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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
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	NIB Bank Limited
Summit Bank Limited	Meezan Bank Limited
Habib Bank Limited	Silk Bank Limited
Standard Chartered Bank Limited	Bank of Punjab 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, 2019.

Financial Results

During the period under consideration, your Company has suffered after tax loss of Rs.310.881 million, as compared to loss of Rs.189.140 million in the corresponding period.

Performance Review

Sugar Segment

The plant started its crushing on 27th December, 2018 and operated (73 days) till 9th March 2019 as compared to last year plant operated for 121 days and crushed 333,105 Metric tons of sugar cane producing 35,485 Metric Tons White refined sugar with average sucrose recovery of 10.65% as compared to last period plant managed to crush 507,595 tons of sugar cane with average sucrose recovery of 10.52% and refined sugar production of 53,360 tons. This short crushing and production was mainly due to approximately 25 to 30% short availability of sugar cane in the province of Sindh.

During the period sugar segment suffered operating loss of Rs.295.36 million as compared to Rs.201.14 million in the corresponding period. The main reason for this loss was due to short crushing and ultimately maximum manufacturing cost absorbed to this tiny production.

Distillery Segment

Distillery unit produced 14,688 tons of Alcohol during the period under review as compared to 16,302 tons of Alcohol produced during the corresponding period. This period operating profit of distillery unit was Rs.25.196 million as against Rs.64.643 million previous period, decline in profitability was due to raw material cost which shot up to Rs12,000/- as compared to last period cost of raw material was Rs.8,000/-. 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 28,530 sheets during the period under review as against last period 67,460 sheets produced. This short production was due to little supply of bagasse on account of short crushing. 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 : May 27, 2019

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

Voice: (+9221) 4540891
(+9221) 4522734
Facimile: (+9221) 4540891
Email: tariq@cyberaccess.com.pk

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, 2019 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, 2019 and March 31, 2018 have not been reviewed as we are required to review only the cumulative figures for the Six month ended March 31, 2019.

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 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 to the financial Statements along with mark-up of Rs. 896.875 million (Rs. 471.824 million eligible for waiver mark up and Rs. 425.051 million outstanding mark-up) become immediately payable, therefore provision for mark-up should be made in these financial statements amounting to Rs. 595.574 million on long term finances and should be classified under current liabilities.
- b) In our opinion, since the proposal for restructuring has not been accepted by the lenders, the company should made the provision of mark up in the financial statements. Had the provisions for the mark up, as discussed in preceding paragraph (a), been made in these financial statements, the loss after taxation would have been higher by Rs. 595.574 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 595.574 million.

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

Voice: (+9221) 4540891
(+9221) 4522734
Facimile: (+9221) 4540891
Email: tariq@cyberaccess.com.pk

- c) The financial Statements which indicates that as of March 31, 2019 the company incurred a loss after taxation of Rs. 310.881 (2018: Rs. 189.140) million and as of that date it has accumulated losses amounting to Rs. 2.725 billion (2018: Rs. 2.244 billion) and its current liabilities exceeded its current assets by Rs. 3.339 billion (September 2018: Rs. 2.966 billion) without providing markups of Restructured and other liabilities and as refer in above para (b). The Company has defaulted in repayments of earlier restructured liabilities as disclosed in para (a) above. Further, the short term finance facilities had expired and not renewed by the banks, therefore the company not utilizing its full capacity due to working capital constraints. Further, restructuring proposal is in process 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.

Adverse Conclusion

Our review indicates that, because of the significance of the matter discussed in paragraph (c) coupled with financial impact of matter discussed in paragraph (a) and (b) above, these accompanying interim financial Statements as of and for the six months period ended March 31, 2019 is not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.



CHARTERED ACCOUNTANTS
Audit Engagement Partner: Mohammad Tariq

Place : Karachi
Date : May 27, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED MARCH 31, 2019

