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## DEWAN SUGAR MILLS LIMITED

### COMPANY INFORMATION

#### EXECUTIVE DIRECTORS

Zeeshan Ashraf - Chief Executive Officer  
Ghazanfar Baber Siddiqui

#### NON-EXECUTIVE DIRECTORS

Abdul Basit - Chairman Board of Directors  
Syed Maqbool Ali  
Nida Jamil  
Muhammad Ashraf

#### INDEPENDENT DIRECTOR

Aziz-ul-Haque

#### COMPANY SECRETARY

Muhammad Hanif German

#### CHIEF FINANCIAL OFFICER

Muhammad Ilyas Abdul Sattar

#### AUDITORS

Feroze Sharif Tariq & Co. - Chartered Accountants

#### COST AUDITORS

UHY Hassan Naeem & Co.

#### TAX ADVISOR

Sharif & Company - Advocates

#### LEGAL ADVISOR

A.K. Brohi & Company Advocates

#### AUDIT COMMITTEE

Aziz-ul-Haque  
Syed Maqbool Ali  
Abdul Basit

Chairman  
Member  
Member

#### HUMAN RESOURCE & REMUNERATION COMMITTEE

Aziz-ul-Haque  
Ghazanfar Baber Siddiqui  
Abdul Basit

Chairman  
Member  
Member

#### BANKERS

National Bank of Pakistan  
Summit Bank Limited  
Habib Bank Limited  
Standard Chartered Bank Pakistan Limited  
The Bank of Khyber Limited

MCB Bank Limited  
Meezan Bank Limited  
The Bank of Punjab  
Dubai Islamic Bank Pakistan Limited  
Bank Islami Pakistan 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,  
3<sup>rd</sup> 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](http://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)**

The Directors are pleased to present condensed unaudited interim financial information of the Company duly reviewed by the auditors for the period ended March 31, 2023.

### Industry Overview

During the period under review the political instability prevailing in the Country, intermittent hike of foreign exchange rates, unprecedentedly higher inflation, exorbitant interest rates and inflated fuel & Electricity costs have impacted the economy and the sugar industry negatively.

### Financial Results.

During the period under consideration, the financial results in brief summary is given as under: -

	<b>March 31, 2023 (Rupees)</b>	March 31, 2022 (Rupees)
Net Sales	<b>4,886,616,478</b>	5,676,628,336
Gross (Loss)	<b>(134,614,551)</b>	(295,210,004)
(Net Loss) after tax	<b>(613,108,479)</b>	(431,636,356)

### Operational Performance of the Company

#### Sugar Segment

The sugar plant started its crushing process on 23rd December 2022 and operated for 55 days till 15th February 2023 as compared to the comparative period of last year when the plant operated for 99 days in the previous season. During the current season plant crushed 209,436 Metric tons of sugar cane and produced 20,380 Metric Tons of white refined sugar with average sucrose recovery of 9.821% in comparison to the previous corresponding period when the plant managed to crush 489,240 tons of sugar cane with the average sucrose recovery of 10.41% and refined sugar production of 50,789 tons. The decrease in production from that of the previous year is mainly due to the financial crunch and the impact of higher raw material and input costs which were not sustainable and resultantly the crushing was ceased within a short period of time.

During the period sugar segment suffered operating loss of Rs.663.67 million as compared to Rs.395.43 million in the corresponding period of previous year.

#### Distillery Segment

Distillery unit produced 12,775 tons of Alcohol during the period under review as compared to 14,207 tons of Alcohol produced during the corresponding period of last year. The operating profit of distillery unit has been achieved at Rs.75.95 million as against the operating profit of Rs.0.334 million incomparable previous period. Major suffering came due to abrupt increase in feed stock cost nearly 45% over last year. Advance from customers in USD created a negative impact by recording exchange loss of Rs.321 million due to continuously depreciated rupee value during the period. In order to get better results, the Company is adopting various cost cutting measures. Moreover, the power project is in the process of development for the more efficient supply of energy.

