

ANNUAL REPORT 2014



DEWAN SUGAR MILLS LIMITED



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A YOUSUF DEWAN COMPANY

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COMPANY INFORMATION

CHAIRMAN BOARD OF DIRECTORS

Dewan Muhammad Yousuf Farooqui

EXECUTIVE DIRECTORS

Ghazanfar Baber Siddiqui

Dewan Abdul Rehman Farooqui

NON-EXECUTIVE DIRECTORS

Dewan Muhammad Yousuf Farooqui

Dewan Abdul Baqi Farooqui

Haroon Iqbal

Syed Muhammad Anwar

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

Junaidy Shoaib Asad

Chartered Accountants

TAX ADVISOR

Sharif & Company - Advocates

LEGAL ADVISOR

A.K. Brohi & Company Advocates

AUDIT COMMITTEE

Aziz-ul-Haque

Haroon Iqbal

Syed Muhammad Anwar

Chairman

Member

Member

HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS

Dewan Muhammad Yousuf Farooqui

Ghazanfar Baber Siddiqui

Haroon Iqbal

Chairman

Member

Member

BANKERS

National Bank of Pakistan

Summit Bank Limited

Habib Bank Limited

Standard Chartered Bank Limited

Bank of Khyber Limited

NIB Bank Limited

Meezan Bank Limited

Silk Bank Limited

Bank of Punjab Limited

REGISTERED OFFICER:

7th Floor, Finance & Trade Centre, Block-A,

Shahrah-e-Faisal, Karachi, Pakistan.

CORORATE OFFICE

Block-A, 2nd Floor

Finance & trade Centre

Shahrah-e-Faisal, Karachi, Pakistan.

SHARE REGISTRAR / TRANSFER AGENT

BMF Consultants Pakistan (Pvt.) Limited

Annum Estate Building, Room No. 310 & 311,

3rd Floor, 49, Darul Aman Society,

Main Shahrah-e-Faisal, Adjacent Baloch Colony,

Karachi, Pakistan.

FACTORY

Jillaniabad, Budho Talpur,

Taluka: Mirpur Bathoro

District: Sujawal Sindh, Pakistan.

WEBSITE

www.yousufdewan.com

The Vision Statement

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



Mission Statement

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

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

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

In Allah We Believe & In People We Trust

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

NOTICE OF THE THIRTY THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of **Dewan Sugar Mills Limited** ("**DSML**" or "**the Company**") will be held on **Thursday, January 29, 2015, at 11:00 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Thursday, January 30, 2014;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended September 30, 2014, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

SPECIAL BUSINESS:

1. To consider and pass a Special Resolution to increase the Authorized Capital of the Company from Rs. 500,000,000/-, divided into 50,000,000 ordinary shares of Rs. 10/- each, to Rs. 700,000,000/-, divided into 70,000,000 ordinary shares of Rs. 10/- each, and to resolve consequent alterations in the Memorandum and Articles of Association of the Company.
2. To pass a special resolution for conversion of outstanding loan from Director into equity of the Company by way of a further issue of shares to the respective Director under the first proviso to Section 86(1) of the Companies Ordinance, 1984.

By Order of the Board



Muhammad Hanif German
Company Secretary

Karachi: December 22, 2014

"Statement under Section 160(1)(b) of the Companies Ordinance, 1984, concerning the Special Business, is attached alongwith the Notice circulated to the members of the Company, and is deemed an integral part hereof"

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from January 23, 2015 to January 29, 2015 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Annum Estate Building, Room No. 310 & 311, 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

**a) For Attending Meeting:**

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Dewan Sugar Mills Limited ("the Company" or "DSML") to be held on **Thursday, January 29, 2014, at 11:00 a.m.**, at Dewan Cement Limited, Plant Site, Deh Dhand, Dhabaji, District Malir, Karachi, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Special Business

1. To consider and pass a Special Resolution to increase the Authorized Capital of the Company from Rs. 500,000,000/-, divided into 50,000,000 ordinary shares of Rs. 10/- each, to Rs. 700,000,000/-, divided into 70,000,000 ordinary shares of Rs. 10/- each, and to resolve consequent alterations in the Memorandum and Articles of Association of the Company.

The increase in authorized capital is nevertheless necessitated to accommodate the abovesaid further issue of shares. Capital increase fee, as prescribed under the Sixth Schedule to the Ordinance, shall be payable by the Company. The following resolution is proposed in this respect:

IT IS HEREBY RESOLVED:

"That the existing Clause V of the Memorandum of Association, and the existing Clause 4 of the Articles of Association of the Company be and is hereby substituted with the following: The Authorized Capital of the Company is Rs. 700,000,000 (Rupees Seven Hundred Million Only) divided into 70,000,000 (Seventy Million) shares of Rs. 10/- each, with the rights, privileges and conditions attaching thereto, as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company, and to divide the shares in the Capital for the time being, into several classes."

2. To pass a special resolution for conversion of outstanding loan of Dewan Muhammad Yousuf Farooqui into equity of the company under the provisions of Section 86(1) of the Companies Ordinance, 1984, for issuance of 30,000,000 ordinary shares of Dewan Sugar Mills Limited at Rs. 10/- (Rupees ten) each, total amounting to Rs. 300,000,000/- (Rupees Three Hundred Million Only), by way of otherwise than rights.

The Board of Directors of the Company ("the Board"), at its meeting held on Monday, December 22, 2014, has approved the raising of further capital without any offer and issue of right shares, as per proposed special resolution; subject to the approval of the members of the Company, and the Securities and Exchange Commission of Pakistan ("SECP"). Material facts concerning the said special business are as follows:

- 2.1 The outstanding loan from Dewan Muhammad Yousuf Farooqui, the Chairman Board of Directors of the Company ("Director"), amounting to Rs. 300,000,000/- (Rupees Three Hundred Million Only), shall be converted into ordinary shares of the Company at par value of Rs. 10/- per share, without any offer and/or rights issue. Thus, the number of shares proposed to be issued is 30,000,000, and the same shall rank *pari passu* to the existing shares of the company in all respects. This issue of shares otherwise than rights, following approval from the Shareholders, is subject to the approval of the Securities and Exchange Commission of Pakistan.

The scrip of the Company, at the close of trading hours at the Karachi Stock Exchange (Guarantee) Limited ("KSE"), on Monday, December 22, 2014, was Rs. 3.80 per share. The preceding six-month and three-month volume weighted average price ("VWAP") of the share at the KSE, is Rs. 3.50 per share and Rs. 3.97 per share, respectively.

However, the Company is making conversion at par value which is justified mainly due to the reason that the current market scenario does not support the issuance of further shares under a right issue/secondary public offer, and that this loan was extended to the Company by the Director without any security, markup/interest, and definitive terms of repayment. Also in the present business scenario it is impracticable to make any prediction for the repayment of this loan. Therefore, it would be in the better interests of the Company, as well as its shareholders, to have its liabilities reduced, enhancement in capital base, creditors comforted, and to facilitate any future business prospects, without any impact on its cash flows.



The present Vs post-further share issuance of the respective Director, as contemplated hereby, together with the respective percentages to the total issued capital, now and then, shall comprise as follows:

Sponsors	Present Shareholding		Further issue of Shares (Number) under First Proviso to Section 86(1) of the Companies Ordinance, 1984, as contemplated hereby	Proposed Shareholding	
	Number of Shares held	% to Total Issued Capital		Number of Shares	% to Total Issued Capital
Dewan Muhammad Yousuf Farooqui	6,380,797	17.48%	30,000,000	36,380,797	54.70%

- 2.2 The above shares shall be issued to the Director, *at par*, against the amount of loan extended by him to the Company.
- 2.3 The Director to whom these shares will be issued has given written consent for the same.
- 2.4 The new shares shall rank *pari passu* in all respects with the existing shares of the Company.
- 2.5 The said Director is interested in the transaction to the extent of issue of new shares in consideration of his outstanding loan amount.
- 2.6 Therefore, the following special resolutions are proposed to be passed, with or without modification(s):

IT IS HEREBY RESOLVED:

1. That the Company, subject to the approval of the Securities and Exchange Commission of Pakistan ("SECP" or the "Commission"), be and is hereby authorized to issue 30,000,000 further ordinary shares of Rs. 10/- (Rupees ten) each (that is of Rs. 300,000,000/-), as fully paid-up and without the offer and/or issue of right shares, to Dewan Muhammad Yousuf Farooqui the Chairman Board of Directors ("Director") of the Company, in lieu of his outstanding loan towards the Company, under the first proviso to Section 86(1) of the Companies Ordinance, 1984 ("the Ordinance");
2. That the above shares shall be issued against the amount of loan extended by the Director and that he has already consented for the same;
3. That the new shares shall rank *pari passu*, in all respects, with the existing shares of the Company;
4. That Mr. Haroon Iqbal, Director and Mr. Muhammad Hanif German, Company Secretary of the Company be and are hereby authorized to complete all necessary legal and corporate formalities with regard to the above Resolutions, and to take such actions as they may consider necessary or expedient to complete the process of raising further capital without issue of right shares; and
5. That in case any error, omission, or mistake is pointed out in the aforesaid Resolutions by the Commission and/or any other competent authority, Mr. Haroon Iqbal, Director and Mr. Muhammad Hanif German, Company Secretary of the Company, be and are hereby authorized to make necessary amendments therein as permitted by the law.

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Dear Shareholder(s),
Assalam-o-Alykum!

On behalf of the Board of Directors, it is my privilege to welcome you at the 33rd Annual General meeting of the Company, and present before you the company's "Annual Report 2014", which includes the audited financial statements of the company in respect of the financial year ended as on September 30, 2014, together with the auditors' report thereon.

