکستان کو شکر اور متعلقہ خالص مصنوعات کے برآمد کنندہ کی خصوصی صلاحیت حاصل ہو۔ اس طرح گنا پاکستان کی معیشت میں خصوصی حیثیت رکھ سکے۔

مندرجہ بالا حقائق کو مدنظر رکھتے ہوئے صنعت کا مستقبل حکومت کی مستقل پالیسیوں پر انحصار کرتا ہے جو تمام اسٹیک ہولڈرز کے مفاد میں ہے؛ حکومت کو اس اہم صنعت کی بحالی کیلئے قلیل مدتی اقدامات کی بجائے طویل مدتی اقدامات کرنے چاہئیں۔ان اہم اقدامات میں درج ذیل شامل ہونا چاہئے:

- ☆ مختلف نوعیت کی عمدہ معیاری بیجوں اور تکنیکی معاونت فراہم کی جائے تاکہ معیاری اور زائد فصل کی پیداوار ممکن ہو سکے۔
- ☆ گنے کی کاشت کے لئے مزید رقبے مختص کئے جائیں جو آج کل کم سے کم ہوتے جا رہے ہیں۔
- ☆ ریفائنڈ چینی کی متواتر برآمدات کی جائے۔
- ☆ ریفائنڈ شوگر کے ساتھ گنے کی قیمتوں کا موازنہ کرنا۔
- ☆ ایسے تاجروں سے بچنے کیلئے اقدامات کرنا جو شکر کو مہنگا بنانے کی وجہ بنتے ہیں۔

مندرجہ بالا اقدامات سے چینی کی کرشنگ کے کاروبار کو دوام ملے گا اور صنعت کی صلاحیت اور کاروبار کی لاگت میں کمی کرنے میں معاونت ملے گی اور ملک کو قیمتی زرمبادلہ ملنے کے ساتھ ایکسپورٹ میں بھی اضافہ ہوگا۔فی ایکڑ پیداوار میں اضافے سے لاگت کو کم سے کم رکھنے کی وجہ سے دیہی علاقے کو ترقی بھی ملے گی۔
سندھ ایگری کلچر ڈیپارٹمنٹ نے 9 دسمبر 2019ء کو نئے سیزن 2020-2019 کے لئے گنے کی قیمت 192 روپے فی 40 کلو طے کردی۔علاوہ ازیں سیزن کے اختتام پر کوالٹی پریمیئم جو کہ 8.7 فیصد ریکوری سے زائد یونٹ پر 50 پیسہ فی یونٹ سیزن کے آخر میں ادا کیا جائے گا۔

کارپوریٹ گورننس کے ضابطہ کی تعمیل:

ہم کارپوریٹ گورننس کے ضابطہ کی تعمیل (CSR) کیلئے بھی عزم رکھتے ہیں اور اپنی روزمرہ کی کاروباری سرگرمیوں میں اچھے معاشرتی طریقوں کو مربوط کرتے ہیں۔ہم کون ہیں اور ہم کس طرح عمل کرتے ہیں اس کا ایک اہم حصہ CSR ہے۔ہم اپنی کامیابی کے لئے اقدامات نہ صرف مالیاتی معیار کے مطابق کرتے ہیں بلکہ صارفین کا اطمینان پیدا کرنے اور ان برادریوں کی حمایت کیلئے بھی کرتے ہیں جن کی ہم خدمت کرتے ہیں۔

صحت، حفاظت اور ماحول:

ماحولیات سے جڑے معاملات کو اولین فوقیت حاصل ہے۔آپ کی کمپنی نے اپنی تمام مصنوعات رینیوبل فصل اور خام مال سے تیار کی ہیں۔ہم کسی ایسے منافع کے حصول میں سرگرداں نہیں جس سے ماحولیات کو کسی قسم کے خطرات کا سامنا کرنا پڑے۔توانائی میں کفایت اور صفر فضلہ پیدا کرنا ہماری ماحول دوست پالیسیوں کا تسلسل ہیں۔کمپنی اپنے پلانٹ میں اور اطراف ہریالی کو یقینی بنانے کے اقدامات بھی لیتی ہے تاکہ پلانٹ میں ماحول دوستی پروان چڑھ سکے۔ہمارا ماننا ہے کہ قدرتی ماحول انسان کی تمام سرگرمیوں کا ضامن ہے۔استعمال شدہ پانی کو پہلے فلٹر کیا جاتا ہے اور پھر اخراج کیا جاتا ہے۔اس کے علاوہ ملازمین کے لیے بھی صحت مند ماحول قائم کیا ہوا ہے تاکہ کسی ناخوشگوار واقعہ سے بچا جاسکے۔پھر بھی کسی غیر یقینی صورتحال سے نمٹنے کے لئے ایمبولینس اور ابتدائی طبی امداد کی سہولت پلانٹ میں دستیاب ہیں۔