ASSETS		(Un-Audited) Mar.31, 2019	(Audited) Sep.30, 2018
NON-CURRENT ASSETS	Notes	(Rupees in '000')	
Property, Plant and Equipment	4	5,273,701	5,467,732
CURRENT ASSETS			
Stores, Spares and Loose Tools		282,630	213,436
Stock-in-Trade		2,311,748	1,467,636
Trade Debts - Unsecured, Considered Good		47,535	32,774
Loans and Advances - Unsecured, Considered Good		470,931	309,334
Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities		12,250	12,004
Income Tax Refunds and Advances		104,855	80,012
Short Term Investment - Related Party	5	-	-
Cash and Bank Balances		64,895	90,588
		<u>3,294,844</u>	<u>2,205,784</u>
		<u>8,568,545</u>	<u>7,673,516</u>
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		(2,724,742)	(2,528,757)
Revaluation Surplus on Property Plant and Equipment		2,613,211	2,691,495
		<u>803,589</u>	<u>1,077,858</u>
NON-CURRENT LIABILITIES			
Sponsors Loan - Unsecured	6	328,912	309,206
Long Term Finance (Secured)	7	-	139,348
Long Term Interest Payable	8	197,046	286,680
Liabilities Against Assets Subject to Finance Lease -Secured	9	4,027	6,283
Deferred Liabilities	10	601,019	682,423
CURRENT LIABILITIES			
Trade and Other Payables - Unsecured		3,829,747	2,653,531
Interest, Profit, Mark-up Accrued on Loans and Other Payables		5,355	3,715
Short Term Finances - Secured	11	214,435	202,727
Unclaimed Dividends		770	770
Current Portion of Non-Current Liabilities	7 to9	2,464,945	2,222,275
Provision for Taxation		118,700	88,700
		<u>6,633,952</u>	<u>5,171,718</u>
CONTINGENCIES & COMMITMENTS			
	12	-	-
		<u>8,568,545</u>	<u>7,673,516</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

DEWAN SUGAR MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019**

	Half Year Ended		Quarter Ended	
	Mar.31, 2019	Mar.31, 2018	Mar.31, 2019	Mar.31, 2018
	(Rupees in '000')			
Sales	2,630,990	3,131,808	1,365,182	2,038,216
Cost of Sales	(2,731,385)	(3,149,298)	(1,419,921)	(1,911,057)
Gross (Loss)/Profit	(100,395)	(17,490)	(54,739)	127,159
Administrative and General Expenses	(58,095)	(61,559)	(30,998)	(32,611)
Distribution and Selling Costs	(127,746)	(69,616)	(58,837)	(44,174)
Other Operating Income	3,118	3,823	1,999	3,018
(Loss)/Profit from Operations	(283,118)	(144,842)	(142,575)	53,392
Finance Cost	(42,445)	(42,618)	(22,331)	(20,825)
(Loss)/Profit before Income Tax	(325,563)	(187,460)	(164,906)	32,567
Taxation	14,682	(1,680)	4,769	1,887
(Loss)Profit for the period (after Income Tax)	(310,881)	(189,140)	(160,137)	34,454
(Loss)/Profit per Share - Basic	(3.40)	(2.84)	(1.75)	0.52

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 COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019**

	Half Year Ended		Quarter Ended	
	Mar.31, 2019	Mar.31, 2018 <i>(Restated)</i>	Mar.31, 2019	Mar.31, 2018 <i>(Restated)</i>
	(Rupees in '000')			
(Loss) for the Period	(310,881)	(189,140)	(160,137)	34,454
Other comprehensive income				
Items that will not reclassify to profit or loss				
Surplus on revaluation of property, plant & equipment	--	2,310,940	--	--
Related Deferred tax	--	(665,671)	--	--
	--	1,645,269	--	--
Effect of change in tax rates on balance of revaluation on Property, Plant & Equipment	36,612	--	--	--
Total Comprehensive Income for The Period	<u>(274,269)</u>	<u>1,456,129</u>	<u>(160,137)</u>	<u>34,454</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

