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DEWAN SUGAR MILLS LIMITED

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
Ishtiaq Ahmed

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	Meezan Bank Limited
Summit Bank Limited	Silk Bank Limited
Habib Bank Limited	Bank of Punjab Limited
Standard Chartered Bank Limited	
Bank of Khyber 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



DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL
IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

Your Directors take pleasure in presenting you the unaudited condensed interim financial information of the Company for the period ended March 31, 2020.

Financial Results.

During the period under consideration, your Company has suffered after tax loss of Rs.615.410 million, as compared to loss of Rs.310.881 million in the corresponding period.

Performance Review

Sugar Segment

The plant started its crushing on 2nd January, 2020 and operated (56 days) till 26th February 2020 as compared to last year plant operated for 73 days. Current season plant crushed 230,906 Metric tons of sugar cane producing 24,375 Metric Tons White refined sugar with average sucrose recovery of 10.55% as compared to last period plant managed to crush 333,105 tons of sugar cane with average sucrose recovery of 10.65% and refined sugar production of 35,485 tons. Your company production was 31% short as compared to last period and curtailed its sugar operation due to price hike of raw material which climb to Rs.350/- per 40 kg.

During the period sugar segment suffered operating loss of Rs.474.94 million as compared to Rs.295.36 million in the corresponding period. The main reason of this loss was less crushing capacity utilization because of unavailability of financial limit, ultimately manufacturing cost was high and have no other option to off load our stock on regular basis to keep up crushing.

Distillery Segment

Distillery unit produced 9,755 tons of Alcohol during the period under review as compared to 14,688 tons of Alcohol produced during the corresponding period. This period operating loss of distillery unit was Rs.124.481 million as against operating profit of Rs.25.195 million in previous period, decline in profitability was due to raw material cost which shot up to Rs22,000/- as compared to last period cost of raw material was Rs.12,000/-. However, we kept the plant running and holding the per ton cost of production at minimum level which will be fruitful for coming quarters and hopefully make the result much better for next quarters.

Chip Board Polypropylene Segment

Chip Board plant has produced 82,115 sheets during the period under review as against last period 28,530 sheets produced. Management is focused on producing value added products and "A" quality of sheets, which are well accepted in market. We are confident that from coming year we bring out this segment from losses to reasonable profit.

DEWAN SUGAR MILLS LIMITED

Polypropylene unit is already out of production due to unviable current situation.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved Prophet Muhammad (peace be upon him) for the continued showering of his blessings, guidance, strength, health, and prosperity to us, our company, country and nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood, and unity in true Islamic spirit to whole of the Muslim Ummah; Ameen; Summa Ameen.

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

By and under Authority of the Board of Directors



Muhammad Baqir Jafferi
Chief Executive Officer



Haroon Iqbal
Chairman Board of Directors

Place : Karachi
Date : December 28, 2020

FEROZE SHARIF TARIQ & CO.

Partners: FEROZE QAISER F.C.A., I.C.A.E.W.
ALI HUSAIN, F.C.A.
MOHAMMAD TARIQ, F.C.A., A.C.M.A.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
KARACHI 75400

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REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF DEWAN SUGAR MILLS LIMITED

Introduction

We have reviewed the accompanying Condensed interim Statement of financial Position of Dewan Sugar Mills Limited ("the company") as at March 31, 2020 and the related Condensed interim statement of profit or loss and other comprehensive income, Condensed interim statement of changes in equity, and Condensed interim Statement of cash flow and together with the notes to the financial statement for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and Presentation of this Condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss for the quarters ended March 31, 2020 and March 31, 2019 have not been reviewed as we are required to review only the cumulative figures for the Six month ended March 31, 2020.