FINANCIAL RESULTS

	2014	2013
Net Sales	5,575,225,261	4,558,489,018
Gross Profit	2,808,253	148,383,485
(Net Loss)/Profit after tax	(109,768,348)	86,572,448
Key performance indicators		
- G.P % to sales	0.05%	3.26%
- (Net Loss)/Profit % to sales	(1.97%)	1.90%
- EPS	(3.01)	2.37

PERFORMANCE REVIEW OF THE COMPANY IN SEASON 2013-2014

PLANT PERFORMANCE

Sugar Operations

Operation	2014	2013
Sugarcane crushed in M. Tons	634,634	401,196
Sugar produced in M. Tons	64,600	40,245
Average Sugar recovery %	10.18%	10.02%

Crushing operations 2013-14 commenced on 13th December, 2013 and plant operated up to March 14, 2014 for (92 days) as against operation restricted to 82 days in the preceding season. Sugarcane crushed during the current season was 634,634 M. Tons with average sucrose recovery of 10.18% and refined sugar production of 64,600 M. Tons, as compared with crushing of 401,196 M. Tons with average sucrose recovery of 10.02% and refined sugar production of 40,245 M. Tons during last season, which shows handsome improvement of 58% in crushing. Recovery also shows improvement, despite adverse climatic conditions across the Country. The minimum support price of sugar cane announced by Sind Government was unchanged at Rs. 172/- per 40kg.

The prices of white refined sugar remained depressed in international as well as domestic market, especially in peak crushing time due to carry over stock of previous year and excess production of current season. Due to limited working capital and pledge facilities provided by financial institutions we had no other option except to off load our stock with losses in order to maintain smooth crushing and keep per ton cost down to curtail further losses. The prices of refined sugar at end of season showed hand some improvement of Rs. 5 to 7 per Kg. and we could not get this benefit as we did not have carrying capacity due to limited working capital and pledge facilities and fund requirement for maintenance for coming season that is why sugar segment suffered heavy losses.

**Distillery Operations**

Alhamdulillah the plant has produced 29,133 MT of industrial alcohol, as compared to 26,826 MT of industrial alcohol last year. Alhamdulillah distillery unit performed positively and earned 113 million as compared to 140 million. The decline in profit was due to higher price of feed stocks coupled with decline in foreign currency Rate. Future of distillery plant depend on rate of fuels which has been declined substantially and globally prices of ethanol came down from \$850/- to \$600/-. However we are hope full that plant will perform positively. This year management has decided to supply power from distillery unit after modification and installing new power generation sets to Board and panel and polypropylene unit. We are confident that in future this unit will play very important role towards taking ahead the company to the competitive edge.

Board & Panel Operations

At the very outset of the current year, Chip Board unit was operating on single shift basis and produced 131,670 sheets as against annual production of 155,590 sheets during the last year. The Plant mainly operated by diesel power generator due to extremely poor supply of electricity from WAPDA., which puts a serious stress on profitability. Management is focused on producing some value added products and made arrangement of power requirement from distillery unit, which will enable chip board unit to improve its profitability.

Polypropylene Operations

We are confident that in coming season your Polypropylene Plant will be started, which remained inoperative since 2008.

FUTURE OUTLOOK OF SUGAR INDUSTRY FOR 2014-2015

Sugar is the 2nd largest agriculture based industry after textile, besides there are many bye products of this industry, such as Molasses, Ethanol, paper Industries, Food & beverage and there is very much scope of power generation. Keeping in view the above the future of the industry depends on the consistent policies of the Government in the interest of all Stakeholders; Government should take long term steps Instead of short term measures to revive not only this vital industry but also to earn foreign exchange by exporting refined sugar instead of importing.

Keeping in consideration of current high purchase price of sugarcane and depressed international as well as local sale price of sugar, it seems that sugar industry will remain financially under pressure.

The Government needs to take some bold steps to save this important industry. Main measures should include:

- Introducing high yielding variety of seeds.
- Consistent export of refined sugar.
- Helping the millers to maintain sustainable liquidity through various measure and providing export incentives.

The above measures will result in improving sugarcane yield per hector, also recovery of sucrose contents, production of white refined sugar and bring the cost of production down.

Current year the official announcement to start crushing season was 1st November, 2014, but prices of sugar cane as well as refined sugar was not fixed as per decision of Honorable High Court. Government could not fix the price of refined sugar in light of sugar cane support price including other over head cost. This case was filled by PSMA and decision did not come before the start of crushing season. Now disputed Minimum support price of sugarcane is fixed at Rs.182/- per 40 kg, which is 6% higher as last year. We hope that either Government fixed the prices of refined sugar or support price of sugar cane slashed to Rs.155/- as announced.

As far as our mills concern with the grace of Almighty Allah, we are timely meeting our debt servicing commitment despite difficulty. Till to date the Company has repaid more than Rs.826.735 million and Insha'Allah, remaining installments will also be paid on time, in the mean time the management request the lender to extend full cooperation to provide fresh working capital facilities in order to use maximum utilization of crushing facilities, which will affect the profitability of Company and benefit to bankers as well.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The board of directors has reviewed the code of corporate governance and confirms that:

- Financial Statements present fairly its state of affairs, the results of its operations, cash flows and change in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance applicable at 30 September 2014.
- There has been no trading during the year in the shares of the company carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.
- Key operating & financial data for last six years is enclosed with the report.
- During the year, various meetings of the Board of directors were held. Record of attendance of members of the Board in their meetings are as under:

BOARD MEETING

Members of the Board of Directors	Number of meetings attended
Dewan Muhammad Yousuf Farooqui	5
Dewan Asim Mushfiq Farooqui	0
Dewan Abdul Rehman Farooqui	7
Dewan Abdullah Ahmed Swaleh Farooqui	0
Dewan Abdul Baqi Farooqui	5
Mr. Haroon Iqbal	5
Mr. Muhamamd Baqir Jafferri	2
Mr. Ghazanfar Baber Siddiqui	4
Mr. Ishtiaq Ahmed	2
Syed Muhammad Anwar	0
Mr. Aziz-ul Haque	1

AUDIT COMMITTEE MEETING

During the year four meetings of the audit committee were held. Record of attendance in these meetings are as under:

Members of the Board of Directors	Number of meetings attended
Mr. Aziz-ul Haque	1
Mr. Haroon Iqbal	4
Mr. Ghazanfar Baber Siddiqui	1
Dewan Abdul Rehman Farooqui	2
Syed Muhammad Anwar	1
Mr. Muhammad Baqar Jafferri	1
Mr. Ishtiaq Ahmed	0

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETING

During the year one meeting of the human resource committee was held under the chairmanship of Dewan Muhammad Yousuf Farooqui.

Members of the Board of Directors	Number of meetings attended
Dewan Muhammad Yousuf Farooqui	1
Mr. Ghazanfar Baber Siddiqui	1
Mr. Haroon Iqbal	1



COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Compliance with code of corporate governance set out by Karachi and Lahore stock Exchanges in their listing regulations, have been adopted by the company and have been duly complied with. A statement to this effect, duly reviewed by the statutory auditors of the company, is annexed with the report.

The Board keeps its shareholders informed about major developments affecting the company's state of affairs, through un audited quarterly, half yearly reviewed and audited annual financial statements along with directors' reports/reviews and additional important data. The Board encourages the shareholder's participation at the Annual General meeting to ensure high level of transparency and accountability in conduct of the company's affairs.

AUDITORS:

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

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year, your Company has made contribution to the national exchequer is Rs.267.208 million in under the head of Sales Tax, Custom Duty, and Income Tax and other statutory levies.

ENVIRONMENT

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

DIVIDEND

The management has decided not to declare any dividend due to enormous fund requirement to meet the cost of sugarcane and other overheads.

EARNING PER SHARE (EPS)

The EPS is Rs (3.01)

PATTERN OF SHAREHOLDING

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

VOTE OF THANKS

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

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

CONCLUSION

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

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

For and on behalf of the Board of Directors

Date: December 22, 2014
Place: Karachi

Dewan Muhammad Yousuf Farooqui
Chairman

FINANCIAL HIGHLIGHTS

RESTATED RESTATED

(Rupees in Thousand)

	2014	2013	2012	2011	2010	2009
TURNOVER	5,817,264	4,676,223	4,271,467	3,573,342	4,545,984	2,752,401
LESS GOVT. LEVY & COMMISSION	242,039	117,734	161,603	156,269	212,319	313,351
SALES (NET)	5,575,225	4,558,489	4,109,865	3,417,072	4,333,665	2,439,050
GROSS PROFIT/(LOSS)	2,808	148,383	199,978	(169,171)	119,891	19,346
PROFIT/(LOSS) BEFORE TAX	(99,180)	60,750	(68,464)	(482,635)	49,056	(471,094)
PROFIT/(LOSS) AFTER TAX	(109,768)	86,572	(60,111)	(432,374)	(48,737)	(233,584)
GROSS ASSETS EMPLOYED	5,878,395	6,040,745	5,583,110	5,253,377	6,389,066	6,337,586
CURRENT ASSETS	2,554,647	2,557,255	2,612,811	2,140,497	1,921,563	2,641,850
SHAREHOLDERS EQUITY	103,631	96,493	(108,590)	(278,063)	(74,476)	(96,443)
LONG TERM DEBTS & DEFERRED LIABILITIES	2,562,884	3,350,769	3,249,561	3,439,102	815,886	898,370
CURRENT LIABILITIES	2,310,504	1,972,364	1,730,768	1,305,468	4,236,366	4,627,235
GROSS PROFIT/(LOSS)(%)	0.05	3.26	4.87	(4.95)	2.77	0.79
CURRENT RATIO	1.11	1.30	1.51	1.64	0.45	0.57
NUMBER OF SHARES ISSUED	36,511,992	36,511,992	36,511,992	36,511,992	36,511,992	36,511,992
EARNINGS PER SHARE	(3.01)	2.37	2.62	(11.84)	(1.33)	(6.40)

PRODUCTION

SUGAR -	VOLUME IN (TONS)	64,600	40,245	51,835	40,942	59,906	55,040
POLYPROPYLENE-	VOLUME IN (TONS)	-	-	-	-	-	1,036
BOARD & PANEL-	NO.OF SHEETS	131,670	155,590	15,465	11,405	4,240	113,387
ETHANOL-	VOLUME IN (TONS)	29,133	26,826	29,747	20,009	-	5,610



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED SEPTEMBER 30, 2014

The statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No 35 of listing regulation of Karachi and Lahore Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present the board includes One Independent Director, Four Non-Executive Directors and Two Executive Directors of the Company.
2. The condition of maximum number of seven directorships to be held by a director in listed companies as per clause ii of the CCG will be applicable after election of next Board of Directors of the Company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on June 27, 2014 was filled up by the Board of Directors within Four days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by the director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause (xi) of CCG, some directors are exempted from the requirement of directors' training program and rest of the Directors to be trained within specified time.
10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. However, thereafter the Company Secretary has been change during the period, and the appointment of the Company Secretary is approved by the Board of Directors of the Company in accordance with the requirement of code of Corporate Governance
11. The Directors report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The director, CEO and executives do not hold any interest in the shares of the company other than the disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of CCG.
15. The board has formed an Audit Committee. It comprises three members of whom one is an independent director, who is also the Chairman and two members are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of three members of whom two are non-executive directors and the chairman of the committee is a non-executive director.
18. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially effect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all the other material principles enshrined in the CCG have been complied with.