## DEWAN SUGAR MILLS LIMITED

### Chip Board Polypropylene Segment

Chip Board plant has produced 52,410 sheets during the period under review as against last period's 64,140 sheets. The operating loss of Rs.0.108 million was suffered as against that of Rs.5.337 million in the previous comparable period. Management is focused on producing value added products and "A" quality sheets which are well accepted in the market. The management is confident it will bring this segment out from losses in future.

Polypropylene unit is already in the state of non-production because of working capital constraints.

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 condensed interim financial information has been prepared on going concern assumption as the Company approached its lender for further restructuring of its liabilities which is in process. 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 operate with optimum utilization of production capacity. Therefore, the preparation of condensed interim financial information using going concern assumption is justified as fully explained in note 1.1 to the condensed interim financial information.

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*



**Zeeshan Ashraf**

Chief Executive Officer



**Abdul Basit**

Chairman Board of Directors

Place : Karachi

Date : May 29, 2023

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

#### **Introduction**

We have reviewed the accompanying Condensed interim Statement of financial Position of Dewan Sugar Mills Limited ("the company") as at March 31, 2023 and the related Condensed interim statement of profit or loss, Condensed interim statement comprehensive income, Condensed interim statement of changes in equity and Condensed interim statement of cash flow and the notes to the financial statement for the half year 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 and Condensed interim statement comprehensive income for the quarters ended March 31, 2023 and March 31, 2022 have not been reviewed as we are required to review only the cumulative figures for the half year ended March 31, 2023.

#### **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, 2023 the company incurred a loss after taxation of Rs. 613.107 (March 31, 2022 : Rs. 431.635) million and as of that date it has accumulated losses amounting to Rs. 5.389 (September 30, 2022: Rs. 4.981) billion which eroded Companies equity by Rs. 4.473 (September 30, 2022: Rs. 4.066) billion and its current liabilities exceeded its current assets by Rs. 5.422 (September 30, 2022: Rs. 5.021) 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. 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.  
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.,  
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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. 896.875 million (Rs. 471.824 million eligible for waiver mark up and Rs. 425.051 million outstanding mark up note 10 to the financial Statements) become immediately payable, therefore provision for markup should be made in these 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. 274.073 million in the financial Statements as disclosed in note 14 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. 1.483 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs. 1.483 billion.

### **Adverse Conclusion**

Our review indicates that, because of the significance of the matter discussed in paragraph (a) to (c) above, these accompanying interim financial Statements as of and for the half year ended March 31, 2023 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.

Place : Karachi  
UDIN: RR202310161jLkVAGBu  
Date : June 5, 2023

  
CHARTERED ACCOUNTANTS  
Audit Engagement Partner: Mohammad Ghalib

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED MARCH 31, 2023

ASSETS		(Un-Audited) Mar.31, 2023	(Audited) Sep.30, 2022
NON-CURRENT ASSETS	Notes	(Rupees in '000')	
Property, Plant and Equipment	6	6,121,984	6,302,191
<b>CURRENT ASSETS</b>			
Stores, Spares and Loose Tools		215,942	158,247
Stock-in-Trade		1,948,831	1,249,948
Trade Debts - Unsecured, Considered Good		18,039	24,499
Loans and Advances and Other Receivable - Unsecured, Considered Good		207,042	652,280
Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities		9,543	11,507
Income Tax Refunds and Advances		108,663	76,094
Short Term Investment - Related Party	7	-	-
Cash and Bank Balances		71,412	83,401
		<b>2,579,472</b>	<b>2,255,976</b>
		<b>8,701,456</b>	<b>8,558,167</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized Capital</b>			
130,000,000 (2022: 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		(5,388,507)	(4,980,725)
Revaluation Surplus on Property Plant and Equipment		3,364,139	3,507,664
		<b>(1,109,248)</b>	<b>(557,941)</b>
<b>NON-CURRENT LIABILITIES</b>			
Sponsors Loan - Unsecured	8	487,585	458,614
Long Term Finance (Secured)	9	-	-
Long Term Interest Payable	10	-	-
Deferred Liabilities	11	1,321,586	1,380,408
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables - Unsecured		4,992,394	4,296,479
Interest, Profit, Mark-up Accrued on Loans and Other Payables		12,010	12,010
Short Term Finances - Secured	12	211,430	214,303
Unclaimed Dividends		770	770
Current Portion of Non-Current Liabilities	9-10	2,632,929	2,632,929
Provision for Taxation		152,000	120,595
		<b>8,001,533</b>	<b>7,277,086</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	13	-	-
		<b>8,701,456</b>	<b>8,558,167</b>