Scope of Review

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of interim financial Information performed by the independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Adverse Conclusion

- a) The financial Statements which indicates in note 1.1 to the financial statements that as of March 31, 2020 the company incurred a loss after taxation of Rs. 615.410 (2019: Rs. 310.881) million and as of that date it has accumulated losses amounting to Rs. 3.367 billion (September 30, 2019: Rs. 2.848) billion which eroded Companies equity by Rs. 81.146 million and its current liabilities exceeded its current assets by Rs. 4.119 (September 30, 2019: Rs. 3.364) billion without providing markups on Restructured and other liabilities as disclosed 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 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.

FEROZE SHARIF TARIQ & CO.

Partners: FEROZE QAISER F.C.A., I.C.A.E.W.
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- b) The company defaulted in repayment of instalments 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 9 to the financial Statements) along with markup of Rs. 898.754 million (Rs. 471.824 million eligible for waiver mark up and Rs. 426.930 million outstanding mark up note 9 to the financial Statements) become immediately payable, therefore provision for markup should be made in these financial statements excluding 286.680 million which 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 made the provision of mark up in the financial statements. Further during the period the company not provided the mark up on restructured long term liabilities amounting to Rs. 73.603 million in the financial Statements as disclosed in note 15 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. 612.720 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 612.720 million.

Adverse Conclusion

Our review indicates that, because of the significance of the matter discussed in paragraph (a) coupled with financial impact of matter discussed in paragraph (b) and (c) above, these accompanying interim financial Statements as of and for the six months period ended March 31, 2020 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.

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



CHARTERED ACCOUNTANTS
Audit Engagement Partner: Mohammad Tariq

Place : Karachi
Date : December 28, 2020



YD | A YOUSUF DEWAN COMPANY

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED MARCH 31, 2020

		(Un-Audited)	(Audited)
		Mar.31, 2020	Sep.30, 2019
		(Rupees in '000')	
ASSETS	Notes		
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	4,950,510	5,120,634
CURRENT ASSETS			
Stores, Spares and Loose Tools		230,142	232,019
Stock-in-Trade		1,513,187	273,053
Trade Debts - Unsecured, Considered Good		12,519	14,415
Loans and Advances and Other Receivable - Unsecured, Considered Good		428,912	391,149
Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities		8,548	11,261
Income Tax Refunds and Advances		104,559	88,450
Short Term Investment - Related Party	7	-	-
Cash and Bank Balances		42,178	48,348
		2,340,045	1,058,695
		7,290,555	6,179,329
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
130,000,000 (Sept 2019:130,000,000) Ordinary Shares of Rs. 10/- each		1,300,000	1,300,000
Issued, Subscribed and Paid-up Capital		915,120	915,120
Reserves and Surplus		(3,367,368)	(2,848,217)
Revaluation Surplus on Property Plant and Equipment		2,371,102	2,467,361
		(81,146)	534,264
NON-CURRENT LIABILITIES			
Sponsors Loan - Unsecured	8	360,305	343,000
Long Term Finance (Secured)	9	-	-
Long Term Interest Payable	10	-	286,680
Liabilities Against Assets Subject to Finance Lease -Secured	11	885	1,770
Deferred Liabilities	12	551,036	590,765
CURRENT LIABILITIES			
Trade and Other Payables - Unsecured		3,454,925	1,724,527
Interest, Profit, Mark-up Accrued on Loans and Other Payables		12,010	12,693
Short Term Finances - Secured	13	194,120	199,478
Unclaimed Dividends		770	770
Current Portion of Non-Current Liabilities	9 to 11	2,637,950	2,355,682
Provision for Taxation		159,700	129,700
		6,459,475	4,422,850
CONTINGENCIES & COMMITMENTS			
	14	-	-
		7,290,555	6,179,329

The annexed notes form an integral part of this condensed interim financial information