Date : December 22, 2014
Place : Karachi



Dewan Muhammad Yousuf Farooqui
Chairman



FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
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AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Dewan Sugar Mills Limited to comply with the Listing Regulation no. 35 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of the Lahore Stock Exchange (Guarantee) Limited, where the company is listed.

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

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

The code of Corporate governance requires the Company to place before the Audit committee, and upon recommendation of the Audit committee, place before the Board of Directors for their consideration and approval its related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Audit Engaging Partner: Mohammad Tariq
Dated: December 22, 2014
Place: Karachi

CHARTERED ACCOUNTANTS

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN SUGAR MILLS LIMITED** as at September 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account, statement of Comprehensive income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2014 and of the Loss, its Comprehensive income, Cash flow and Changes in Equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Audit Engaging Partner: Mohammad Tariq
Dated: December 22, 2014
Place: Karachi

Feroze Sharif Tariq *www.*

CHARTERED ACCOUNTANTS

BALANCE SHEET

AS AT SEPTEMBER 30, 2014

ASSETS	Notes	2014	Restated 2013	Restated 2012
(Rupees)				
NON-CURRENT ASSETS				
Property, Plant and Equipment	5	3,323,747,736	3,483,490,228	2,970,298,247
CURRENT ASSETS				
Stores, Spares and Loose Tools	6	415,571,698	422,179,215	408,560,873
Stock-in-Trade	7	541,097,848	665,105,200	930,478,121
Trade Debts - Unsecured, Considered Good	8	325,754,411	220,598,523	220,566,660
Loans, Advances and other Receivable - Unsecured, Considered Good	9	975,308,838	1,053,768,924	950,792,863
Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities	10	14,351,391	16,973,356	11,797,970
Income Tax Refunds and Advances		102,803,796	66,894,740	34,710,833
Short term Investment - Related Party	11	90,909,000	66,202,500	33,715,500
Cash and Bank Balances	12	88,850,174	45,532,099	22,188,678
		2,554,647,156	2,557,254,557	2,612,811,498
		5,878,394,892	6,040,744,785	5,583,109,745
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized Capital				
50,000,000 (2013: 50,000,000) Ordinary Shares of Rs. 10/- each		500,000,000	500,000,000	500,000,000
Issued, Subscribed and Paid-up Capital	13	365,119,920	365,119,920	365,119,920
Reserves and Surplus	14	(261,488,749)	(268,626,747)	(473,709,790)
		103,631,171	96,493,173	(108,589,870)
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT (NET)	15	901,374,980	963,915,876	711,370,295
NON-CURRENT LIABILITIES				
Sponsors Loan - Unsecured	16	196,725,866	100,546,616	41,479,290
Reschedule Term Finance	17	2,273,723,598	2,730,788,519	3,129,024,906
Liabilities Against Assets Subject to Finance Lease - Secured	18	20,350,459	24,116,255	26,074,467
Deferred Liabilities	19	72,084,425	152,520,117	52,982,795
CURRENT LIABILITIES				
Trade and Other Payables - Unsecured	20	1,095,419,155	935,219,378	1,008,501,965
Interest, Profit, Mark-up Accrued on Loans and Other Payables	21	9,003,128	2,742,542	13,562,555
Short Term Finances - Secured	22	423,682,834	492,950,751	370,379,746
Current Portion of Non-Current Liabilities	23	630,400,752	445,453,034	271,023,596
Provision for Taxation		151,998,524	95,998,524	67,300,000
		2,310,504,393	1,972,364,229	1,730,767,862
Contingencies & Commitments	24	-	-	-
		5,878,394,892	6,040,744,785	5,583,109,745

The annexed notes form an integral part of these financial statements



Ghazanfer Baber Siddiqi
Chief Executive Officer

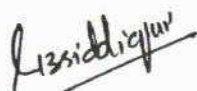


Dewan Abdul Rehman Farooqui
Director

PROFIT & LOSS ACCOUNT **FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Notes	2014 (Rupees)	Restated 2013
Sales - net	25	5,575,225,261	4,558,489,018
Cost of Sales	26	(5,572,417,008)	(4,410,105,533)
Gross Profit		2,808,253	148,383,485
Administrative and General Expenses	27	(85,568,884)	(65,409,672)
Distribution and Selling Costs	28	(141,764,264)	(166,968,748)
Other Operating Income	29	257,263,164	254,629,055
Profit from Operations		32,738,269	170,634,120
Finance Cost	30	(124,306,898)	(109,883,839)
		(91,568,629)	60,750,281
Provision for Obsolescence and Slow Moving Stocks and Stores	6	(7,611,583)	--
(Loss)/Profit Before Income Tax		(99,180,212)	60,750,281
Taxation	31	(10,588,136)	25,822,167
(Loss)Profit for the Year (after Income Tax)		(109,768,348)	86,572,448
Loss Per Share - Basic	32	(3.01)	2.37

The annexed notes form an integral part of these financial statements



Ghazanfer Baber Siddiqi
Chief Executive Officer



Dewan Abdul Rehman Farooqui
Director

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	2014	Restated 2013
	(Rupees)	
(Loss)/Profit for the year	(109,768,348)	86,572,448
Available for sale financial assets:		
Change in fair value	24,706,500	32,487,000
	<u>(85,061,848)</u>	<u>119,059,448</u>

The annexed notes form an integral part of these financial statements

Ghazanfer Baber Siddiqi
Chief Executive Officer

Dewan Abdul Rehman Farooqui
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	2014	Restated 2013
	(Rupees)	
Cash Flow from Operating Activities		
(Loss)/Profit Before Taxation	(99,180,212)	60,750,281
Adjustment for Non-Cash and Other Items:		
Depreciation	275,207,467	258,005,511
Amortization of Loans	(251,921,862)	(185,570,059)
Provision for Obsolescence and Slow Moving Items	7,611,583	--
Financial Charges	124,306,898	105,246,454
	155,204,086	177,681,906
	56,023,874	238,432,187
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Current Assets		
Stores and Spares	(1,004,066)	(13,618,342)
Stock in Trade	124,007,352	265,372,921
Trade Debts	(105,155,888)	(31,862)
Loans and Advances	78,460,087	(102,976,061)
Trade Deposits, Prepayments & Other Balances	2,621,965	(5,175,386)
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	160,199,776	(73,282,588)
Short Term Finances	(69,267,917)	122,571,005
	189,861,309	192,859,687
(Taxes paid)	(35,909,056)	(48,085,383)
Financial Charges Paid	(61,546,768)	(66,170,650)
Gratuity Paid	(5,364,878)	(12,346,989)
	(102,820,702)	(126,603,022)
Net Cash Flows from Operating Activities	143,064,481	304,688,852
Cash Flow from Investing Activities		
Fixed Capital Expenditure	(115,464,975)	(250,321,838)
Net Cash Out Flows from Investing Activities	(115,464,975)	(250,321,838)
Cash Flow from Financing Activities		
Sponsors Loan	336,860,000	240,000,000
Syndicated Term Finance - Secured	(315,324,731)	(257,204,451)
Morabaha Payment	(3,858,488)	(2,436,939)
Lease Finance	(1,958,212)	(11,382,203)
Net cash flows from financing activities	15,718,569	(31,023,593)
Net Increase in Cash and Bank Balances	43,318,075	23,343,421
Cash and Bank Balances at Beginning of the year	45,532,099	22,188,678
Cash and Bank Balances at the end of the year	88,850,174	45,532,099

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



Ghazanfer Baber Siddiqi
Chief Executive Officer




Dewan Abdul Rehman Farooqui
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Issued, Subscribed & Paid-up Capital	General Reserve	Accumulated Profit/(Loss)	Total
	(Rupees)			
Balance as on October 01, 2012 - As reported	365,119,920	190,000,000	(825,574,500)	(270,454,580)
Effect of adjustment (Note 16)	--	--	161,864,710	161,864,710
Balance as on October 01, 2012 - As restated	365,119,920	190,000,000	(663,709,790)	(108,589,870)
Total comprehensive Profit for the year	--	--	119,059,448	119,059,448
Transfer of incremental depreciation on the revalued items of property, plant and equipment, from the Surplus account (Net of Tax)	--	--	86,023,595	86,023,595
Balance as on September 30, 2013 - As restated	365,119,920	190,000,000	(458,626,747)	96,493,173
Total comprehensive Loss for the Year	--	--	(85,061,848)	(85,061,848)
Transfer of incremental depreciation on the revalued items of property, plant and equipment, from the Surplus account (Net of Tax)	--	--	92,199,846	92,199,846
Balance as on September 30, 2014	365,119,920	190,000,000	(451,488,749)	103,631,171

The annexed notes form an integral part of these financial statements



Ghazanfer Baber Siddiqi
Chief Executive Officer



Dewan Abdul Rehman Farooqui
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

1. CORPORATE INFORMATION

Dewan Sugar Mills Limited (the Company) was incorporated in Pakistan, as a public Limited company on June 27, 1982, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the Company is situated at 7th Floor, Block A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at Jillaniabad, Budho Talpur, Taluka: Mirpur Bathoro, District: Sujawal, Sindh, Pakistan. The Principal activity of the Company is production and sale of white crystalline refined sugar, processing and trading of by-products, and other related activities and allied products. The Company employed 941 persons (2013:935 persons) at the balance sheet date.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1 Standards and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	January 1, 2016
IAS 19 - Employee Contributions	July 1, 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	January 1, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 1, 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	January 1, 2014

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements except as disclosed in notes to the financials Statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**IASB Effective date
(Accounting periods Beginning on or after)**

Standard or interpretation

IFRS 9 – Financial Instruments: Classification and Measurement	January 1, 2018
IFRS 10 – Consolidated Financial Statements	January 1, 2013
IFRS 11 – Joint Arrangements	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 – Fair Value Measurement	January 1, 2013
IFRS 14 – Regulatory Deferral Accounts	January 1, 2016
IFRS 15 – Revenue from Contracts with Customers	January 1, 2017

2.2 Significant Accounting Judgments, Estimates and Assumption

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

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

2.2.1 Property, plant and equipment

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

2.2.2 Taxation

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

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

2.2.3 Stock-in-trade, stores, spare parts and loose tools

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

2.2.4 Provision for doubtful receivables

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

2.2.5 Provision for impairment

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

3. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were resolved as approved by the Board of Directors and authorized for issue on December 22, 2014.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective during the year:

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

4.1 New and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective during the year:

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

-Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

Improvements to Accounting Standards

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements except disclosed in notes to the financial statements.