بنیادی طور پر ورکنگ کیپٹل اور پلیج کی سہولیات کی عدم دستیابی کی وجہ سے کرشنگ میں کمی ہوئی، اور اسی وجہ سے کرشنگ سیزن میں جب چینی کی قیمت کم ترین سطح پر تھی تو مل کو چینی اسی دوران بیچنی پڑی جو کہ بڑے خسارہ کی وجہ بنتی ہے۔ پلیج کی سہولت نہ ہونے کی وجہ سے کمپنی کو کرشنگ سیزن کے بعد چینی کی قیمت میں اضافے کا فائدہ نہ اٹھا سکی۔ خسارہ کی دوسری وجہ کم پیداوار کی وجہ سے فی ٹن لاگت کا اضافی بوجھ تھا۔

ڈسٹلری آپریشنز:

پلانٹ نے دوران سال 30,630 میٹرک ٹن انڈسٹریل الکوحل تیار کیا جبکہ گذشتہ سال 32,945 میٹرک ٹن انڈسٹریل الکوحل تیار ہوا تھا۔

زیر جائزہ مدت کے دوران ڈسٹلری یونٹ کا آپریٹنگ منافع 84.400 ملین روپے رہا جس کے مقابلے میں پچھلے سال کا آپریٹنگ منافع 116.342 ملین روپے تھا۔ منافع میں کمی خام مال کی لاگت جو کہ 12,000 روپے تک پہنچ گئی جو کہ گذشتہ سال 8,000 روپے فی ٹن تھی۔ کمپنی نے بلک شپمنٹ پر انحصار کرنے کی بجائے بڑے پیمانے پر ڈرم کنسائنمنٹ فروخت کر کے 30 فیصد سے زیادہ خام مال کی اضافی لاگت کو جذب کیا۔ ہم امید کرتے ہیں کہ کم سے کم قیمتوں پر خام مال کی خریداری، پیداوار کی لاگت کو کم کرنے کے اقدامات اور بہتر قیمت حاصل کرنے کیلئے اقدامات جیسے ڈرم شپمنٹ اور ISO شپمنٹ پر انحصار کرنا ہوگا نہ کہ بلک شپمنٹ۔

بورڈ اور پینل آپریشنز:

چپ بورڈ پلانٹ نے زیر جائزہ مدت میں 72,410 شیٹیں تیار کی ہیں اس کے مقابلے پلانٹ گزشتہ سال 100,310 شیٹیں تیار کر پایا تھا۔ اس یونٹ کی پیداوار گنے کے خشک ریشوں کی رسد پر انحصار کرتی ہے جو گنے کی کرشنگ کے آپریشنز میں کمی کی وجہ سے کم رہی۔ دوسری ملوں سے خشک ریشوں کو خریدنا موزوں نہیں تھا۔ انتظامیہ نے اپنی توجہ ویلیو ایڈڈ مصنوعات کی تیاری پر مرکوز کر رکھی ہے اور درجہ A کی شیٹس تیار کر کے مسابقت میں سبقت لیجانے کے لئے کوشاں ہے۔ ہم پر امید ہیں کہ کمپنی کے اس آپریشن میں مثبت نتائج سامنے آئیں گے۔

پولی پروپولین آپریشنز:

کچھ ناموافق صورتحال کی وجہ سے یہ پلانٹ زیر جائزہ مدت میں غیر فعال رہا۔

کمپنی کو مالیاتی بحران کا سامنا ہے جس کی وجہ بینکوں کی جانب سے ورکنگ کیپٹل کی عدم دستیابی ہے۔ مفاہمتی معاہدے کے مطابق ری اسٹرکچرڈ واجبات کی عدم ادائیگی کی وجہ سے بینکوں نے کونسینٹ ڈگری کی ایگزیکیوشن سندھ ہائی کورٹ میں دائر کر دی ہیں۔