Muhammad Baqir Jafferi
Chief Executive Officer

Muhammad Ilyas Abdul Sattar
Chief Financial Officer

Haroon Iqbal
Chairman Board of Directors

DEWAN SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2020

	Half Year Ended		Quarter Ended	
	Mar.31, 2020	Mar.31, 2019	Mar.31, 2020	Mar.31, 2019
	(Rupees in '000')			
Sales	2,566,015	2,630,990	2,178,293	1,365,182
Cost of Sales	(3,080,502)	(2,731,385)	(2,542,585)	(1,419,921)
Gross (Loss)/Profit	(514,487)	(100,395)	(364,292)	(54,739)
Administrative and General Expenses	(45,147)	(58,095)	(23,298)	(30,998)
Distribution and Selling Costs	(49,634)	(127,746)	(20,491)	(58,837)
Other Operating Income	2,067	3,118	1,707	1,999
(Loss)/Profit from Operations	(607,201)	(283,118)	(406,374)	(142,575)
Finance Cost	(17,526)	(42,445)	(8,858)	(22,331)
(Loss)/Profit before Income Tax	(624,727)	(325,563)	(415,232)	(164,906)
Taxation	9,317	14,682	(3,997)	4,769
(Loss)Profit for the period (after Income Tax)	(615,410)	(310,881)	(419,229)	(160,137)
(Loss)/Profit per Share - Basic	(6.72)	(3.40)	(4.58)	(1.75)

he annexed notes form an integral part of this condensed interim financial information



Muhammad Baqir Jafferi
Chief Executive Officer



Muhammad Ilyas Abdul Sattar
Chief Financial Officer



Haroon Iqbal
Chairman Board of Directors



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2020**

	Half Year Ended		Quarter Ended	
	Mar.31, 2020	Mar.31, 2019	Mar.31, 2020	Mar.31, 2019
		<i>(Restated)</i>		<i>(Restated)</i>
	(Rupees in '000')			
(Loss) for the Period	(615,410)	(310,881)	(419,229)	(160,137)
Other comprehensive income				
Items that will not reclassify to profit or loss				
Surplus on revaluation of property, plant & equipment	--	--	--	--
Related Deferred tax	--	--	--	--
	--	--	--	--
Effect of change in tax rates on balance of revaluation on Property, Plant & Equipment		36,612	--	
Total Comprehensive Income for The Period	<u>(615,410)</u>	<u>(274,269)</u>	<u>(419,229)</u>	<u>(160,137)</u>

he annexed notes form an integral part of this condensed interim financial information

Muhammad Baqir Jafferi
Chief Executive Officer

Muhammad Ilyas Abdul Sattar
Chief Financial Officer

Haroon Iqbal
Chairman Board of Directors

DEWAN SUGAR MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2020

	Mar.31, 2020	Mar.31, 2019
	(Rupees in '000')	
Cash Flow from Operating Activities		
(Loss) Before Taxation	(624,727)	(325,563)
Adjustment for Non-Cash and Other Items:		
Depreciation	183,602	214,366
Financial Charges	17,526	42,445
Amortization of Loan	--	(1,660)
	201,128	255,151
	(423,599)	(70,412)
Changes in Operating Assets and Liabilities		
<i>(Increase) / Decrease in Current Assets</i>		
Stores and Spares	1,877	(69,195)
Stock in Trade	(1,240,134)	(844,111)
Trade Debts	1,896	(14,761)
Loans and Advances	(37,764)	(161,597)
Trade Deposits, Prepayments & Other Balances	2,714	(246)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	1,730,398	1,176,216
Short Term Finances	(5,358)	11,709
	453,629	98,015
Taxes Paid	(16,109)	(24,842)
Financial Charges Paid	(905)	(8,617)
Gratuity Paid	(412)	(111)
	(17,426)	(33,570)
Net Cash Flows from Operating Activities	12,604	(5,967)
Cash Flow from Investing Activities		
Fixed Capital Expenditure	(13,477)	(20,335)
Net Cash Out Flows from Investing Activities	(13,477)	(20,335)
Cash Flow from Financing Activities		
Sponsors Loan		5,807
Morabaha Payment	(3,042)	(2,984)
Lease Finance	(2,255)	(2,214)
Net Cash Out Flows from Financing Activities	(5,297)	609
Net (Decrease)/ Increase in Cash and Bank Balances	(6,170)	(25,693)
Cash and Bank Balances at Beginning of the Period	48,348	90,588
Cash and Bank Balances at the End of the Period	42,178	64,895