4.2 Basis of Measurement and Presentation

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the fixed assets which are on revalued amounts, financial assets and liabilities which are carried at their fair values, available-for-sale investments which are valued as stated in note 11 to the financial statements. Further, accrual basis of accounting is followed except for cash flow information.

4.3 Post Employment Benefits - Defined Benefit Plan

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

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

4.4 Trade and Other Payables

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

4.5 Taxation

Current Year

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

Deferred

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

4.6 Property, Plant and Equipment

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

Leased

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

- **Depreciation**

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

Depreciation on Plant and Machinery of Board & Panel Unit, Poly Propylene Unit & Distillery Unit on unit of production method. In accordance with the IAS-16 every Company should select the method for charging depreciation that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The Method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits. The IAS further requires that such pattern of flow of economic benefits should be periodically reviewed and reassessed. The Poly propylene unit not in the operations therefore the Company not charged depreciation on the same unit.

- **Repairs, renewals and maintenance**

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

- **Disposal / Retirement of Assets**

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

- **Capital Works-in-Progress**

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

- **Surplus on Revaluation**

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the depreciation based on revalued carrying amount of the asset (the depreciation charged to income) and depreciation based on the assets original cost is transferred from revaluation of property, plant and equipment to unappropriated profit. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable taxes.

- In accordance with section 235 of the Companies Ordinance 1984, as clarified by Securities and Exchange Commission of Pakistan, an amount equal to the incremental depreciation charged on revalued assets is transferred from surplus on revaluation of Fixed Assets to retained earning.

4.7 Leases

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

4.8 Investment in Related Parties

Investment in related Parties is classified as an 'Available-for-Sale Financial Asset', whereby the investment, being a quoted one, is restated to its fair value at the close rate of the investment on the year end day. The resulting gain is transferred to equity in the reserve for the surplus on revaluation of investment via the statement of changes in equity. A decline in the value of investment is first offset against the available surplus for the revaluation of the investment, exceeding which it is then charged to the current period profit and loss account.

4.9 Stores, Spares and Loose Tools

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

4.10 Stock-in-Trade

These are valued as follows :

<i>Raw Material :</i>	At lower of weighted average cost and net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
<i>Finished Goods:</i>	At lower of weighted average cost and net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
<i>Work-in-Process:</i>	At lower of weighted average cost and net realizable value. Weighted average cost comprises of the cost of raw materials only. Conversion costs are not included as these are insignificant.
<i>Stock in Transit:</i>	At cost plus direct expenses accumulated up to the balance sheet date.
<i>Molasses:</i>	Cost in relation to Stock of molasses held by distillery acquired from out side sugar mills is valued at lower of weighted average cost and net realizable value where as the molasses transferred by the mill to distillery are valued on the basis mentioned in note 4.11
<i>Stock at fair price shop :</i>	At cost calculated on the first-in-first-out method of valuation.
<i>Packing Material:</i>	At lower of weighted average cost and net realizable value.

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

4.11 Inter Segment transfer

Transfer between business segment are recorded at net realizable value.

4.12 Trade Debts and Other Receivables

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

4.13 Foreign Currency Translation and Hedging

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

4.14 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the investee company.
- Export sales are recorded when shipped.
- Interest on Saving accounts and Bank Deposits is recorded on accrual basis.

4.15 Borrowing Cost

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

4.16 Provisions

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

4.17 Financial Instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognizing of the financial assets and financial liabilities are taken to profit and loss account currently. Financial assets are derecognized when the company loses control of the contractual rights that compromise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Financial instruments carried on the balance sheet includes investments, deposit trade debts, loan and advances, receivables, cash and bank balances, redeemable capital, liabilities against assets subject to finance lease, creditors, running finance and other payables. The particular recognition method adopted is disclosed in the individual policy statements associated with each item.



Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not the financial instruments of the company.

Financial assets and liabilities are offset when the company has a legally enforceable right to offset the same and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

4.18 Cash and Cash Equivalents

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

4.19 Impairment of Assets

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

4.20 Related Party Transactions and Transfer Pricing

All transactions with related parties are carried out by the company at arm's length prices, and the transfer price is determined in accordance with the methods prescribed under the Companies Ordinance, 1984, and as approved by the board of directors of the company.

4.21 Loans, Advances and Other Receivables

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

4.22 Short Term and Long Term Loans

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

4.23 Business Segments

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

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

4.24 Intangible Assets

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

	Note	2014	2013
5 PROPERTY, PLANT AND EQUIPMENT			Rupees
Operating Property, Plant and Equipment	5.1	3,246,047,638	3,483,490,228
Capital work -in-progress	5.2	77,700,098	-
		<u>3,323,747,736</u>	<u>3,483,490,228</u>

5.1 Operating Property, Plant and Equipment

PARTICULARS	COST				Rate %	DEPRECIATION			Written Down Value as at September 30, 2014
	As at October 01, 2013	Additions/Transfer (Disposals)/	SURPLUS ON REVALUATION	As at September 30, 2014		As at October 01, 2013	For the Year/ (Adjustment)	As at September 30, 2014	
Free Hold Land	50,612,532	--	--	50,612,532	--	--	--	--	50,612,532
Factory Building on Free Hold Land	734,466,615	4,508,000	--	738,974,615	10	387,614,673	33,300,152	420,914,825	318,059,790
Labour Quarters on Free Hold Land	352,203,848	--	--	352,203,848	25	288,284,965	14,270,098	302,555,063	49,648,785
Plant and Machinery									
Owned	4,881,156,402	12,071,860	--	4,893,228,262	10	1,987,076,018	216,871,459	2,203,947,477	2,689,280,785
Leased	100,000,000	--	--	100,000,000	10	18,178,733	2,953,896	21,132,629	78,867,371
Furniture and Fixtures	43,183,784	1,438,814	--	44,622,598	10	32,969,070	1,045,949	34,015,019	10,607,579
Office Equipment	50,986,535	5,537,507	--	56,524,042	10	35,713,349	1,733,441	37,446,790	19,077,252
Vehicles									
Owned	146,806,458	14,208,696	--	161,015,154	20	126,089,138	5,032,472	131,121,610	29,893,544
2014	6,359,416,174	37,764,877	--	6,397,181,051		2,875,925,946	275,207,467	3,151,133,413	3,246,047,638

PARTICULARS	COST				Rate %	DEPRECIATION			Written Down Value as at September 30, 2013
	As at October 01, 2012	Additions/Transfer (Disposals)/	SURPLUS ON REVALUATION	As at September 30, 2013		As at October 01, 2012	For the year / (Adjustment)	As at September 30, 2013	
Free Hold Land	50,612,532	--	--	50,612,532	--	--	--	--	50,612,532
Factory Building on Free Hold Land	623,828,288	18,109,741	92,528,586	734,466,615	10	355,830,712	31,783,962	387,614,676	346,851,941
Labour Quarters on Free Hold Land	352,203,848	--	--	352,203,848	25	269,913,343	18,371,622	288,284,965	63,918,883
Plant and Machinery									
Owned	4,156,999,662	231,768,607	428,347,067	4,881,156,404	10	1,780,813,974	194,620,190	1,987,076,018	2,894,080,386
Leased	164,041,068	64,041,068	--	100,000,000	10	23,784,194	6,036,392	18,178,732	81,821,268
Furniture and Fixtures	43,183,783	--	--	43,183,783	10	31,890,049	1,079,020	32,969,068	10,214,714
Office Equipment	50,334,535	652,000	--	50,986,535	10	34,133,330	1,580,021	35,713,352	15,273,184
Vehicles									
Owned	140,257,966	2,531,492	--	146,806,458	20	119,132,782	4,242,991	126,089,139	20,717,320
Leased	4,017,000	4,017,000	--	--	20	2,422,051	291,314	--	--
2013	5,585,478,682	253,061,840	520,875,653	6,359,416,175		2,617,920,435	258,005,511	2,875,925,947	3,483,490,228
		68,058,068					14,355,219		
		(68,058,068)					(14,355,219)		



5.1a The segment, and category wise allocation of depreciation is as follows:

	2014	2013
	Rupees	
Cost of Sales		
Sugar Unit	211,510,610	197,612,531
Polypropylene Unit	3,240,720	3,353,633
Board and Panel Unit	7,511,954	7,385,094
Distillery Unit	46,842,362	44,535,800
Administrative and General Expenses		
Sugar Unit	3,914,856	4,342,084
Polypropylene Unit	125,343	137,753
Board and Panel Unit	40,508	40,641
Distillery Unit	2,021,114	597,975
	275,207,467	258,005,511

5.1b The company has not provided the depreciation on Plant & Machinery of Poly propylene unit as this unit is not in production and as per the Company policy for charging depreciation on unit production method as disclosed note No. 4.6 to the financial statement of the Company.