DEWAN SUGAR MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 2019**

	Mar.31, 2019	Mar.31, 2018
	(Rupees in '000')	
Cash Flow from Operating Activities		
(Loss) Before Taxation	(325,563)	(187,460)
Adjustment for Non-Cash and Other Items:		
Depreciation	214,366	189,580
Financial Charges	42,445	42,618
Amortization of Loan	(1,660)	(2,090)
	255,151	230,108
	(70,412)	42,648
Changes in Operating Assets and Liabilities		
<i>(Increase) / Decrease in Current Assets</i>		
Stores and Spares	(69,195)	(1,148)
Stock in Trade	(844,111)	(394,642)
Trade Debts	(14,761)	(42,282)
Loans and Advances	(161,597)	(2,767)
Trade Deposits, Prepayments & Other Balances	(246)	(52)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	1,176,216	486,974
Short Term Finances	11,709	(9,116)
	98,015	36,967
Taxes Paid	(24,842)	(27,659)
Financial Charges Paid	(8,617)	(7,236)
Gratuity Paid	(111)	(511)
	(33,570)	(35,406)
Net Cash Flows from Operating Activities	(5,967)	44,209
Cash Flow from Investing Activities		
Fixed Capital Expenditure	(20,335)	(3,103)
Net Cash Out Flows from Investing Activities	(20,335)	(3,103)
Cash Flow from Financing Activities		
Sponsors Loan	5,807	6,800
Morabaha Payment	(2,984)	(1,422)
Lease Finance	(2,214)	(1,055)
Net Cash Out Flows from Financing Activities	609	4,323
Net (Decrease)/ Increase in Cash and Bank Balances	(25,693)	45,429
Cash and Bank Balances at Beginning of the Period	90,588	31,535
Cash and Bank Balances at the End of the Period	64,895	76,964

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, 2019**

	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, 2017 As reported	665,120	190,000	(1,642,050)	--	(786,930)
Effect of change in accounting policy of Investment in Associates	--	--	(502,456)	--	(502,456)
Effect of change in accounting policy of Surplus Revaluation of Property Plant & Equipment	--	--	--	1,220,155	1,220,155
Balance as on October 01, 2017 --Restated	665,120	190,000	(2,144,506)	1,220,155	(69,231)
Loss for the period	--	--	(189,140)	--	(189,140)
Revaluation during the period Net of tax	--	--	--	1,645,269	1,645,269
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment -Net of tax	--	--	89,734	(89,734)	--
Balance as on March 31, 2018 Restated	665,120	190,000	(2,243,912)	2,775,690	1,386,898
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
	915,120	190,000	(2,914,742)	2,613,211	803,589

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, 2019**

DEWAN SUGAR MILLS LIMITED

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18	Mar-19	Mar-18
Gross Sales										
Local	2,139,821	-	-	-	26,753	54,858	43,002	39,703	1,305,664	2,234,382
Exports	-	-	-	-	-	-	1,511,224	1,172,716	1,511,224	1,172,716
	1,235,909				26,753	54,858	1,554,226	1,212,419	2,816,888	3,407,098
Sales Commission	2,137	-	-	-	-	-	7,695	5,968	7,695	8,105
Sales Tax	254,143	-	-	-	4,459	8,759	4,579	4,283	178,203	267,185
	169,165				4,459	8,759	12,274	10,251	185,898	275,290
Net Sales	1,066,744				22,294	46,099	1,541,952	1,202,168	2,630,990	3,131,808
COST OF SALES	1,317,593				35,057	54,442	1,375,914	1,061,436	2,731,385	3,149,298
Gross Profit / Loss	(250,849)				(12,763)	(8,343)	166,038	140,732	(100,395)	(17,490)
Administrative Expenses	42,605				418	964	15,010	9,715	58,095	61,559
Selling and Distribution Costs	1,913				-	-	125,833	66,374	127,746	69,616
	44,518				418	964	140,843	76,089	185,841	131,175
Segment Results	(295,367)				(13,181)	(9,307)	25,195	64,643	(286,236)	(148,665)

(Rupees in '000)



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, 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 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, 2019 incurred a net loss after taxation of Rs310.881 million (March 31, 2018 189.140 million) and as of that date company's negative reserves of Rs.2,725 million (September 30, 2018 Rs. 2,529) million and its current liabilities exceeded its current assets by Rs.3,339 million (September 30, 2018: Rs.2,966) 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.

The figures of the condensed interim profit and loss account for the quarters ended March 31, 2018 and 2019 have not been reviewed by the auditors of the company as they have reviewed the cumulative figures for the half years ended March 31, 2018 and 2019. These condensed interim financial statements do not include all the information and disclosures 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, 2018.

DEWAN SUGAR MILLS LIMITED

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of this condensed interim 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.