آڈیٹرز نے اپنی رپورٹ میں کمپنی کے آگے بڑھنے اور ترقی کرنے کی صلاحیت، ری اسٹرکچرڈ واجبات کی اقساط کی دوبارہ ادائیگی میں ڈیفالٹ اور اور مارک اپ کی عدم فراہمی جیسے معاملات پر منفی رائے کا اظہار کیا ہے۔

مالی حسابات کمپنی کے آگے بڑھنے کی صلاحیت پر تیار کئے گئے ہیں کیونکہ کمپنی نے اپنے قرض دہندگان سے مزید ری اسٹرکچرنگ کیلئے رجوع کیا ہے۔ کمپنی کو امید ہے کہ درخواست جلد قبول کر لی جائے گی اور کمپنی کی مالی اعانت سے ضروریات پوری ہو جائیں گی جو بالآخر انتظامیہ کو پیداواری صلاحیت کے زیادہ سے زیادہ استعمال کے ساتھ دوبارہ کام شروع کرنے میں مدد دے گی۔ لہٰذا آگے بڑھنے کی اس صلاحیت کا استعمال کرتے ہوئے مالی حسابات مرتب کئے گئے ہیں جو کہ مالی حسابات کے نوٹ 1.2 میں درج ہیں۔

ڈائریکٹرز رپورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے

اگر تم شکر ادا کروگے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

بورڈ کے ڈائریکٹران کی جانب سے یہ میرے لئے اعزاز کی بات ہے کہ میں آپ کو کمپنی کے 38 ویں سالانہ عمومی اجلاس میں خوش آمدید کہوں۔ کمپنی کے سال 30 ستمبر 2019ء کو اختتام پذیر مالی سال کے مالیاتی نتائج آپ کے سامنے پیش کئے جاتے ہیں۔

جائزہ:

شکر کی صنعت کاٹن کی صنعت کے بعد دوسری زرعی صنعت ہے جو نہ صرف روزگار فراہم کرتی ہے بلکہ دیہی علاقوں کے لئے معاشی سرگرمیاں بھی مہیا کرتی ہے۔ اس کا تیار کردہ اسٹاک کنفیکشنری اور مشروبات کی صنعتوں کے علاوہ ضائع شدہ مقدار جو کاغذی بورڈ، فرنیچر، پیٹرولیم اور بہت سی دیگر صنعتوں میں استعمال ہوتی ہیں۔ بدقسمتی سے اتنی اہمیت کا حامل یہ شعبہ مناسب پالیسیاں نہ ہونے کے باعث تباہی کے دہانے پر ہے۔

حتمی نتائج

	2019	2018
خالص فروخت	**5,707,989,323**	4,738,180,041
مجموعی خام (خسارہ)	**(52,845,520)**	(264,375,496)
خالص (خسارہ) بعد از ٹیکس	**(546,913,922)**	(787,798,844)
کارکردگی کے کلیدی اعداد و شمار		
۔ خام مجموعی (خسارہ) کا فیصد	**(0.01%)**	(5.58%)
۔ خالص (خسارہ) کا فیصد	**(9.55%)**	(16.63%)
۔ فی شیئر آمدنی	**(5.98)**	(10.37)

مالی سال **2018/19** میں کمپنی کی کارکردگی کا جائزہ:

پلانٹ کی کارکردگی:

چینی کے آپریشنز:

پلانٹ نے اپنی کرشنگ 27 دسمبر 2018ء کو شروع کی اور 9 مارچ 2019 تک (73 دن) جاری رہا جبکہ گذشتہ سیزن اس کا آپریشن 121 دن تک جاری رہا تھا۔ پلانٹ کی کارکردگی مندرجہ ذیل ہے:

آپریشنز	2019	2018
گنے کی کرشنگ میٹرک ٹن میں	**333,105**	507,595
چینی کی پیداوار میٹرک ٹن میں	**35,485**	53,360
چینی کی اوسط ریکوری فیصد میں	**10.65%**	10.52%
آپریٹنگ خسارہ	**(572.421)**	(671.339)