5.1c The Company had revalued its Factory building and Plant and Machinery which arises revaluation surplus amounting to Rs.520.876 million revaluation carried by independent valuer M/s. Asif Associates as on March 21, 2013. Valuation made on basis of Direct Method i.e.. Physical inspection and allocating approximate fair value as per the inquiries conducted by Asif Associates from different sources and experience of such assignments. Had there been no such revaluation made by the Company, the written down values of these assets would have been as under:

	2014	2013
	Rupees	
Factory building on freehold land	121,656,098	129,671,637
Labour quarters on freehold land	1,403,940	1,807,461
Plant and Machinery	1,667,460,908	1,690,424,619
	1,790,520,946	1,821,903,717

5.2 Capital Work-in-Progress

77,700,098

-

6 STORES, SPARES AND LOOSE TOOLS

Stores	338,546,625	337,743,372
Spares	84,636,656	84,435,843
	423,183,281	422,179,215
Less Provision for Obsolescence and Slow Moving Items	(7,611,583)	-
	415,571,698	422,179,215

	2014	2013
7 STOCK-IN-TRADE	Rupees	
Raw Materials		
Board and Panel Unit	8,584,439	9,915,792
Molasses (Distillery Unit)	206,440,272	96,102,977
	<u>215,024,711</u>	<u>106,018,769</u>
Work-in-Process		
Sugar Unit	1,179,954	1,104,363
Board and Panel Unit	259,875	42,004
Distillery Unit	653,965	646,812
	<u>2,093,794</u>	<u>1,793,179</u>
Finished Goods		
Refined Sugar- at cost	-	297,549,484
Less valued written down to net realizable value	-	(11,788,364)
Net realizable value	-	285,761,120
Boards and Panels	16,477,361	33,647,541
Industrial Alcohol	307,501,982	237,884,591
	<u>541,097,848</u>	<u>665,105,200</u>
8 TRADE DEBTS - UNSECURED, CONSIDERED GOOD		
Sugar Unit	-	166,800,471
Polypropylene Unit	8,903,550	11,029,450
Board and Panel Unit	55,502,317	35,980,601
Distillery Unit	261,348,544	6,788,001
	<u>325,754,411</u>	<u>220,598,523</u>
8.1 The aging of debtors at the reporting date was		
Up to one month	272,023,827	187,508,754
1 to 6 months	37,363,492	26,471,813
More then 6 months	16,367,092	6,617,956
	<u>325,754,411</u>	<u>220,598,523</u>

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

	Note	2014	2013
		Rupees	
9 LOANS, ADVANCES AND OTHER RECEIVABLES - UNSECURED, CONSIDERED GOOD			
Advances			
Against Imports		661,866	6,483,545
To Contractors		191,238,908	185,893,008
To Growers		242,515,730	241,090,698
To Staff	9.1	4,420,636	3,986,250
Against Stores and Expenses		216,480,308	249,639,300
Advances against Supplier		102,369,308	161,712,496
Sundry		77,548,750	71,598,295
Others		140,073,332	133,365,332
		975,308,838	1,053,768,924

9.1 Advance to Staff includes Rs. 2.114 (2013: Rs. 1.334) million due from the executives of the company. The maximum amount due from these executives at any month end was Rs.2.134 (2013: Rs. 1.334) million.

10 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS AND CURRENT BALANCES WITH STATUTORY AUTHORITIES

Security Deposits	10,237,886	11,917,824
Prepayments	4,113,505	5,055,532
	14,351,391	16,973,356

11 SHORT TERM INVESTMENT IN RELATED PARTY - AVAILABLE FOR SALE

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

2014	2013		
13,000,000	13,000,000	Invested in Cash received as fully paid bonus shares	
650,000	650,000		
13,650,000	13,650,000	130,000,000	130,000,000
		(39,091,000)	(63,797,500)
		90,909,000	66,202,500
		6.66	4.85
		12.55%	12.55%

- 11.1 The Market value of Dewan Farooque Motors Limited as at September 30, 2014 was Rs.6.66 per share and as of financial statement issuing date the market value of above share are Rs.9.17 per share. Had the company account for the effect of change in market value of accounts issuing date the value of investment would have been increased by Rs.34.262 million and the Profit for the current period have been increased by Rs.34.262 million.

	2014	2013
	Rupees	
12 CASH AND BANK BALANCES		
Cash in Hand	904,221	712,217
Cash at Banks		
- Current Accounts	87,945,953	44,819,882
	<u>88,850,174</u>	<u>45,532,099</u>

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

2014	2013			
11,430,000	11,430,000	Fully Paid in cash	114,300,000	114,300,000
18,255,996	18,255,996	Add: 100% Right Issue of the Ordinary Share capital of the Company, subscribed at par in Cash	182,559,960	182,559,960
29,685,996	29,685,996		296,859,960	296,859,960
6,825,996	6,825,996	Issued as fully paid bonus shares	68,259,960	68,259,960
<u>36,511,992</u>	<u>36,511,992</u>		<u>365,119,920</u>	<u>365,119,920</u>

The above Holding includes holding of associated companies 5,788,938 (2013: 5,788,938)

- 13.1 The shareholders are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the company. All shares rank equally in respect to the company's residual assets.
- 13.2 The pattern of shareholding, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, is attached at the end of this report.

14 RESERVES AND SURPLUS

General Reserve	190,000,000	190,000,000
Accumulated Loss	(451,488,749)	(458,626,747)
	<u>(261,488,749)</u>	<u>(268,626,747)</u>



	2014	2013
	Rupees	
15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (NET)		
Surplus on Revaluation of Property, Plant and Equipment (Beg.)	1,482,947,503	1,094,415,841
Add: Addition during the year	-	520,875,653
	1,482,947,503	1,615,291,494
Less: Surplus transferred to unappropriated profit on account of incremental depreciation - Net of tax	(92,199,846)	(86,023,594)
Related deferred tax liability	(45,411,864)	(46,320,397)
	(137,611,710)	(132,343,991)
	1,345,335,793	1,482,947,503
Related Deferred Tax Liability		
Less: Opening balance	519,031,627	383,045,546
Add: Addition on revaluation during the year	-	182,306,479
Less: Reversal on Opening balance	(29,658,950)	-
: Reversal of Deferred Tax liability on account of incremental depreciation charged during the year	(45,411,864)	(46,320,398)
	443,960,813	519,031,627
	901,374,980	963,915,876

The following fixed assets of the Company were revalued on March 21, 2013. The revaluation was carried out by independent valuer M/s. Asif Associates (Private) Limited (Muqadams, Evaluators & Custom Agents). Bases of revaluation are as follows:

Building

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

Plant and Machinery

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

The revaluation has resulted in increase in surplus and corresponding carrying amounts of property, plant and equipment by Rs.520.876 million.

Particulars	W.D.V. of assets before revaluation	Revalued amount	Revaluation Surplus
		(Rupees)	
Factory Buildings On Free hold Land	341,071,414	433,600,000	92,528,586
Plant and Machinery	2,445,052,933	2,873,400,000	428,347,067
	<u>2,786,124,347</u>	<u>3,307,000,000</u>	<u>520,875,653</u>

16	SPONSORS LOAN- UNSECURED	Note	2014 Rupees	2013
	Opening Balance Original Loan amount		443,344,000	203,344,000
	Addition during the year		336,860,000	240,000,000
			<u>780,204,000</u>	<u>443,344,000</u>
	Less Present value adjustment 2012 Restated in statement of Change in Equity		(342,797,384)	(161,864,710)
	Present value adjustment	29	(251,921,862)	(185,570,059)
	Add Amortization Discount Charged to P & L		11,241,112	4,637,385
			<u>(583,478,134)</u>	<u>(342,797,384)</u>
	Present Value of Sponsors Loan		<u>196,725,866</u>	<u>100,546,616</u>

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

17	SYNDICATED LONG TERM FINANCE - SECURED			
	Reschedule Amount net of Payments/Adjustments	17.1	3,018,500,201	3,275,704,652
	First National Bank Modaraba			
	Principal amount outstanding	17.2	31,446,131	33,883,070
	Mark-up payable			
	Mark-up payable on Reschedule Term Finance	17.3	168,750,000	123,750,000
	Mark-up payable (First National Bank Modaraba)	17.4	845,441	587,009
			<u>3,219,541,773</u>	<u>3,433,924,731</u>
	Less: Repayment during the year		319,183,219	259,641,390
			<u>2,900,358,554</u>	<u>3,174,283,341</u>
	Classified as current portion			
	Current Maturity		502,323,357	443,494,822
	Overdue installments		124,311,599	-
	Less : Current Maturity on Long Term Loan		626,634,956	443,494,822
			<u>2,273,723,598</u>	<u>2,730,788,519</u>

17.1 The Company had made settlement with all the lenders of the Company through compromising decree dated February 18, 2011 granted by Honorable High Court of Sindh at Karachi. In the compromising decree the terms had been finalized as all the loans of the Company had been rescheduled by the lenders. The loan amount Rs.3,897.0042 million (inclusive of mark up Rs. 450 million) after repayment of sale proceeds of Khoski by Rs. 450 million in proportions of lenders outstanding loan. The repayment was made out of the sale proceeds of Khoski assets of Rs.500 million and the remaining Rs. 50 million paid to the buyer against outstanding liabilities of the sugarcane suppliers of Khoski unit.

Further more, it was agreed that the said loan will be repayable in ten years with one year grace period with no markup through out the repayment period, the principal amount will be paid in 32 (1 to 32) un-equal quarterly installments ranging from Rs. 57.09 million to Rs. 143.858 million. The tenure of repayments have been started from March 30, 2012 and last payment will be made on December 30, 2020.

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

17.3 This amount represents token mark up of Rs 450 million payable to Syndicated (Summit Bank & Other) in 4 equal quarterly installments (33 to 36) of Rs. 112.5 million. The markup will be accrued quarterly in ten years for 40 equal installment of Rs. 11.250 million.

