

Reproduced hereunder the letter received from DEWAN SUGAR MILLS LIMITED for information of members of the Exchange.



DEWAN SUGAR MILLS LIMITED

Registered Office: Finance & Trade Centre (FTC), 7th Floor, Block-A, Shakra-e-Faisal, Karachi-Pakistan.
UAN : (92-21) 111-364-111, Fax : (92-21) 5680860, Web : www.dewangroup.com.pk

January 27, 2009

Mr. Muhammad Ghufan
DGM Companies Affairs
The Karachi Stock Exchange (Guarantee) Limited
Stock Exchange Building
Stock Exchange Road Karachi -74000, Pakistan

Re: Show-Cause Notice

Dear Sir,

Kindly refer to your letter No. KSE/ Gen-747 dated January 22, 2009, on the subject, whereof, at the onset we regret this delayed response thereon. We appreciate the validity of the irregularity by the Company, identified in terms of Regulation 32(1) of the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited ("the Regulations"); Nevertheless, we hereby, humbly request you to consider the following state of affairs and submissions on the matter:

1. That Dewan Sugar Mills Limited ("DSML" or "the Company", is a Public Limited Company under the Companies Act, 1913 (Now Companies Ordinance, 1984) ("the Ordinance"). The Company was incorporated on June 27, 1982, and its shares are listed on Karachi and Lahore Stock Exchanges in Pakistan. The primary business of the Company involves production and sale of white crystalline refined sugar, processing and trading of by-products, and other related activities and allied products. The company gives direct employment to more than 825 persons.

2. That the Authorized Capital of the Company is Rs. 500,000,000/-, divided into 50,000,000 Ordinary Shares of Rs. 10/- each, while, *as-of-date*, the Issued, Subscribed and Paid-up Capital of the Company is Rs. 365,119,920/- divided into 36,511,992 Ordinary Shares of Rs. 10/- each. As of the December 2008 quarter-end, the free-float of the Company comprised 12,841,601 Ordinary Shares, while, *as of date*, the market capitalization of the Company is Rs. 109,536,000.

3. That the Company since its incorporation by the Dewan Mushtaq Group ("DMG" or "the Group") in 1982 has honored its financial and other business commitments on a timely basis.

4. That the Dewan Mushtaq Group holds the repute of being one of the largest industrial conglomerates of the county, having diverse interests in synthetic fibres, sugar & allied, textiles, automotive & allied, cement, trade, and other business ventures. Other than the Company, the group includes 10 Companies whose securities are listed on the Stock Exchanges in Pakistan, *prominently including*: Dewan Salman Fibre Limited, Dewan Ferooqee Motors Limited, Dewan Textile Mills Limited, Dewan Khalid Textile Mills Limited, Dewan Mushtaq Textile Mills Limited, Dewan Ferooqee Spinning Mills Limited, Dewan Cement Limited and Dewan Sugar Mills Limited. The securities of Dewan Salman Fibre Limited are also traded on the Luxembourg Stock Exchange in the USA. The group enjoys a considerable volume at the local bourses, and repute amongst the local and foreign stock traders. The Group was also successful in placing the first foreign currency convertible debt, and to-date, the investments made by the International Finance Corporation ("IFC", a World Bank Group Venture) itself speak volumes of the Group's strength and repute. Alhamdulillah, the most recent IPO by a Group Company was over-subscribed, and the Right Offerings subscribed in full.