The annexed notes form an integral part of this condensed interim financial information



Muhammad Baqir Jafferi
Chief Executive Officer



Muhammad Ilyas Abdul Sattar
Chief Financial Officer



Haroon Iqbal
Chairman Board of Directors



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2020**

	Issued, Subscribed & Paid-up Capital	General Reserve	Accumulated Profit/(Loss)	Revaluation Surplus on Property Plant & Equipment	Total
(Rupees in '000')					
Balance as on October 01, 2018	915,120	190,000	(2,718,757)	2,691,495	1,077,858
Loss for the period	--	--	(310,881)		(310,881)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax			114,896	(114,896)	--
Effect of change in tax rates on balance of revaluation on Property, Plant & Equipment				36,612	36,612
	<u>915,120</u>	<u>190,000</u>	<u>(2,914,742)</u>	<u>2,613,211</u>	<u>803,589</u>
Balance as on October 01, 2019	915,120	190,000	(3,038,217)	2,467,361	534,264
Loss for the period			(615,410)		(615,410)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax			96,259	(96,259)	--
	<u>915,120</u>	<u>190,000</u>	<u>(3,557,368)</u>	<u>2,371,102</u>	<u>(81,146)</u>

The annexed notes form an integral part of this condensed interim financial information

Muhammad Baqir Jafferi
Chief Executive Officer

Muhammad Ilyas Abdul Sattar
Chief Financial Officer

Haroon Iqbal
Chairman Board of Directors

CONDENSED INTERIM SEGMENTWISE OPERATING RESULTS FOR THE HALF YEAR ENDED MARCH 31, 2020

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19	Mar-20	Mar-19
Gross Sales										
Local	1,712,997	1,235,909	-	-	88,531	26,753	19,042	43,002	1,820,570	1,305,664
Exports	-	-	-	-	-	-	1,014,613	1,511,224	1,014,613	1,511,224
	1,712,997	1,235,909	-	-	88,531	26,753	1,033,655	1,554,226	2,835,183	2,816,888
Sales Commission										
Sales Tax	248,394	169,165	-	-	-	-	5,024	7,695	5,024	7,695
	248,394	169,165	-	-	14,733	4,459	1,017	4,579	264,144	178,203
	248,394	169,165	-	-	14,733	4,459	6,041	12,274	269,168	185,898
Net Sales										
	1,464,603	1,066,744	-	-	73,798	22,294	1,027,614	1,541,952	2,566,015	2,630,990
COST OF SALES										
Gross Profit / Loss	1,907,909	1,317,593	2,566	2,821	80,545	35,057	1,089,483	1,375,914	3,080,502	2,731,385
	(443,306)	(250,849)	(2,566)	(2,821)	(6,747)	(12,763)	(61,869)	166,038	(514,487)	(100,395)
Administrative Expenses										
Selling and Distribution Costs	29,850	42,605	55	62	473	418	14,769	15,010	45,147	58,095
	1,790	1,913	-	-	-	-	47,843	125,833	49,634	127,746
	31,640	44,518	55	62	473	418	62,612	140,843	94,781	185,841
	(474,946)	(295,367)	(2,621)	(2,883)	(7,220)	(13,181)	(124,481)	25,195	(609,268)	(286,236)
Segment Results										

(Rupees in '000')

DEWAN SUGAR MILLS LIMITED



Muhammad Baqir Jafferi
Chief Executive Officer



Muhammad Ilyas Abdul Sattar
Chief Financial Officer



Haroon Iqbal
Chairman Board of Directors



NOTES TO THE CONDENSED INTERIM NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2020

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 and its shares are listed in Pakistan Stock Exchange Gurantee Limited.(formerly Karachi and Lahore Stock Exchange 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 crystal refined sugar, processing and trading of by-products, and other related activities and allied products.