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



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors



**DEWAN SUGAR MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2023**

	Half Year Ended		Quarter Ended	
	Mar.31, 2023	Mar.31, 2022	Mar.31, 2023	Mar.31, 2022
(Rupees in '000')				
<b>Sales</b>	4,886,617	5,676,628	3,283,033	4,502,158
<b>Cost of Sales</b>	(5,021,231)	(5,971,838)	(3,435,573)	(4,563,201)
<b>Gross (Loss)</b>	(134,614)	(295,210)	(152,540)	(61,043)
Administrative and General Expenses	(49,944)	(35,525)	(24,846)	(15,724)
Distribution and Selling Costs	(85,220)	(73,439)	(51,575)	(45,465)
Other Operating Income/(Loss)	(321,639)	296	(248,482)	165
<b>(Loss) from Operations</b>	(591,417)	(403,878)	(477,443)	(122,066)
Finance Cost	(23,313)	(21,372)	(11,664)	(10,790)
<b>(Loss) before Tax</b>	(614,730)	(425,250)	(489,107)	(132,856)
Taxation	1,623	(6,385)	(9,315)	(23,781)
<b>(Loss) after Tax</b>	(613,107)	(431,635)	(498,422)	(156,637)
<b>(Loss) per Share - Basic</b>	(6.70)	(4.72)	(5.45)	(1.71)

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



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2023**

	Half Year Ended		Quarter Ended	
	Mar.31, 2023	Mar.31, 2022	Mar.31, 2023	Mar.31, 2022
	(Rupees in '000')			
(Loss) for the Period	(613,107)	(431,635)	(498,422)	(156,637)
Other comprehensive income	61,800		55,964	
Items that will not reclassify to profit or loss	-	-	-	-
Total Comprehensive (Loss) for the period	<u>(551,307)</u>	<u>(431,635)</u>	<u>(442,458)</u>	<u>(156,637)</u>

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



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors

**DEWAN SUGAR MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2023**

	Mar.31, 2023	Mar.31, 2022
	(Rupees in '000')	
<b>Cash Flow from Operating Activities</b>		
(Loss) Before Taxation	(614,730)	(425,250)
Adjustment for Non-Cash and Other Items:		
Depreciation	255,344	281,421
Financial Charges	23,313	21,372
	278,657	302,793
	(336,073)	(122,457)
<b>Changes in Operating Assets and Liabilities</b>		
<i>(Increase) / Decrease in Current Assets</i>		
Stores and Spares	(57,695)	(41,375)
Stock in Trade	(698,883)	(1,097,726)
Trade Debts	6,460	(264,338)
Loans and Advances	445,239	(102,030)
Trade Deposits, Prepayments & Other Balances	1,963	2,445
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	695,916	1,694,728
Short Term Finances	(2,873)	(28,482)
	390,127	163,222
Taxes Paid	(58,164)	(50,130)
Financial Charges Paid	(97)	(298)
Gratuity Paid	(200)	(10)
	(58,461)	(50,438)
<b>Net Cash Flows from Operating Activities</b>	(4,407)	(9,673)
<b>Cash Flow from Investing Activities</b>		
Fixed Capital Expenditure	(75,138)	(2,066)
<b>Net Cash Out Flows from Investing Activities</b>	(75,138)	(2,066)
<b>Cash Flow from Financing Activities</b>		
Sponsors Loan	67,556	--
<b>Net Cash In Flows from Financing Activities</b>	67,556	--
Net Increase (Decrease) in Cash and Bank Balances	(11,989)	(11,739)
Cash and Bank Balances at Beginning of the Period	83,401	60,225
Cash and Bank Balances at the End of the Period	71,412	48,486