ا۔ میٹنگ میں حاضری کے لئے:

i۔ کسی ایک فرد کے معاملے میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر، یا وہ شخص جس کے سیکیوریٹیز گروپ اکاؤنٹ میں ہیں اوران کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ کی جاتی ہیں، وہ میٹنگ میں شرکت کے وقت اپنی شناخت ثابت کرنے کے لئے اپنے ہمراہ قومی شناختی کارڈ یا قومی پاسپورٹ لائیں گے۔

ii۔ میٹنگ میں کارپوریٹ اکائی کی نمائندگی کے معاملے میں اپنے ہمراہ بورڈ آف ڈائریکٹرز کی جانب سے دی گئی پاور آف اٹارنی لائیں گے جس میں نامزد کردہ شخص کے حق میں تمام بورڈ کے ممبران کے دستخط ہونگے۔

ب۔ پراکسی کی نامزدگی کے لئے:

i۔ کسی ایک فرد کے معاملے میں اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر، یا وہ شخص جس کے سیکیوریٹیز گروپ اکاؤنٹ میں ہیں اوران کی رجسٹریشن کی تفصیلات قواعد وضوابط کے مطابق اپ لوڈ کی جاتی ہیں وہ اپنے ہمراہ پراکسی فارم لیکر آئیں گے۔

ii۔ کسی دو اشخاص کے معاملے میں فارم پر دونوں کے قومی شناختی کارڈ نمبر اور ایڈریس پراکسی فارم پر موجود ہونے چاہیں۔

iii۔ نامزد کردہ پراکسی اور اصل شیئر ہولڈر کے شناختی کارڈ کی دو تصدیق شدہ نقول لازمی ساتھ ہونی چاہیں

iv۔ نامزد کردہ پراکسی میٹنگ میں شمولیت کے وقت اپنے ہمراہ اصل شناختی کارڈ لیکر آئیں گے۔

v۔ میٹنگ میں کارپوریٹ اکائی کی نمائندگی کے معاملے میں اپنے ہمراہ بورڈ آف ڈائریکٹرز کی جانب سے دی گئی پاور آف اٹارنی لائیں گے جس میں نامزد کردہ پراکسی شخص کے حق میں تمام بورڈ کے ممبران کے دستخط ہونگے اور پراکسی فارم بھی لازمی ہے۔

نوٹس برائے سالانہ عمومی میٹنگ

بذریعہ نوٹس تمام کو مطلع کیا جاتا ہے کہ دیوان شوگر ملز لمیٹڈ کی 38 ویں سالانہ عمومی میٹنگ کا انعقاد بروز پیر مورخہ 27 جنوری 2020ء 11:00 بجے صبح دیوان سیمنٹ لمیٹڈ کی فیکٹری سائٹ دیہ ڈھندو دھابیجی ضلع ملیر میں ہوگا جس میں بعداز تلاوتِ قرآن پاک اور دیگر مذہبی ادائیگیوں کے بعد مندرجہ ذیل معاملات زیر بحث لائے جائیں گے۔

عمومی کاروبار:

ا۔ مورخہ 28 جنوری بروز پیر 2019ء کو ہونے والی کمپنی کی غیر معمولی عام میٹنگ کے منٹس کو حتمی کیا جائے۔

۲۔ کمپنیز ایکٹ 2017 (ایکٹ) کے سیکشن 159 کی دفعات کے مطابق کمپنی کے بورڈ آف ڈائریکٹرز میں سے سات ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز مندرجہ ذیل ہیں:

(ا) جناب ہارون اقبال
(۲) جناب محمد باقر جعفری
(۳) سید محمد انوار
(۴) جناب غضنفر بابر صدیقی
(۵) جناب محمد نعیم الدین ملک
(۶) سید مقبول علی
(۷) جناب عزیز الحق

۳۔ جانچ پڑتال کے بعد کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے برائے اختتام سال 30 ستمبر 2019ء، بشمول ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی منظوری دی جائے۔

۴۔ آئندہ سال کے لئے آڈیٹرز کی تعیناتی کی جائے اور اُن کا معاوضہ طے کیا جائے۔

۵۔ چیئرمین سے اجازت کے بعد دیگر کاروبار پر نظر ثانی۔

بحکم بورڈ

محمد حنیف جرمن
کمپنی سیکریٹری

کراچی
مورخہ 27 دسمبر 2019ء

نوٹس:

ا۔ کمپنی کی شیئر ٹرانسفر کے کھاتے 20 جنوری 2020ء سے 27 جنوری 2020ء تک بند رہیں گے۔ (بشمول دونوں دن)