		March 31, 2019	September 30, 2018
PROPERTY, PLANT AND EQUIPMENTS		(Rupees in '000')	
4 Operating Property , Plant & Equipment	4.1	5,104,751	5,317,561
Capital work-in-progress	4.2	168,950	150,171
		5,273,701	5,467,732
4.1 Written Down Value Opening		5,317,561	3,423,899
Addition during the period		1,556	4,505
Revaluation during the period	4.3	-	2,310,940
Depreciation for the period		(214,366)	(421,783)
		5,104,751	5,317,561
4.2 Capital work-in-progress		150,171	148,717
Addition during the period		18,779	1,454
		168,950	150,171

Fixed capital expenditure during the period amounted to Rs.20,335 million (September 30, 2018:Rs.5.959 million).

4.3 Company had revalued its Factory Building and Plant and Machinery which arises amounting to Rs.2.311 billion 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 of these revalued assets as per report is 4.211 billion.

5 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. Recently from 30th September 2018 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.147.284 million (September 2018 Rs.335.927) million and subsequently equity would have been higher for the same amount as per prevailing market rate which was Rs.10.79 on balance sheet closing date.

		March 31, 2019	September 30, 2018
6 SPONSORS LOAN - UNSECURED			
		(Rupees in '000')	
Sponsors Loan	6.1	210,567	195,492
Sponsors Loan obtained for payment of Term Loan	6.2	118,345	113,714
		328,912	309,206
6.1 Sponsors Loan			
Opening Balance Original Loan amount		507,425	750,625
Addition during the year		5,807	6,800
		513,232	757,425
Right issue of paid up capital from sponsor loan		--	(250,000)
		513,232	507,425
Less Present value adjustment		(311,933)	(490,516)
Amortized Interest Income		(1,660)	149,503
Add Amortization Discount Charged to P & L		10,928	29,080
		(302,665)	(311,933)
Closing Balance		210,567	195,492
<p>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 lum sum on September 30, 2027.</p>			
6.2 Sponsors Loan			
Sponsors Loan obtained for payment of Term Loan		159,648	159,648
Less Present value adjustment		(45,934)	(54,660)
Add Amortization Discount Charged to P & L		4,631	8,726
		(41,303)	(45,934)
Closing Balance		118,345	113,714
<p>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.</p>			
7 SYNDICATED LONG TERM FINANCE - SECURED			
Syndicate Term Finance	7.1	--	136,306
First National Bank Modarbaha	7.2	--	3,042
		--	139,348
7.1 Syndicate Term Finance: Principal opening		2,348,128	2,348,128
Less: Repayment during the year		--	--
		2,348,128	2,348,128
Classified as current portion			
Current Maturity		416,966	562,795
Overdue installments		1,931,162	1,649,027
Less : Current Maturity on Long Term Loan		2,348,128	2,211,822
		--	136,306

DEWAN SUGAR MILLS LIMITED

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, 2019	September 30, 2018
Note	(Rupees in '000')	
7.2 First National Bank Modaraba:Principal opening	9,068	13,474
Less : Repayment during the year	2,984	4,406
	6,084	9,068
Less : Current Maturity on Long Term Loan	6,084	6,026
	--	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.

8 LONG TERM MARK UP PAYABLE

Mark-up payable on Reschedule Term Finance	8.1	195,038	284,801
Mark-up payable (First National Bank Modaraba)	8.2	2,008	1,879
		197,046	286,680
8.1 Mark-up payable on Reschedule Term Finance : Opening		284,801	251,801
Addition provision for the period		16,500	33,000
		301,301	284,801
Less Current Maturity		106,263	--
		195,038	284,801

This amount represents accumulated running balance of token mark up of Rs 425.051 million payable to Syndicated (Summit Bank & Other) in 4 equal quarterly instalments payable at the end of the loan period. Mark up will be equally provided during the tenure of loan period.

8.2 Mark-up payable (First National Bank Modaraba): Opening	1,879	1,621
Addition provision for the period	129	258
	2,008	1,879

This amount represents accumulated running balance of token mark up of Rs 2.525 million payable to First National Bank Modaraba in 4 equal quarterly instalments of Rs.0.631 million each. The mark-up will be accrued quarterly in 9 years for 36 equal instalment of Rs.0.065 million..

		March 31, 2019	September 30, 2018
9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	Note	(Rupees in '000')	
Present value of minimum lease payment		8,496	10,710
Less: Current Maturity		4,469	4,427
		<u>4,027</u>	<u>6,283</u>
10 DEFERRED LIABILITIES			
Deferred Tax Liability for Staff Gratuity (Provision)	10.1	5,971	6,082
Deferred Income Tax Liability		595,048	676,341
		<u>601,019</u>	<u>682,423</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.