GOING CONCERN ASSUMPTION

1.1 The condensed financial interim information of the company for the half year ended March 31, 2020 incurred a net loss after taxation of Rs615.410 million (March 31, 2019 310.881 million) and as of that date company's negative reserves of Rs3,367 million (September 30, 2019 Rs. 2,848) million and its current liabilities exceeded its current assets by Rs.4,119 million (September 30, 2019: Rs.3,364)million. Further the company's short term borrowing facilities amounting Rs.192.196 million have been expired and not been renewed by the lenders. The company defaulted in repayment of its restructured long term loan due to liquidity crunch, hence as per clause 10.2 of the compromise agreement entire restructured liabilities along with markup eligible for waiver have become immediately repayable. These conditions along with other matters indicate the existence of material uncertainty which may cast significant doubt about company's ability to continue as going concern, therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The going concern assumption used in preparation of these financial statements is largely depended on the acceptance of restructuring proposal by the lenders which is hopefully on final stage as per company.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PRESENTATION

3.1 These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements for the year ended September 30, 2019.

DEWAN SUGAR MILLS LIMITED

3.2 The figures of the condensed interim profit or loss account and condensed interim statement of comprehensive income for the quarters ended March 31, 2020 and March 31, 2019 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended March 31, 2020 & March 31, 2019.

4 ACCOUNTING POLICIES

These condensed interim financial statements have been prepared using the same accounting policies which were applied in the preparation of the annual financial statements of the Company for the year ended September 30, 2019.

Standard, interpretation and amendments to accounting standards effective from annual periods beginning on or after October 1, 2019:

The Company has adopted the following accounting standards, amendments of IFRSs and the improvements to accounting standards which became effective during the current period.

Original issue

IFRS 16 – Leases

Amendments

IFRS 9 – Financial Instruments - Prepayment features with negative compensation and modifications of financial liabilities;

IAS 19 – Employees Benefits -Plan amendments, curtailments or settlements;

IAS 28 – Investment in associates and Joint Ventures - Long term interests in associates and joint ventures;

IFRS 3 – Business combinations – Previously held interests in a joint operation;

IFRS 11 – Joint arrangements – Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest);

IAS 12 – Income taxes – Annual Improvements 2015–2017 Cycle (income tax consequences of dividends); and

IAS 23 – Borrowing costs – Annual Improvements 2015–2017 Cycle (borrowing costs eligible for capitalisation)

Interpretation

IFRIC 23 – Uncertainty over income tax treatments (Interpretation)

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 is described below:

IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognised in the condensed interim statement of financial position, as the distinction between operating and finance leases has now been eliminated. Under the new standard, an asset and a lease liability to pay rentals are required to be recognised. The only exceptions are short term and low value leases.



The Company has adopted IFRS 16 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Consequently, no impact of adoption of IFRS 16 on opening equity has been recognised by the Company.

5 SIGNIFICATES ACCOUNTING ESTIMATES, JUNGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards as applicable in Pakistan for interim reporting requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Estimates and judgements made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended September 30, 2019.

		March 31, 2020	September 30, 2019	
6	PROPERTY, PLANT AND EQUIPMENTS	Note	(Rupees in '000')	
	Operating Property , Plant & Equipment	6.1	4,777,794	4,932,036
	Capital work-in-progress	6.2	172,716	188,598
			4,950,510	5,120,634
6.1	Written Down Value Opening		4,932,036	5,317,560
	Addition during the period		29,360	42,155
	Depreciation for the period		(183,602)	(427,679)
			4,777,794	4,932,036
6.2	Capital work-in-progress		188,598	150,171
	Addition during the period		-	57,206
	Transfer to Fixed assets		(15,882)	(18,779)
			172,716	188,598

Fixed capital expenditure during the period amounted to Rs.13.477 million and Rs.15.882 transferred from Capital Work-in-progress(September 30, 2019:Rs.80.581million).