17.4 This amount represents token mark up of Rs 2.525 million payable to First National Bank Modaraba in 4 equal quarterly installments (33 to 36) of Rs.0.631 million. The markup will be accrued quarterly in 9 years for 36 equal installment of Rs.0.070 million.

18 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014		2013	
	Minimum Lease Payments	Present value of Minimum Lease Payments	Minimum Lease Payments	Present value of Minimum Lease Payments
	(Rupees)			
Due not later than one year	3,765,796	3,765,796	1,958,212	1,958,212
Due later than one year but not later than five years	18,580,040	18,580,040	13,406,232	13,406,232
Due later than five year and onward	1,770,419	1,770,419	10,710,024	10,710,024
Total Payments	24,116,255	24,116,255	26,074,468	26,074,468
Less: Financial charges allocated to future periods	--	--	--	--
Present Value of Minimum Lease Payments	24,116,255	24,116,255	26,074,468	26,074,468
Classified as current portion				
Current Maturity on Lease Liabilities	3,765,796	3,765,796	1,958,213	1,958,213
	20,350,459	20,350,459	24,116,255	24,116,255

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

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

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

	Note	2014	2013
		Rupees	
19 DEFERRED LIABILITIES			
19.1 Deferred Liability for Staff Gratuity (Provision)	19.1.1	13,532,207	18,897,085
19.2 Deferred Income Tax Liability		58,552,218	133,623,032
		72,084,425	152,520,117
19.1.1 Deferred Liability for Staff Gratuity (Provision)			
Opening Balance		18,897,085	31,244,074
Less: Payments made during the year		5,364,878	12,346,989
		13,532,207	18,897,085

The Company discontinued its policy for staff retirement benefits plan for gratuity on 31-3-2007 and provision for all its outstanding liabilities had been made until 31-3-2007. This payable amount was to transfer to provident Fund Trust Account, 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.

19 DEFERRED INCOME TAX LIABILITY

Deferred tax liability arising on Surplus on Revaluation of Property, Plant and Equipment	443,960,812	519,031,626
Deferred tax liability arising due to accelerated tax depreciation	145,529,227	114,631,756
Deferred tax asset arising on liability and assets subject to Finance Lease		-
Deferred tax asset arising on carry forward losses	(526,472,193)	(493,426,370)
Deferred tax assets arising on Staff Gratuity and Other Provisions	(4,465,628)	(6,613,980)
	58,552,218	133,623,032



	Note	2014	2013
		Rupees	
20 TRADE AND OTHER PAYABLES			
Creditors for Goods		912,077,454	700,778,239
Advance from Customers		1,620,883	105,710,198
Accrued Expenses			
Sales Tax		70,351,467	1,353,760
Excise Duty		3,755,128	3,755,128
Sales Commission		40,399,393	28,566,835
Salaries and Wages		26,405,871	41,345,485
Provident Fund		1,000,721	13,131,058
Others		29,629,229	31,441,319
		171,541,809	119,593,585
Unclaimed Dividends		769,748	769,748
Other Liabilities			
Staff Income Tax		2,140,937	2,210,434
Others		7,268,324	6,157,174
		9,409,261	8,367,608
		1,095,419,155	935,219,378

20.1 Employees Provident FundJune 30, 2014
(Unaudited)June 30, 2013
(Audited)**General Disclosures**

Size of Funds	38,787,094	37,569,325
Cost of Investments	-	14,000,000
Receivable from Company	2,264,001	15,053,949
Fair value of Investments	-	14,000,000
Percentage of Investments	-	47.85%

20.1.1 The breakup of fair value of investments is:

	June 30, 2014		June 30, 2013	
	----- (un-audited) -----		----- (audited) -----	
	Rupees	%	Rupees	%
	-	-	-	-
Term Deposit Certificates	-	-	14,000,000	37.26%
Loan Receivable from Members	4,940,348	13.57%	3,092,020	8.23%
Bank Balance	31,582,745	80.65%	5,423,357	14.44%
Others - Contribution Receivables	2,264,001	5.78%	15,053,949	40.07%
Total	38,787,094		37,569,326	

21 INTEREST, PROFIT, MARK-UP ACCRUED ON LOANS AND OTHER PAYABLES

On Short Term Finances	9,003,128	2,742,542
	9,003,128	2,742,542

		2014	2013
	Note	Rupees	
22 SHORT TERM FINANCES - SECURED			
Short Term Running Finance Facilities - Secured	22.1	192,195,875	192,195,875
Cash Finance Against Pledge	22.2	-	164,023,953
Cash Finance Against Pledge (NBP)	22.3	220,108,373	103,619,419
Book Overdraft		11,378,586	33,111,504
		423,682,834	492,950,751

22.1 This amount represent RF facility of 192.196(192.196:2013) million sanctioned by the lenders as per Court order/compromising decree. The facilities will be expired on 31st December, 2014 and subsequently renewable next year. The facility is secured by the way of first charge over current assets of the Company with 20% margin. The markup of this facility is 3 month KIBOR plus 0.75% per annum payable quarterly basis.

22.2 Amount represent Cash Finance Facility (Pledge) to the extent of 250 million sanctioned by the lenders as per Court order/compromising decree. The facility is expiring on September 30, 2014. This facility is secured by the way of first charge over current assets of the Company with 20% margin. The markup of this facility is 3 month KIBOR plus 0.75% per annum payable quarterly basis.

22.3 This amount represent outstanding balance of a fresh Cash Finance (Pledge) Facility of the extent of 250 million sanctioned by the (NBP) for procurement of Molasses for reprocessing it. The facility is expiring on March 31, 2015 on rollover basis. This facility is secured against pledge of Molasses and Ethanol with 15% margin excluding sales tax. The markup of this facility is 3 month KIBOR plus 1.75% per annum payable quarterly basis and rebate is also allowed on prompt payment of markup.

23 CURRENT PORTION OF NON-CURRENT LIABILITIES

Term Finance Facilities	17	626,634,956	443,494,822
Liability against Assets subject to Finance Lease	18	3,765,796	1,958,212
		630,400,752	445,453,034

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

- Certain appeals are pending with the Income tax authorities in respect of various tax years. The appeals are related to the disallowances of expenses etc. The management feels that the outcome of the appeals will not be against the company.
- Guarantees given by the commercial banks on behalf of the Company amounted to Rs.2.907 million (2013:Rs. 2.93) million.
- As per the terms of the restructuring the markup outstanding up to the date of Restructuring is Rs. 471.824 million, which the company would be liable to pay in the event of default of the term of agreement. The company expects no defaults to the payments.

25 SALES

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)									
Gross Sales										
Local	2,972,958,971	1,653,842,780	-	-	147,007,069	98,794,132	45,838,938	16,696,173	3,165,804,978	1,769,333,085
Exports	350,837,324	630,770,789	-	-	-	-	2,300,621,585	2,276,119,577	2,651,458,909	2,906,890,366
	3,323,796,295	2,284,613,569	-	-	147,007,069	98,794,132	2,346,460,523	2,292,815,750	5,817,263,887	4,676,223,451
Sales Commission	3,237,774	3,312,525	-	-	-	-	11,468,758	11,238,532	14,706,532	14,551,057
Sales Tax/Special Excise Duty	198,132,275	86,571,524	-	-	22,386,730	14,256,590	6,813,089	2,355,262	227,332,094	103,183,376
Less Refund of Excise Duty	-	-	-	-	-	-	-	-	-	-
	201,370,049	89,884,049	-	-	22,386,730	14,256,590	18,281,847	13,593,794	242,038,626	117,734,433
Net Sales	3,122,426,246	2,194,729,520	-	-	124,620,339	84,537,542	2,328,178,676	2,279,221,956	5,575,225,261	4,558,489,018

26 COST OF SALES

Note	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)									
Raw material - opening stock	-	-	-	-	9,915,792	651,643	96,102,977	27,781,780	106,018,769	28,433,423
Purchases / Acquired	2,739,813,705	1,733,215,520	-	-	87,302,648	92,740,273	1,865,644,940	1,602,582,890	4,692,761,293	3,428,538,683
Raw material - closing stock	-	-	-	-	(8,584,439)	(9,915,792)	(206,440,271)	(96,102,977)	(215,024,711)	(106,018,769)
Raw material consumed	2,739,813,705	1,733,215,520	-	-	88,634,000	83,476,124	1,755,307,645	1,534,261,694	4,583,755,351	3,350,953,337
Road Cess	3,966,495	2,507,471	-	-	-	-	-	-	3,966,495	2,507,471
Salaries, Wages and Other Benefits 26.1	166,699,221	123,664,585	2,852,720	967,416	18,857,074	13,427,545	46,205,385	37,983,428	234,614,400	176,042,974
Water, Fuel and Power	35,780,596	28,800,149	-	-	15,404,943	7,392,281	161,909,118	185,086,226	213,094,657	221,278,656
Stores and Spares consumed	122,701,553	74,817,865	6,022,767	182,627	10,108,372	4,159,423	117,270,043	86,308,377	256,102,734	165,468,291
Insurance	5,555,298	4,792,422	210,756	219,544	208,092	227,635	2,011,908	1,942,841	7,986,054	7,182,442
Depreciation	211,510,610	197,612,531	3,240,719	3,353,635	7,511,954	7,385,095	46,842,362	44,535,799	269,105,645	252,887,060
Repairs and Maintenance	18,121,255	6,294,625	756,356	63,100	1,041,824	458,890	14,777,732	6,649,295	34,697,167	13,465,910
Other Overheads	19,343,609	16,884,403	152,310	-	432,436	510,948	4,364,049	1,615,984	24,292,404	19,011,335
Vehicle Running Expenses	14,572,478	11,250,646	157,314	1,310	399,948	196,916	890,507	370,073	16,020,248	11,818,945
	3,338,064,819	2,199,840,216	13,392,942	4,787,632	142,598,643	117,234,857	2,149,578,748	1,898,753,717	5,643,635,155	4,220,616,421
Work in process - beginning	1,104,363	2,357,363	-	-	42,003	39,273	646,812	3,155,367	1,793,178	5,552,003
Work in process - ending	(1,179,954)	(1,104,363)	-	-	(259,875)	(42,003)	(653,965)	(646,812)	(2,093,794)	(1,793,179)
Cost of Goods Manufactured	3,337,989,229	2,201,093,216	13,392,942	4,787,632	142,380,771	117,232,127	2,149,571,595	1,901,262,272	5,643,334,539	4,224,375,245
Finished goods - opening stock	285,761,120	559,719,697	-	-	33,647,541	5,178,045	237,884,591	331,594,953	557,293,252	896,492,695
Transfer to Other Segments	(291,237,440)	(134,219,155)	-	-	-	-	-	-	(291,237,440)	(134,219,155)
Finished goods - closing stock	-	(285,761,120)	-	-	(16,477,361)	(33,647,541)	(307,501,982)	(237,884,591)	(323,979,343)	(557,293,252)
Rebate on Freight on Export	(6,708,000)	(19,250,000)	-	-	-	-	-	-	(6,708,000)	(19,250,000)
Insurance Claim	(6,286,000)	-	-	-	-	-	-	-	(6,286,000)	-
	3,319,518,909	2,321,582,638	13,392,942	4,787,632	159,550,951	88,762,631	2,079,954,205	1,994,972,633	5,572,417,008	4,410,105,533