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



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2023**

	Issued, Subscribed & Paid-up Capital	General Reserve	Accumulated Profit/(Loss)	Revaluation Surplus on Property Plant & Equipment	Total
	<b>(Rupees in '000')</b>				
Balance as on October 01, 2021 as Previously Reported	915,120	190,000	(4,351,662)	3,832,831	586,289
Reversal of Deferred tax assets Booked on Tax Losses	--	--	(385,409)	--	(385,409)
Re-stated Balance as on October 01, 2021	915,120	190,000	(4,737,071)	3,832,831	200,880
Loss for the period	--	--	(431,635)	--	(431,635)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	159,059	(159,059)	--
Re-stated Balance as on March 31, 2022	<u>915,120</u>	<u>190,000</u>	<u>(5,009,647)</u>	<u>3,673,772</u>	<u>(230,755)</u>
Balance as on March 31, 2022 - as previously reported	915,120	190,000	(4,624,238)	3,673,772	154,654
Reversal of deferred tax asset	--	--	(385,409)	--	(385,409)
Balance as on March 31, 2022 - as restated	<u>915,120</u>	<u>190,000</u>	<u>(5,009,647)</u>	<u>3,673,772</u>	<u>(230,755)</u>
Balance as on October 01, 2022	915,120	190,000	(5,170,725)	3,507,664	(557,941)
Loss for the period	--	--	(551,307)	--	(551,307)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	143,525	(143,525)	--
Balance as on March 31, 2023	<u><u>915,120</u></u>	<u><u>190,000</u></u>	<u><u>(5,578,507)</u></u>	<u><u>3,364,139</u></u>	<u><u>(1,109,248)</u></u>

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



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors

**CONDENSED INTERIM SEGMENTWISE OPERATING RESULTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED MARCH 31, 2023**

**DEWAN SUGAR MILLS LIMITED**

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22	Mar-23	Mar-22
<b>Gross Sales</b>										
Local	1,659,385	3,984,087	-	-	40,305	66,089	153,789	130,022	1,853,480	4,180,198
Exports	-	-	-	-	-	-	3,328,902	2,148,369	3,328,902	2,148,369
	<b>1,659,385</b>	<b>3,984,087</b>	<b>-</b>	<b>-</b>	<b>40,305</b>	<b>66,089</b>	<b>3,482,691</b>	<b>2,278,391</b>	<b>5,182,382</b>	<b>6,328,567</b>
<b>Sales Commission</b>										
Sales Tax	252,993	612,802	-	-	6,829	-	17,169	11,264	17,169	11,264
	<b>252,993</b>	<b>612,802</b>	<b>-</b>	<b>-</b>	<b>6,829</b>	<b>-</b>	<b>18,774</b>	<b>16,858</b>	<b>278,596</b>	<b>640,675</b>
Net Sales	1,406,392	3,371,285	-	-	33,476	55,074	3,446,748	2,250,269	4,886,617	5,676,628
<b>Cost of Sales</b>										
Gross Profit / Loss	2,045,108	3,744,975	3,542	3,402	33,523	60,349	2,939,058	2,163,112	5,021,231	5,971,838
	<b>(638,716)</b>	<b>(373,690)</b>	<b>(3,542)</b>	<b>(3,402)</b>	<b>(47)</b>	<b>(5,275)</b>	<b>507,690</b>	<b>87,157</b>	<b>(134,614)</b>	<b>(295,210)</b>
<b>Administrative Expenses</b>										
Selling and Distribution Costs	24,040	19,502	39	44	61	62	25,804	15,917	49,944	35,525
Other Operating Income/(Loss)	992	2,264	-	-	-	-	84,228	71,175	85,220	73,439
	<b>(72)</b>	<b>(26)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>321,711</b>	<b>(269)</b>	<b>321,639</b>	<b>(296)</b>
<b>Segment Results</b>										
	24,960	21,740	39	44	61	62	431,743	86,823	456,803	108,668
	<b>(663,676)</b>	<b>(395,430)</b>	<b>(3,581)</b>	<b>(3,446)</b>	<b>(108)</b>	<b>(5,337)</b>	<b>75,946</b>	<b>334</b>	<b>(591,417)</b>	<b>(403,878)</b>

*(Rupees in '000)*



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED MARCH 31, 2023

### 1 LEGAL STATUS AND NATURE OF BUSINESS

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. 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. Further, the Company's Poly propylene unit is non operative since 2016.