7 SHORT TERM INVESTMENT - Related Party

Company held 13,650,000 including 650,000 bonus shares of Dewan Farooque Motors Ltd., available for sale. Previously these investment recorded as per prevailing market rate as on balance date and increased decrease in value of shares charged to comprehensive income. Company had changed its accounting policy as per (IAS) requirement and restated its accounts accordingly. Had the policy not been changed the Company's accumulated loss would have been lower by Rs.45.864 million (September 2019 Rs.64.155) million and subsiquently equity would have been higher for the same amount as per prevailing market rate which was Rs.45.864 on balance sheet closing date.

DEWAN SUGAR MILLS LIMITED

		March 31, 2020	September 30, 2019
		(Rupees in '000')	
8 SPONSORS LOAN - UNSECURED	Note		
Sponsors Loan	8.1	232,126	219,837
Sponsors Loan obtained for payment of Term Loan	8.2	128,179	123,163
		360,305	343,000
8.1 Sponsors Loan			
Opening Balance Original Loan amount		513,232	507,425
Addition during the year		-	5,807
		513,232	513,232
Less Present value adjustment		(293,395)	(311,932)
Amortized Interest Income		-	(3,319)
Add Amortization Discount Charged to P & L		12,289	21,856
		(281,106)	(293,395)
Closing Balance		232,126	219,837

The Sponsors loan had 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.

8.2 Sponsors Loan			
Sponsors Loan obtained for payment of Term Loan		159,648	159,648
Less Present value adjustment		(36,485)	(45,935)
Add Amortization Discount Charged to P & L		5,016	9,450
		(31,469)	(36,485)
Closing Balance		128,179	123,163

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 with the steering committee and as of that date payable in lumpsum 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 ranging 8.1% per annum.

9 LONG TERM FINANCE - SECURED			
Syndicate Term Finance	9.1	--	--
First National Bank Modarbaha	9.2	--	--
		--	--
9.1 Syndicate Term Finance: Principal opening		2,348,128	2,348,128
Classified as current portion			
Current Maturity		--	136,306
Overdue installments		2,348,128	2,211,822
Less : Current Maturity on Long Term Loan		2,348,128	2,348,128
		--	--



This amount represent outstanding balance of rescheduled settled amount as per compromising decree dated February 18, 2011 granted by Honourable High Court of Sindh at Karachi. As per terms 32 quarterly instalments of principal loan ranging from Rs.57.09 million to Rs. 143.858 million will be payable in ten years with one year grace period with no mark-up through out the repayment period. The repayments of loan had been started from March 30, 2012 and last payment will be made on December 30, 2020

	March 31, 2020	September 30, 2019
Note	(Rupees in '000')	
9.2 First National Bank Modaraba:Principal opening	3,042	9,068
Less : Repayment during the year	3,042	6,026
	--	3,042
Less : Current Maturity on Long Term Loan	--	3,042
	--	--

This amount represents principal outstanding rescheduled amount approved by the management of First National Bank Modaraba on June 15, 2011. The Principal amount will be paid in 32 quarterly un-equal instalments of Rs. 0.558 million to 1.520 million repayable in 10 year including grace Period of one year instalments commencing from 16th June, 2012 and the last instalment will be paid on March 16, 2021. No mark up will be charged during the period of tenure.

10 LONG TERM MARK UP PAYABLE

Mark-up payable on Reschedule Term Finance	10.1	--	284,801
Mark-up payable (First National Bank Modaraba)	10.2	--	1,879
		--	286,680
10.1 Mark-up payable on Reschedule Term Finance : Opening		284,801	284,801
Current Maturity		87,551	--
Overdue installments		197,250	--
Less : Current Maturity on Long Term Loan		284,801	--
		--	284,801

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.