26.1 Salaries, Allowances & Other Benefits include Rs.3.117 (2013:2.74) million in respect of Staff Retirement Benefits.

27 ADMINISTRATIVE AND GENERAL EXPENSES

Note	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Salaries, Allowance & Other Benefits 27.1	35,804,130	27,849,450	-	-	462,058	187,369	6,755,865	113,518	43,022,053	28,150,337
Office and Other Expenses	799,649	410,257	-	-	-	-	221,800	178,300	1,021,449	588,557
Entertainment	377,624	193,814	-	-	-	-	84,151	350	461,775	194,164
Communication	1,254,546	983,104	-	-	-	200	982,758	725,190	2,237,304	1,708,494
Depreciation	3,914,856	4,342,084	125,343	137,752	40,508	40,640	2,021,114	597,975	6,101,821	5,118,451
Vehicle Running Expenses	5,047,816	3,341,070	27,000	-	-	1,840	1,256,141	936,462	6,330,957	4,279,372
Legal and Professional Charges	4,296,500	3,387,624	-	-	-	-	1,645,000	1,397,063	5,941,500	4,784,687
Printing and Stationery	613,718	552,052	-	-	2,880	-	22,278	19,563	638,876	571,615
Rent, Rates and Taxes	13,103,980	13,003,980	-	-	-	-	-	-	13,103,980	13,003,980
Traveling and Conveyance	1,145,558	759,143	-	100	400	1,000	2,902,647	4,380,110	4,048,604	5,140,352
Auditors' Remuneration 27.2	690,000	590,000	-	-	-	-	-	-	690,000	590,000
Fees and Subscription	779,486	372,379	-	-	-	-	1,002,139	315,000	1,781,625	687,379
Miscellaneous	65,940	64,284	-	-	-	4,000	-	524,000	65,940	592,284
Donation 27.3	-	-	-	-	-	-	123,000	-	123,000	-
	67,893,803	55,849,241	152,343	137,852	505,846	235,049	17,016,893	9,187,531	85,568,884	65,409,672

27.1 Salaries, Allowances & Other Benefits include Rs.1.029(2013:0.79 million in respect of Staff Retirement Benefits).

Note	Rupees	
	2014	2013
27.2 Auditors Remuneration		
Audit Fee	525,000	450,000
Half Yearly Review	125,000	100,000
Cost Audit	40,000	40,000
	690,000	590,000

28 DISTRIBUTION AND SELLING COSTS

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees)									
Sugar Bags Handling	3,750,803	2,900,006	-	-	-	-	-	-	3,750,803	2,900,006
Export Expenses	19,699,622	29,021,347	-	-	-	-	118,313,839	135,047,395	138,013,461	164,068,742
	23,450,425	31,921,353	-	-	-	-	118,313,839	135,047,395	141,764,264	166,968,748

29 OTHER OPERATING INCOME

Profit from Dewan Petroleum Services		1,750,700	1,452,182
Profit on Deposit Account		3,590,602	3,047,285
Refund of Special Excise Duty	29.1	-	64,559,529
Amortization of interest free loans	16	251,921,862	185,570,059
		257,263,164	254,629,055

29.1 The Company has booked the same against the decision of petition #3240/2013 of High Court of Sindh dated September 3, 2013.

30 FINANCE COST

	Note	2014	2013
		Rupees	
Markup and Charges on:			
Term Finance Facilities		45,258,432	45,258,432
Liability against Assets subject to Finance Lease		-	--
Short Term Finance Facilities		62,265,320	54,759,665
Bank Charges		3,718,295	3,575,846
Unwinding of discount	16	11,241,112	4,637,385
Markup on Provident fund		1,823,739	1,652,511
		124,306,898	109,883,839

31 TAXATION

Current Income Tax charge	56,000,000	44,600,000
Provision for Deferred Income Tax	(45,411,864)	(70,422,167)
	10,588,136	(25,822,167)

In view of the carry forward tax losses of the company; current year taxation charge, except for income covered under the presumptive tax regime, has been determined as the minimum tax under Section 113 of the Income Tax Ordinance, 2001. Following course, gross turnover from all sources up to September 30, 2014 have been taxed @ 1% and advance tax deducted under the presumptive tax regime have been determined as the current tax liability of the company for the year and that preceding. Hence a reconciliation of the accounting and taxable profits is deemed not applicable in the instance.

32 LOSS PER SHARE - BASIC

Loss for the Year	(109,768,348)	86,572,449
Weighted average number of shares in issue	36,511,992	36,511,992
Loss per Share - Basic	(3.01)	2.37

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

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

Description	2014			2013		
	Directors	Executives	Total	Directors	Executives	Total
Managerial Remuneration	6,441,084	34,033,945	40,475,029	5,801,795	21,380,226	27,182,021
House Rent Allowance	2,898,488	15,315,275	18,213,763	2,610,808	9,621,102	12,231,910
Utilities	650,428	3,579,900	4,230,328	580,179	2,138,023	2,718,202
Total	9,990,000	52,929,120	62,919,120	8,992,782	33,139,351	42,132,133
Number of Persons	2	49	51	2	33	35

The Chief Executive is not being provided any remuneration for their services. Certain Directors and executives of the company are provided with free use of company maintained cars.

34 PLANT CAPACITY AND PRODUCTION**Sugar Unit**

	2014	2013
Rated crushing capacity per day (MT) (Sujawal unit)	8,000	8,000
Cane crushed by the company (MT)	634,634	401,196
Sugar produced by the company (MT)	64,600	40,245
Days worked (Nos.)	92	82
Sugar Recovery (%)	10.18%	10.02%

Polypropylene Unit

Annual Capacity in Tons	4,455	4,455
Capacity Utilization	-	-

Board and Panel Unit

Per Day Capacity (Number of Sheets)	1,000	1,000
Capacity Utilization	36%	43%

Distillery Unit

Annual Capacity on the basis of 300 days (Tons)	30,000	30,000
Capacity Utilization	97%	89%

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

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

	2014	2013
	Rupees	
Short term Investment	90,909,000	66,202,500
Trade Debts	325,754,411	220,598,523
Loans and Advances	975,308,838	1,053,768,924
Trade Deposits and Prepayments	14,351,391	16,973,356
Cash and Bank Balances	88,850,174	45,532,099
	<u>1,495,173,814</u>	<u>1,403,075,402</u>

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



35.1 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. The following are the contractual maturities of the financial liabilities, including estimated mark-up:

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	five years & onward
(Rupees)							
Financial Liabilities - Recognized							
Term Finance Rescheduled	2,900,358,554	3,183,288,363	375,473,275	251,161,677	502,323,352	1,454,904,746	599,425,313
Short Term Finances	412,304,248	437,239,636	437,239,636	--	--	--	--
Finance Lease Liability	24,116,255	24,116,255	979,106	979,106	3,765,796	11,297,388	7,094,859
Trade & Other Payables	1,095,419,155	1,095,419,155	1,095,419,155	--	--	--	--
Mark up payable	9,003,128	9,003,128	9,003,128	--	--	--	--
Total 2014	4,441,201,340	4,749,066,537	1,918,114,300	252,140,783	506,089,148	1,466,202,134	606,520,172
Financial liabilities - Recognized							
Term Finance Rescheduled	3,174,283,341	3,502,471,582	333,142	251,161,676	502,323,352	1,357,186,611	1,199,466,801
Short Term Finances	459,839,247	484,774,635	484,774,635	--	--	--	--
Finance Lease Liability	26,074,468	26,074,468	979,106	979,106	3,765,796	9,640,436	10,710,024
Trade & Other Payables	935,219,378	935,219,378	935,219,378	--	--	--	--
Mark up payable	2,742,542	2,742,542	2,742,542	--	--	--	--
Total 2013	4,598,158,976	4,951,282,605	1,616,048,803	252,140,782	506,089,148	1,366,827,047	1,210,176,825

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

35.2 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company is exposed to currency risk and interest rate risk only.

35.2.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The company's financial instruments are in its functional currency therefore it is not exposed to any significant currency risk.

35.2.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Fixed rate instruments at carrying Amounts:	2014	2013
	Rupees	
Financial Assets	-	-
Balance with banks	-	-
Variable rate instruments at carrying amounts:		
Financial liabilities		
Lease liabilities	24,116,255	26,074,468
Short term borrowings	412,304,248	459,839,247
	436,420,503	485,913,715

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

Effect on loss / profit due to change of 100 Bps	2014	2013
	Rupees	
Increase	1,091,051	1,214,784
Decrease	1,091,051	1,214,784

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

35.3 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

35.4 Fair value of financial instruments

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

36 RELATED PARTY TRANSACTIONS

The related parties comprise associated undertaking, directors, key management personnel and staff provident fund statement regarding remuneration and benefits and Chief Executives, Directors and key management personnel.

Sales Commission	14,706,532	11,238,532
Purchase of Vehicles	10,401,000	--

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note 33 above.