The geographical Location and address of the company's business units, including mill/plant are as under:

The Company consist of four units: (1) Sugar Unit. (2) Distillery unit, (3) Board and Penal unit and (4) Poly propylene unit.

The registered office of the company is situated at Dewan Centre, 3-A, Lalazar, Beach Hotel Road, Karachi-74000, Pakistan; while its manufacturing facilities units are located at Jillaniabad, Budho Talpur, Mirpur Bathoro, Thatta, Sindh, Pakistan.

### 1.1 GOING CONCERN ASSUMPTION

The condensed financial interim information of the company for the half year ended March 31, 2023 incurred a net loss after taxation of Rs. 613.107 million (March 31, 2022 431.635 million) and as of that date company's negative reserves of Rs 5.389 billion (September 30, 2022 Rs. 4.981 billion) and its current liabilities exceeded its current assets by Rs. 5.422 billion (September 30, 2022: Rs. 5.021 billion). 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 condensed interim financial information is largely depended on the acceptance of restructuring proposal by the lenders which is on final stage.

### 2 BASIS OF PREPARATION

#### Statement of compliance

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

- International Accounting Standards (IAS) 34-'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

## DEWAN SUGAR MILLS LIMITED

### 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, 2022, which have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**3.2** The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended September 30, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended March 31, 2022.

#### **3.3 Basis of Measurement**

The condensed interim financial information 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 mentioned in note 6 to the condensed interim financial information, financial assets and liabilities which are carried at their fair values. Further, accrual basis of accounting is followed except for cash flow information.

### 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, 2022.

#### **Initial application of standards, amendments or an interpretation to existing standards**

The following amendments to existing standards have been published that are applicable to the Company's financial statements.

#### **(a) Standards, amendments and interpretations to accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on October 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

#### **(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company**

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after October 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

## 5 ACCOUNTING ESTIMATES AND JUDGMENTS

- 5.1** The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 5.2** In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended September 30, 2022.
- 5.3** The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended September 30, 2022.

	Note	Un-Audited March 31, 2023 (Rupees in '000')	Audited September 30, 2022
<b>6 PROPERTY, PLANT AND EQUIPMENTS</b>			
<b>Operating Property , Plant &amp; Equipment</b>	<b>6.1</b>	<b>6,053,239</b>	6,302,191
<b>Capital work-in-progress</b>	<b>6.2</b>	<b>68,745</b>	-
		<u><b>6,121,984</b></u>	<u>6,302,191</u>
<b>6.1</b> Written Down Value Opening		<b>6,302,191</b>	6,866,132
Addition during the period		<b>6,392</b>	13,649
		<b>6,308,583</b>	6,879,781
Depreciation for the period		<b>(255,344)</b>	(577,590)
		<u><b>6,053,239</b></u>	<u>6,302,191</u>
<b>6.2</b> Capital work-in-progress-Power Plant		-	-
Addition during the period		<b>68,745</b>	-
		<b>68,745</b>	-
Transfer to Fixed assets		-	-
		<u><b>68,745</b></u>	<u>-</u>

Fixed capital expenditure during the period amounted to Rs.75.137 million (September 30, 2022:Rs.13.649 million), Including capital work in progress.

## 7 INVESTMENT IN ASSOCIATED COMPANY

The Company held 13,650,000 shares including 650,000 bonus shares of Dewan Farooque Motors Ltd. Associate is an entity over the Company has significant influence but no control. The Company's investee company is considered to be its associate by virtue of common directorship and a member of Yousuf Dewan Companies. The company's ownership interest of 9.84% in the associated company.