10.2 Mark-up payable (First National Bank Modaraba): Opening	1,879	1,879
Less : Current Maturity on Long Term Loan	1,879	--
	--	1,879

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.

DEWAN SUGAR MILLS LIMITED

		March 31, 2020	September 30, 2019
11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	(Rupees in '000')	
Present value of minimum lease payment		4,028	6,283
Less: Current Maturity		3,141	4,513
		<u>885</u>	<u>1,770</u>
12 DEFERRED LIABILITIES			
Deferred Tax Liability for Staff Gratuity (Provision)	12.1	5,559	5,971
Deferred Income Tax Liability		545,477	584,794
		<u>551,036</u>	<u>590,765</u>

The Company discontinued its policy for staff retirement benefits plan for gratuity on March 31, 2007 and provision for all its outstanding liabilities had been made until March 31, 2007. This payable amount was to transfer to provident fund scheme, however the Board of Trustee has amended the said clause and now the Company opted to pay this liability to each employees at the time of their separation from the Company.

13 SHORT TERM RUNNING FINANCES - SECURED			
Short term running finances - Secured	13.1	192,196	192,196
Book over draft		1,924	7,282
		<u>194,120</u>	<u>199,478</u>

This amount represent RF facility of Rs.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 mark-up of this facility is 3 month KIBOR plus 0.75% per annum payable quarterly basis. The facility had expired and not renewed by the banks. During the period Company has not provided mark the mark up on the same.

14 CONTINGENCIES & COMMITMENTS			
There is no significant changes in the status of contingencies and commitments during the period as those reported in last published financial statements.			

15 FINANCE COST			
The company has not provided the markup on long term and short term borrowings from Banks for the period amounting to Rs. 73.603 million on the contention of the Company as disclosed in note 1.1 and 10 to the Financial Statements. However had the provision been made in the financial statements markup for the year would have been higher by Rs.106.861 million and accrued markup and accumulated loss would have been increased by Rs. 106.861 million.			

16 SEASONAL PRODUCTION			
Due to the seasonal availability of sugarcane, the production of sugar is carried out during the period of availability of sugarcane and costs incurred / accrued up to the reporting date have been accounted for. Accordingly, the costs incurred / accrued after the reporting date will be reported in the subsequent unconsolidated condensed interim financial statements.			



17 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended September 30, 2019. There have been no changes in any risk management policies since the year end. The carrying values of all financial and non-financial assets and liabilities measured at other than amortized cost in these condensed interim financial approximate their fair values.

18 TRANSACTION WITH RELATED PARTIES

Sale Commission	5,024	16,307
Provident fund contribution	2,717	5,345
Loan from Director	--	5,807

19 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 28 December, 2020 by the board of directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest thousand rupees. Comparative rearranged, reclassified and restated wherever necessary as per requirement.

Muhammad Baqir Jafferi
Chief Executive Officer

Muhammad Ilyas Abdul Sattar
Chief Financial Officer

Haroon Iqbal
Chairman Board of Directors

DEWAN SUGAR MILLS LIMITED

چپ بورڈ:

دوران مدت جائزے کے تحت چپ بورڈ پلانٹ نے 82,115 ٹینٹیں تیار کیں جس کا موازنہ گزشتہ سال 28,530 ٹینٹس سے کیا جاسکتا ہے۔ انتظامیہ اچھی اور معیاری مصنوعات بشمول "A" کوالٹی کی ٹینٹس کی تیاری پر توجہ مرکوز کئے ہوئے ہے۔ ہمیں یقین ہے کہ ہم آنے والے سال میں اس شعبہ کی کارکردگی بہتر ہو جائے گی۔

ناقابل اعتماد صورتحال کے باعث پولی پروپیلین پلانٹ کا آپریشن پہلے سے ہی بند ہے۔

اختتام پر اللہ پاک رحمن و رحیم کے حضور سجدہ ریز ہو کر دعا مانگتے ہیں ہمارے نبی سرکارِ دو عالم ﷺ کے وسیلے سے کہ اے اللہ ہماری رہنمائی کرے اور کمپنی قوم اور وطن عزیز کو اپنے حفظ و امان 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