11 SHORT TERM RUNNING FINANCES - SECURED

Short term running finances - Secured	11.1	192,196	192,196
Book over draft		22,239	10,531
		<u>214,435</u>	<u>202,727</u>

11.1 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.

12 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.

13 TRANSACTION WITH RELATED PARTIES

Sale Commission		7,695	11,446
Provident fund contribution		2,483	5,146
Loan from Director		5,807	6,800
Amount of Right issue of shares to Director		--	250,000

14 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements were authorized for issue on 27th May, 2019 by the board of directors of the Company.

15 GENERAL

Figures have been rounded off to the nearest thousand rupees. Comparative rearranged, reclassified and restated where ever 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 28,530 ٹنٹیں تیار کیں جس کا موازنہ گزشتہ سال 67,460 ٹنٹیں سے کیا جاسکتا ہے۔ اس پیداوار میں کمی کی وجہ مختصر کرشنک کی وجہ سے بگاس کی کم سپلائی تھی۔ انتظامیہ اچھی اور معیاری مصنوعات بشمول "A" کوالٹی کی ٹنٹیں کی تیاری پر توجہ مرکوز کئے ہوئے ہے۔ ہمیں یقین ہے کہ ہم آنے والے سال میں اس شعبہ کو نقصان سے مناسب منافع میں بدل دیں گے۔

ناقابل اعتماد صورتحال کے باعث پالی پروڈکٹس پلانٹ کا آپریشن پہلے سے ہی بند ہے۔

اعتقاد 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: 27 مئی 2019ء

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،

آپ کے ڈائریکٹرز 31 مارچ 2019ء 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 310.881 ملین روپے کا خسارہ برداشت کرنا پڑا جس کا موازنہ اسی مدت کے پچھلے خسارے مبلغ 189.140 ملین روپے سے کیا جاسکتا ہے۔

کارکردگی کا جائزہ:

شکر کا شعبہ:

پلانٹ نے اپنے کرشنگ کا آغاز مورخہ 27 دسمبر 2018ء کو کیا اور (73 دن) 9 مارچ 2019ء تک آپریٹ کیا گیا جس کا موازنہ گزشتہ سال کے 121 ایام سے کیا جاسکتا ہے جو کہ گنے کی کرشنگ 333,105 میٹرک ٹن، سفید چینی کی پیداوار 35,485 میٹرک ٹن بمعہ اوسط ریکوری %10.65 کے ساتھ جاری رہی تھی جبکہ گزشتہ مدت میں گنے کی کرشنگ 507,595 ٹن بمعہ %10.52 کی اوسط ریکوری اور ریفائنڈ چینی 53,360 ٹن تھی۔ یہ مختصر کرشنگ اور پیداوار صوبہ سندھ میں گنے کی 25 سے 30 فیصد کم دستیابی کی وجہ سے تھی۔

دوران مدت شکر کے شعبہ میں مبلغ 295.36 ملین روپے کا خسارہ برداشت کیا جس کا موازنہ گزشتہ سال کی مدت کے 201.14 ملین روپے سے کیا جاسکتا ہے۔ اس خسارہ کی بنیادی وجہ انتہائی مختصر کرشنگ کی وجہ سے زیادہ سے زیادہ پیداواری لاگت برداشت کرنا پڑی۔

ڈسٹلری کا شعبہ:

زیر نظر مدت کے دوران ڈسٹلری کے شعبے نے 14,688 ٹن الکوحل تیار کیا جس کا موازنہ گزشتہ مدت کے دوران 16,302 ٹن الکوحل سے کیا جاسکتا ہے۔ دوران مدت آپریٹنگ منافع مبلغ 25.196 ملین روپے تھا جو کہ گزشتہ مدت کے دوران مبلغ 64.643 ملین روپے تھا، منافع میں اس کی سبب خام مال کی قیمتوں میں مبلغ -/12,000 روپے تک کا اضافہ تھا جس کا موازنہ گزشتہ سال کی مدت مبلغ -/8,000 سے کیا جاسکتا ہے۔ تاہم ہم پلانٹ کو چلاتے رہے اور پیداواری لاگت کوئی ٹن کم سے کم سطح پر رکھا جو کہ آنے والی سہ ماہی کے لئے بہتر نتائج فراہم کرے گا۔