<b>7.1</b> Investment in Dewan Farooque Motors Limited		
Number of shares held	<b>13,650,000</b>	13,650,000
Cost of investment (Rupees'000')	<b>130,000</b>	130,000
Fair value of investment (Rupees'000')	<b>160,797</b>	61,425
Ownership interest (Percentage)	<b>9.84%</b>	9.84%



## DEWAN SUGAR MILLS LIMITED

	March 31, 2023	September 30, 2022
<b>7.2 Summarized Financial Information of Associated Company</b>	<b>Note</b>	<b>(Rupees in '000')</b>
Total assets	2,872,993	2,796,471
Total Liabilities	(6,119,270)	5,912,789
Net assets	(3,246,277)	(3,116,318)
Company's share of net assets	(319,434)	(306,646)
Revenue	165	52,666
Loss for the period	(235,042)	(105,082)
	<b>Un-Audited</b>	<b>Audited</b>
	<b>March 31,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
	<b>(Rupees in '000')</b>	
<b>8 SPONSOR LOAN - UNSECURED</b>		
<b>Sponsor Loan (i)</b>	374,893	302,120
<b>Sponsor Loan (ii)</b>	112,692	156,494
	487,585	458,614
<b>i) Sponsor Loan</b>		
Original Loan Amount	513,232	513,232
Additional Loan	67,556	-
	580,788	513,232
Less Present value adjustment opening	(211,112)	(241,492)
Additional Amortized Interest Income	(11,671)	-
Add Amortization Discount Charged to P & L	16,888	30,380
	(205,895)	(211,112)
Closing Balance	374,893	302,120
<p>The Sponsor 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 lum sum on September 30, 2027.</p>		
<b>ii) Sponsor Loan</b>		
<b>Original Loan Amount</b>	159,648	159,648
Less Present value adjustment	(3,154)	(15,162)
Revised Amortized Interest Income	(50,130)	-
Add Amortization Discount Charged to P & L	6,328	12,008
	(46,956)	(3,154)
Closing Balance	112,692	156,494
<p>This represents unsecured interest free loan payable to sponsor director. This liability had arisen on account of settlement of liabilities of the bank, which were settled by sponsor. The amount of loan had been measured at amortized cost in accordance with IFRS-9 previously International Accounting Standard 39, Financial instruments: Recognition and Measurement, and discounted using the weighted average interest rate of 21% per annum This interest free loan has payable in lump sum on December 31, 2022. However due to financial crunch its repayment has been extended by mutual consent till september 30, 2027.</p>		



**Un-Audited**  
**March 31,**  
**2023**      Audited  
September 30,  
2022  
**(Rupees in '000')**

**9 LONG TERM FINANCE - SECURED**

Syndicate Term Finance:	<b>2,348,128</b>	2,348,128
Less : Overdue installments	<b>2,348,128</b>	2,348,128
	<u>          --</u>	<u>          --</u>

This amount represents outstanding balance of rescheduled amount as per compromising decree dated February 18, 2011 granted by Honorable 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 was payable in ten years with one year of grace period no mark-up through out the repayment period. The repayments of loan had been started from March 30, 2012 and last payment was to be made on December 30, 2020

**10 LONG TERM MARK UP PAYABLE**

Mark-up payable as Term Finance :	<b>284,801</b>	284,801
Less Overdue installments	<b>284,801</b>	284,801
	<u>          --</u>	<u>          --</u>

This represents part of mark up of Rs. 425.051 million payable to Syndicate (Summit Bank Ltd. & Others) in 4 equal quarterly installment numbers 33 to 36. Company had provided mark-up of Rs.284.80 million till September, 2018 and stopped providing further markup and approached to lenders for waiver due to financial situation of the company. The management is hopeful that this request will be accepted.

**11 DEFERRED LIABILITIES**

Deferred Tax Liability for Staff Gratuity (Provision)	<b>11.1</b>	<b>5,349</b>	5,548
Deferred Tax Liability		<b>1,316,237</b>	1,374,860
		<u><b>1,321,586</b></u>	<u>1,380,408</u>

**11.1** 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.

**12 SHORT TERM RUNNING FINANCES - SECURED**

Short term running finances - Secured	<b>12.1</b>	<b>192,196</b>	192,196
Book over draft		<b>19,234</b>	22,107
		<u><b>211,430</b></u>	<u>214,303</u>

**12.1** This amount represent running finance 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 is @ 3 month KIBOR plus 0.75% per annum payable on quarterly basis. The facility had been expired and was not renewed by the banks. During the period Company has not provided mark up on the same.