ہارون اقبال
چیئر مین بورڈ آف ڈائریکٹرز



محمد باقر جعفری
چیف ایگزیکٹو آفیسر

کراچی؛
مورخہ: 28 دسمبر 2020ء

**YD**

A YOUSUF DEWAN COMPANY

ڈائریکٹر رپورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم شکر ادا کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

محترم حصص یافتگان،
السلام علیکم،

آپ کے ڈائریکٹرز 31 مارچ 2020ء کو ختم ہونے والی مدت کیلئے غیر محاسبی مالیاتی گوشوارے پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔

مالیاتی نتائج:

دوران مدت جائزے کے تحت آپ کی کمپنی کو بعد از ٹیکس مبلغ 615.410 ملین روپے کا خسارہ برداشت کرنا پڑا جس کا موازنہ اسی مدت کے پچھلے خسارے مبلغ 310.881 ملین روپے سے کیا جاسکتا ہے۔

کارکردگی کا جائزہ:

شکر کا شعبہ:

پلانٹ نے اپنے کرشنگ کا آغاز مورخہ 2 جنوری 2020ء کو کیا اور (56 دن) 26 فروری 2020ء تک آپریٹ کیا گیا جس کا موازنہ گزشتہ سال کے 73 ایام سے کیا جاسکتا ہے۔ گنے کی کرشنگ 230,906 میٹرک ٹن، سفید چینی کی پیداوار 24,375 میٹرک ٹن بمعدہ اوسط ریکوری 10.55% جبکہ گزشتہ مدت میں گنے کی کرشنگ 333,105 ٹن بمعدہ 10.65% کی اوسط ریکوری اور ریٹائنڈ چینی 35,485 ٹن تھی۔ آپ کی کمپنی کی پیداوار گزشتہ مدت کے مقابلہ میں 31 فیصد کم تھی اور خام مال کی قیمت میں اضافے کی وجہ سے شوگر آپریشن کو روک دینا پڑا جو مبلغ 350/- روپے فی 40 کلو گرام تک پہنچ گئی تھی۔

دوران مدت شکر کے شعبہ نے مبلغ 474.94 ملین روپے کا خسارہ برداشت کیا جس کا موازنہ گزشتہ سال کی مدت کے 295.36 ملین روپے سے کیا جاسکتا ہے۔ اس خسارہ کی بنیادی وجہ ورکنگ کیپٹل کی عدم دستیابی کی وجہ سے کرشنگ صلاحیت کم استعمال ہوئی، مینوفیکچرنگ لاگت زیادہ تھی اور کرشنگ برقرار رکھنے کے لئے چینی فروخت کرنے کے علاوہ کوئی دوسرا آپشن نہیں تھا۔

ڈسٹری کا شعبہ:

زیر نظر مدت کے دوران ڈسٹری کے شعبے نے 9,755 ٹن الکوحل تیار کیا جس کا موازنہ گزشتہ مدت کے دوران 14,688 ٹن الکوحل سے کیا جاسکتا ہے۔ دوران مدت آپریٹنگ خسارہ مبلغ 124.481 ملین روپے تھا جبکہ گزشتہ مدت کے دوران آپریٹنگ منافع مبلغ 25.195 ملین روپے تھا، منافع میں اس کی کاسبب خام مال کی قیمتوں میں مبلغ 22,000 روپے تک کا اضافہ تھا جس کا موازنہ گزشتہ سال کی مدت مبلغ 12,000 روپے سے کیا جاسکتا ہے۔ تاہم، ہم پلانٹ کو چلاتے رہے اور پیداواری لاگت کو فی ٹن کم سے کم سطح پر رکھنے کی کوشش کی۔