37 ADDITIONAL BUSINESS SEGMENT INFORMATION

	Sugar Segment		Polypropylene Segment		Board & Panel Segment		Distillery Segment		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Net Sales (Note 25)	3,122,426,246	2,194,729,520	-	-	124,620,339	84,537,542	2,328,178,676	2,279,221,956	5,575,225,261	4,558,489,018
Cost of Sales (Note 26)	3,319,518,909	2,321,582,638	13,392,942	4,787,632	159,550,951	88,762,631	2,079,954,205	1,994,972,633	5,572,417,008	4,410,105,533
Gross Profit/(Loss)	(197,092,663)	(126,853,118)	(13,392,942)	(4,787,632)	(34,930,613)	(4,225,089)	248,224,471	284,249,323	2,808,253	148,383,485
Administrative Expenses (Note 27)	67,893,803	55,849,241	152,343	137,852	505,846	235,049	17,016,893	9,187,531	85,568,884	65,409,672
Selling & Distribution costs (Note 28)	23,450,425	31,921,353	-	-	-	-	118,313,839	135,047,394	141,764,264	166,968,748
	91,344,228	87,770,594	152,343	137,852	505,846	235,049	135,330,731	144,234,925	227,333,148	232,378,420
Segment Results	(288,436,891)	(214,623,712)	(13,545,285)	(4,925,484)	(35,436,459)	(4,460,138)	112,893,740	140,014,397	(224,524,895)	(83,994,935)
Segments Assets	3,080,294,992	3,702,772,453	211,962,350	210,651,353	341,905,936	332,123,522	2,244,231,613	1,795,197,453	5,878,394,890	6,040,744,782
Segments Liabilities	3,854,299,257	4,237,658,610	17,459,348	4,818,911	60,422,653	70,087,341	882,655,262	523,847,839	4,814,836,521	4,836,412,702
Capital Expenditure - Excluding revaluation	10,466,233	202,489,392	293,937	-	4,622,155	16,362,871	100,082,650	31,469,577	115,464,975	250,321,840
Depreciation	215,425,466	201,954,615	3,366,063	3,491,386	7,552,462	7,425,735	48,863,476	45,133,775	275,207,467	258,005,511

38 CORRESPONDING FIGURES

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant restatements / reclassification in these financial statements as under;

Sponsor loan from directors as disclosed in note 16 previously disclosed at historical cost which has now been disclosed at amortized cost in accordance with IAS-39 Financial Instruments: Recognition and Measurement. Accordingly management has decided to rectify such treatment retrospectively in accordance with the requirements of IAS-8 'Accordingly policies, changes in accounting estimates and errors'. Consequently the comparative figures for the prior period have also been restated.

The effects of above restatements on the financial statements are as follows:

	September 30, 2013 Rupees
Increase in equity	342,797,384
Decrease in Sponsor Loan	342,797,384
Increase in other income by Amortization of interest free loans	185,570,059
Increase in finance cost by Unwinding of discount	4,637,385
Increase in earning per share - Basic (Rupees)	4.95

39 FUNCTIONAL AND PRESENTATION CURRENCY

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

Ghazanfer Baber Siddiqi
Chief Executive Officer

Dewan Abdul Rehman Farooqui
Director

**PATTERN OF SHAREHOLDING UNDER REGULATION 37 (XX) (I) OF
THE CODE OF CORPORATE GOVERNANCE
AS ON SEPTEMBER 30, 2014**

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	2	5,788,938	15.85%
2.	NIT and ICP	7	2,903,419	7.95%
3.	Directors, CEO, their Spouses & Minor Children	14	9,985,540	27.35%
4.	Executives			0.00%
5.	Public Sector Companies & Corporations	19	206,334	0.57%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	3	165,401	0.45%
7.	Individuals	1,967	17,462,360	47.83%
	TOTAL	2,012	36,511,992	100.00%

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies				
1.1	M/s Dewan Motors (Pvt.) Limited	1	2,894,469	7.93%
1.2	M/s Dewan Mushtaq Motors Co. (Pvt.) Limited	1	2,894,469	7.93%
		2	5,788,938	15.85%
2. NIT and ICP				
2.1	NATIONAL BANK OF PAKISTAN	2	697,492	1.91%
2.2	NATIONAL BANK OF PAKISTAN, TRUSTEE WING	1	100	0.00%
2.3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,932,432	5.29%
2.4	NATIONAL INVESTMENT TRUST LIMITED-ADMINISTRATION FUND	1	44,818	0.12%
2.5	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	7,749	0.02%
2.6	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	220,828	0.60%
		7	2,903,419	7.95%
3. Directors, CEO, their Spouses & Minor Children				
Directors and CEO				
3.1	Dewan Muhammad Yousuf Farooqui	1	6,380,797	17.48%
3.2	Dewan Abdul Rehman Farooqui	1	2,447,454	6.70%
3.3	Dewan Abdul Baqi Farooqui	1	738,720	2.02%
3.4	Mr. Haroon Iqbal	1	1,000	0.00%
3.5	Mr. Aziz-Ul-Haque	1	500	0.00%
3.6	Mr. Ghazanfar Badar Siddiqui	1	500	0.00%
3.7	Syed Muhammad Anwar	1	500	0.00%
		7	9,569,471	26.21%
3.2 Spouses of Directors and CEO				
3.2.1	Mrs. Hina Yousuf	1	238,142	0.65%
3.2.2	Mrs. Samina Rehman	1	8,624	0.02%
		2	246,766	0.68%
3.3 Minor Children of Directors and CEO				
3.3.1	Mr. Khizer Salman	1	103,818	0.28%
3.3.2	Yumna Yousuf	1	47,516	0.13%
3.3.3	Areeba Yousuf	1	5,990	0.02%
3.3.4	Fatin Yousuf	1	5,990	0.02%
3.3.5	Bushra Yousuf	1	5,989	0.02%
		5	169,303	0.46%
		14	9,985,540	27.35%

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	1	6,380,797	17.48%
2	Dewan Abdul Rehman Farooqui	1	2,447,454	6.70%
3	M/s Dewan Motors (Pvt.) Limited	1	2,894,469	7.93%
4	M/s Dewan Mushtaq Motors Co. (Pvt.) Limited	1	2,894,469	7.93%
5	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	1,932,432	5.29%
6	Dewan Zia-ur-Rehman Farooqui	2	1,911,755	5.24%

**YD**

A YOUSUF DEWAN COMPANY

FORM 34**THE COMPANIES ORDINANCE, 1984**

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0009535**
2. Name of the Company **DEWAN SUGAR MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **3 0 0 9 2 0 1 4**

4. Number of Shareholders	Shareholdings				Total Shares held
619	1	-	100	Shares	15,686
523	101	-	500	Shares	132,336
196	501	-	1,000	Shares	174,420
357	1,001	-	5,000	Shares	989,790
134	5,001	-	10,000	Shares	1,091,764
40	10,001	-	15,000	Shares	519,462
33	15,001	-	20,000	Shares	603,980
24	20,001	-	25,000	Shares	555,876
7	25,001	-	30,000	Shares	194,914
11	30,001	-	35,000	Shares	360,210
7	35,001	-	40,000	Shares	272,583
6	40,001	-	45,000	Shares	261,717
9	45,001	-	50,000	Shares	439,389
2	50,001	-	55,000	Shares	110,000
1	55,001	-	60,000	Shares	60,000
2	60,001	-	65,000	Shares	120,502
1	65,001	-	70,000	Shares	67,000
2	70,001	-	75,000	Shares	150,000
1	75,001	-	80,000	Shares	79,860
3	80,001	-	95,000	Shares	275,129
4	95,001	-	100,000	Shares	396,038
1	100,001	-	110,000	Shares	103,818
1	110,001	-	120,000	Shares	119,500
2	120,001	-	155,000	Shares	304,935
1	160,001	-	170,000	Shares	169,000
1	170,001	-	220,000	Shares	212,131
1	220,001	-	230,000	Shares	220,828
3	230,001	-	240,000	Shares	707,284
1	240,001	-	260,000	Shares	250,000
1	260,001	-	300,000	Shares	277,500
1	300,001	-	350,000	Shares	331,050
1	350,001	-	410,000	Shares	409,500
2	410,001	-	490,000	Shares	969,366
1	490,001	-	520,000	Shares	501,500
1	520,001	-	560,000	Shares	528,000
1	560,001	-	700,000	Shares	696,135
1	700,001	-	740,000	Shares	738,720
1	740,001	-	800,000	Shares	746,442
1	800,001	-	1,000,000	Shares	905,500
1	1,000,001	-	1,435,000	Shares	1,431,665
1	1,435,001	-	1,650,000	Shares	1,604,459
1	1,650,001	-	1,865,000	Shares	1,864,382
1	1,865,001	-	2,000,000	Shares	1,932,432
1	2,000,001	-	2,450,000	Shares	2,447,454
2	2,450,001	-	2,895,000	Shares	5,788,938
1	2,895,001	-	6,385,000	Shares	6,380,797
2012	TOTAL :-				36,511,992

5. Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, their spouses and minor children	9,985,540	27.35%
5.2 Associated Companies, undertakings and related parties	5,788,938	15.85%
5.3 NIT and ICP	2,903,419	7.95%
5.4 Banks, Development Financial Institutions, Non-Banking Finance Companies	300	0.00%
5.5 Insurance Companies	151,935	0.42%
5.6 Modarabas and Mutual Funds	13,166	0.04%
5.7 Shareholders holding 5%	18,461,376	50.56%
5.8 <u>General Public</u>		
a. Local	17,459,344	47.82%
b. Foreign	3,016	0.01%
5.9 Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	206,334	0.57%

DEWAN SUGAR MILLS LIMITED

33rd ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT

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

I/We _____ of _____

_____ being a member

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

_____ Ordinary shares as per Registered Folio No./CDC

Participant's ID and Account No _____ hereby appoint

_____ of _____

_____ who is also

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

and Account No. _____ my/our proxy to vote for me/our behalf at the 33rd Annual General

Meeting of the Company to be held on **Thursday, January 29, 2015, at 11:00 a.m.**

adjournment thereof.

Signed this _____ day of _____ 2015.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____