## DEWAN SUGAR MILLS LIMITED

### 13 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.

### 14 FINANCE COST

The company has not provided the markup on long term and short term borrowings from Banks for the period amounting to Rs.274.073 million on the contention of the Company as disclosed in note 10 and 12 the Condensed Interim Financial Information. However had the provision been made in the Condensed Interim Financial Information markup for the year would have been higher by Rs.1.483 billion and accrued markup and accumulated loss would have been increased by Rs.1.483 billion.

### 15 SEASONAL PRODUCTION

Due to the seasonal availability of sugarcane, the manufacturing 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 cost incurred / accrued after the reporting date will be reported in the subsequent interim and annual financial statements.

### 16 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These Condensed Interim Financial Information 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, 2022. 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 Information approximate their fair values.

### 17 TRANSACTION WITH RELATED PARTIES

	March 31, 2023	March 31, 2022
	(Rupees in '000')	
Sale Commission	17,169	11,264
Purchases	15,857	11,693
Sales	4,750	3,729
Provident fund contribution	2,087	2,314
Sponsor loan	67,556	-

### 18 DATE OF AUTHORIZATION FOR ISSUE

These Condensed Interim Financial Information were authorized for issue on May 29, 2023 by the board of directors of the Company.

### 19 GENERAL

- a) Figures have been rounded off to the nearest thousand rupees.
- b) Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period to report.
- c) The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended March 31, 2023 and 2022 were not subject to limited scope review by the auditors as scope of review covered only cumulative figures.



**Zeeshan Ashraf**  
Chief Executive Officer



**Muhammad Ilyas Abdul Sattar**  
Chief Financial Officer



**Abdul Basit**  
Chairman Board of Directors

### ڈسٹری کا شعبہ:

زیر جائزہ مدت کے دوران ڈسٹری کے شعبے نے 12,775 ٹن الیکٹریٹیائیٹی کیا جس کا موازنہ گزشتہ مدت کے دوران تیار کئے گئے 14,207 ٹن الیکٹریٹیائیٹی سے کیا جاسکتا ہے۔ زیر جائزہ مدت میں ڈسٹری پوائنٹ کا آپریٹنگ منافع 75.95 ملین روپے رہا جبکہ گزشتہ سال آپریٹنگ منافع 0.334 ملین روپے تھا۔ اس سال گزشتہ سال کے مقابلے میں فیڈ اسٹاک کی لاگت میں تقریباً 45 فیصد اضافے کے باعث کافی مشکلات کا سامنا رہا۔ امریکی ڈالر میں پیٹنگی وصولی نے منفی اثرات مرتب کیے اور اس پوائنٹ کو 321 ملین روپے کی کٹوتی کا نقصان برداشت کرنا پڑا۔ بہتر نتائج حاصل کرنے کیلئے، کھنی لاگت میں کمی کے مختلف اقدامات اپنارہی ہے۔ مزید برآں، توانائی کی زیادہ موثر فراہمی کیلئے پاور پلانٹ تعمیر کے مراحل میں ہے۔

### چپ بورڈ پولی پروپیلین کا شعبہ:

دوران جائزہ مدت چپ بورڈ پلانٹ نے گزشتہ مدت کی 64,140 ٹن کے مقابلے میں 52,410 ٹن تیار کیں۔ اس مدت کا آپریٹنگ خسارہ 0.108 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 5.337 ملین روپے تھا۔ انتظامیہ نے اپنی توجہ ویلیو ایڈڈ مصنوعات کی تیاری پر مرکوز کر رکھی ہے اور درجہ A کی ٹینس تیار کر کے مسابقت میں سہقت بجانے کے لئے کوشاں ہے۔ ہم پر امید ہیں کہ کھنی کے اس آپریشن میں مثبت نتائج سامنے آئیں گے۔

پولی پروپیلین پوائنٹ درگت کی کچھل کی رکاوٹوں کے سبب پہلے ہی پروڈکشن سے باہر ہے۔

آڈیٹرز نے اپنی رپورٹ میں کھنی کے آگے بڑھنے اور ترقی کرنے کی صلاحیت، ری اسٹرکچر ڈیویژن کی اقسام کی ادائیگی میں ڈیفرنٹ اور مارک اپ کی عدم ادائیگی جیسے معاملات پر منفی رائے کا اظہار کیا ہے۔