۲۔ ممبران سے درخواست کی جاتی ہے کہ وہ اپنے پتے کی تبدیلی کو فوراً کمپنی کے علم میں لائیں اور اس کی اطلاع ہمارے شیئر رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان پرائیویٹ لمیٹڈ، انعم اسٹیٹ روم نمبر 310، 311، تیسری منزل، دارالامان سوسائٹی، شاہراہ فیصل نزد بلوچ کالونی پُل پر دیں۔

۳۔ کمپنی کا ممبر میٹنگ میں حاضر ہونے اور ووٹ دینے کا اختیار کسی دوسرے کو بطور پراکسی دے سکتا ہے۔ مکمل پُر کیے ہوئے پراکسی فارم مورخہ میٹنگ کے شروع ہونے سے 48 گھنٹے پہلے تک کمپنی کو موصول ہو جانے چاہیں۔

۴۔ CDC اکاؤنٹ ہولڈرز کے لئے سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں درج ذیل ہدایات پر عمل کرنا ضروری ہے۔ سرکلر نمبر 01، مورخہ 20 جنوری 2000ء کے مطابق۔

DEWAN SUGAR MILLS LIMITED
38th ANNUAL GENERAL MEETING
PROXY FORM

IMPORTANT

This form of Proxy duly completed must be deposited at our Shares Registrar Transfer Agent **BMF Consultants Pakistan (Private) Ltd.** Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi-75350, Pakistan. Not later than 48 hours before the time of holding the meeting A Proxy should also be a member of the Company.

I/We____ of

____ being a member

of **Dewan Sugar Mills Limited** and holder of__________________________

__________________________Ordinary shares as per Registered Folio No./CDC

Participant's ID and Account No __________________________ hereby appoint

____ of

____ who is also

member of **Dewan Sugar Mills Limited** vide Registered Folio No./CDC Participant's ID

and Account No.__________ my/our proxy to vote for me/our behalf at the 38th Annual General

Meeting of the Company to be held on **Monday, January 27, 2020, at 11:00 a.m.**

adjournment thereof.

Signed this ______________________ day of ________________2020.

Affix
Revenue
Stamp
Rs. 5/-

Signature ______________________

Witness: ______________________	Witness: ______________________
Signature	**Signature**
Name: ______________________	Name: ______________________
Address: ______________________	Address: ______________________
______________________	______________________

پراکسی فارم

۳۸واں سالانہ اجلاس عام

اہم اعلان

یہ پراکسی فارم مکمل پر کر کے ہمارے رجسٹرار شیئر ٹرانسفر ایجنٹ، بی ایم ایف کنسلٹنٹ (پرائیوٹ) لمیٹڈ، انعم اسٹیٹ بلڈنگ، روم نمبر 310 اور 311، تیسری منزل، 49، دارالمان سوسائٹی، شاہراہ فیصل، ملحقہ بلوچ کالونی پل، کراچی ۔75350، پاکستان ۔ کے آفس میں، میٹنگ کے انعقاد سے اڑتالیس گھنٹے پہلے یہ فارم ضرور جمع کروادیں، کسی بھی پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

میں/ہم ____________________ کا (مکمل پتہ)

____________________ بحیثیت ممبر

دیوان شوگر ملز لمیٹڈ کے __________ حصص کے مالک، رجسٹرڈ فولیو نمبر/

سی ڈی سی آئی ڈی اور کھاتہ نمبر __________ میں

بطور پراکسی تقرر کرتا/کرتی ہوں __________ کا (مکمل پتہ)

____________________ جو بذات خود بھی

دیوان شوگر ملز لمیٹڈ ____________________

سی ڈی سی آئی ڈی اور کھاتہ نمبر ____________________

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۳۸ واں سالانہ اجلاس عام جو کہ بروز پیر، ۲۷ جنوری ۲۰۲۰ کو صبح ۱۱:۰۰ بجے ، ہے، میری/ ہماری جانب سے ووٹ دے۔

بطور گواہ میں/ہم نے بروز __________ بتاریخ __________ ۲۰۲۰ کو میرے/ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط ____________________

گواہ: ____________________
نام: ____________________
مکمل پتہ: ____________________
____

گواہ: ____________________
نام: ____________________
مکمل پتہ: ____________________
____