کنڈینسڈ عبوری مالیاتی معلومات کو گونگ تھویش کے مفروضے پر تیار کیا گیا ہے کیونکہ کھنی نے اپنی ذمہ داریوں کی مزید تنظیم نو کیلئے اپنے قرض دہندہ سے رابطہ کیا جو کہ عمل میں ہے۔ کھنی پر امید ہے کہ اس طرح کی تنظیم نو جلد ہی موثر ہوگی اور کھنی کی فنڈنگ کی ضروریات کو ہموار کرے گی جس سے بالآخر انتظامیہ کو پیداواری صلاحیت کے زیادہ سے زیادہ استعمال کے ساتھ کام کرنے میں مدد ملے گی۔ لہذا کنڈینسڈ عبوری مالیاتی معلومات کی تیاری کو گونگ تھویش مفروضے کا استعمال کرتے ہوئے جائز ہے جیسا کہ نوٹ 1.1 میں مکمل طور پر کنڈینسڈ عبوری مالیاتی معلومات کی وضاحت کی گئی ہے۔

اختتام پر اللہ پاک رحمن ورحیم 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 کھنی 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



عبدالباسط

چیئرمین بورڈ آف ڈائریکٹرز



ذیشان اشرف

چیف ایگزیکٹو آفیسر

کراچی؛

مورخہ: 29 مئی 2023ء

## DEWAN SUGAR MILLS LIMITED

### ڈائریکٹرز 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،

دیوان شکر ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2023ء کو ختم ہونے والی مدت کے غیر جانبدار مالیاتی گوشوارے پیش کرتے ہوئے نہایت مسرت محسوس  
کر رہے ہیں۔

صنعت کا جائزہ:

دوران مدت ملک میں سیاسی عدم استحکام، شرح مبادلہ میں اضافہ، افراط زر میں اضافہ، شرح سود میں اضافہ، کم سے کم اجرت کی ادائیگی میں اضافہ اور فیول اور  
بجلی کی قیمتوں میں اضافے نے صنعت پر منفی اثرات مرتب کئے ہیں۔

مالیاتی نتائج:

زیر جائزہ مدت کے دوران مالیاتی نتائج کا مختصر خلاصہ درج ذیل ہے:

31 مارچ 2023ء (روپے)	31 مارچ 2022ء (روپے)	
4,886,616,478	5,676,628,336	خالص فروخت
(134,614,551)	(295,210,004)	مجموعی (خسارہ)
(613,108,479)	(431,636,356)	بعد از ٹیکس (خالص خسارہ)

کارکردگی کا جائزہ:

شکر کا شعبہ:

پلانٹ نے اپنی کرشنگ کا آغاز مورخہ 23 دسمبر 2022 کو کیا اور (55 دن) یعنی 15 فروری 2023 تک چلتا رہا جو کہ گذشتہ سال کی اسی مدت کے دوران  
99 دن تک چلتا رہا تھا۔ حالیہ مدت کے دوران پلانٹ نے 209,436 میٹرک ٹن گنے کی کرشنگ کی جس سے 20,380 میٹرک ٹن سفید ریفائنڈ شکر حاصل  
ہوئی جس میں سکروڈز کی اوسط ریکوری 9.821 فیصد ہے جبکہ گذشتہ مدت میں پلانٹ نے 489,240 ٹن گنے کی کرشنگ کی جس میں سکروڈز کی اوسط ریکوری  
10.41 فیصد تھی اور ریفائنڈ شکر کی پیداوار 50,789.6 ٹن تھی۔ گذشتہ سال کے مقابلے میں پیداوار میں یہ کمی غیر مستحکم مالیاتی بحران اور ان پٹ لاگت میں  
اضافہ کے باعث ہوئی اور پلانٹ کی کرشنگ مختصر مدت میں بند ہو گئی۔

دوران مدت شکر کے شعبہ کو مبلغ 663.67 ملین روپے کا آپریٹنگ خسارہ ہوا جو کہ گذشتہ سال کی اسی مدت میں مبلغ 395.43 ملین روپے تھا۔ خسارہ کی وجہ  
خام مال کی زیادہ لاگت اور روکنگ کنٹینر کی عدم دستیابی رہی۔