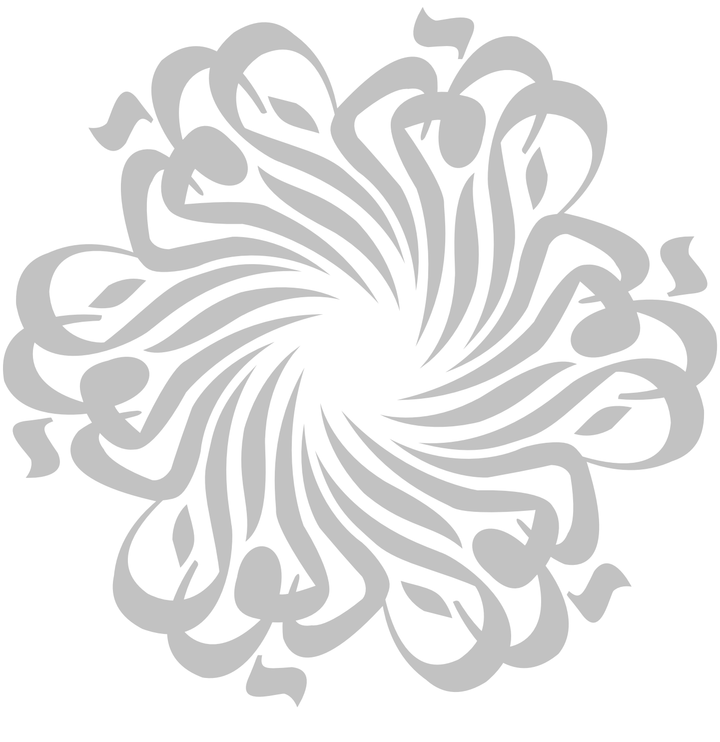

# CONTENTS

# COMPANY INFORMATION

**EXECUTIVE DIRECTORS**
Zeeshan Ashraf - Chief Executive Officer
Ghazanfar Baber Siddiqui

**NON-EXECUTIVE DIRECTORS**
Haroon Iqbal - Chairman Board of Director
Syed Maqbool Ali
Nida Jamil
Muhammad Ashraf

**INDEPENDENT DIRECTOR**
Aziz-ul-Haque

**COMPANY SECRETARY**
Muhammad Hanif German

**CHIEF FINANCIAL OFFICER**
Muhammad Ilyas Abdul Sattar

**AUDITORS**
Feroze Sharif Tariq & Co. - Chartered Accountants

**COST AUDITORS**
UHY Hassan Naeem & Co.

**TAX ADVISOR**
Sharif & Company - Advocates

**LEGAL ADVISOR**
A.K. Brohi & Company  Advocates

**AUDIT COMMITTEE**

| | |
|---|---|
| Aziz-ul-Haque | Chairman |
| Haroon Iqbal | Member |
| Syed Maqbool Ali | Member |

**HUMAN RESOURCE & REMUNERATION COMMITTEE MEMBERS**

| | |
|---|---|
| Aziz-ul-Haque | Chairman |
| Haroon Iqbal | Member |
| Ghazanfar Baber Siddiqui | Member |

**BANKERS**
National Bank of Pakistan
Summit Bank Limited
Habib Bank Limited
Standard Chartered Bank Limited
Bank of Khyber Limited
MCB Bank Limited
Meezan Bank Limited
Bank of Punjab Limited
Dubai Islamic Bank
Bank Islami Pakistan Limited

**REGISTERED OFFICE:**
Dewan Centre, 3-A Lalazar, Beach Hotel
Road, Karachi-74000, Pakistan.

**CORPORATE OFFICE**
Block-A, 2nd Floor
Finance & Trade Centre
Shahrah-e-Faisal, Karachi, Pakistan.

**SHARE REGISTRAR / TRANSFER AGENT**
BMF Consultants Pakistan (Pvt.) Limited
Annum Estate Building, Room No. 310 & 311,
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 Organization, 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 Organization because

In Allah We Believe & In People We Trust

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

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fortieth Annual General Meeting of **Dewan Sugar Mills Limited** ("***DSML***" or "***the Company***") will be held on **Thursday, January 27, 2022, 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:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Wednesday, January 27, 2021;

2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended September 30, 2021, 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.

By order of the Board

Muhammad Hanif German
Company Secretary

Karachi: December 29, 2021

**NOTES:**

1. The Share Transfer Books of the Company will remain closed for the period from January 20, 2022 to January 27, 2022 (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 above-said 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, along with 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 along with 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, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

# CHAIRMAN'S REVIEW

I am to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in accomplishing the Company's objectives. The Board of Directors is responsible for managing the Company, which formulates all significant policies and strategies. The Board is governed by appropriate laws &guide lines and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

An annual self-evaluation of the Board of Directors of the Company is carried out. The purpose of the evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the framework of objectives set for the Company.

During financial year ended September 30, 2021 four board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the Board and its committee meetings. The non-executive and independent directors are equally involved in vital decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.

**Haroon Iqbal**
Chairman Board of Director

# DIRECTORS' REPORT 2021

**IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL**

IF YE GIVE THANKS, I WILL GIVE YOU MORE **(HOLY QURAN)**

On behalf of the Board of Directors, it is my privilege to welcome to the 40th Annual General meeting. The Company's Annual financial statements for the year ended 30th September 2021 is being presented.

## OVERVIEW

Sugar cane is 2nd largest cash crop after wheat which play dynamic role in economic activity, generating handsome Government revenue. It's finished stock and by products are the main component used in numerous industries such as beverage, confectionery, furniture, paper board and petroleum and play major part in prosperity of Country's economic activities. Despite this importance availability of sugarcane is insufficient due to low yield shrinkage of sugarcane plantation and scarcity of water, therefore the crushing season is minimized 80 to 90 days, which was earlier used to be upto 160 days.

## FINANCIAL RESULTS

| | **2021** | 2020 |
|---|---|---|
| Net Sales | **5,958,696,037** | 3,824,784,973 |
| Gross (Loss) | **(538,514,624)** | (640,975,808) |
| (Net Loss) after tax | **(795,112,529)** | (886,326,102) |
| Key performance indicators | | |
| - G.P % to sales | **(9.04%)** | (16.76%) |
| - (Net Loss)/Profit % to sales | **(13.34%)** | (23.17%) |
| - EPS | **(8.69)** | (9.69) |

## PERFORMANCE REVIEW OF THE COMPANY IN SEASON 2020-2021

## PLANT PERFORMANCE

### Sugar Operations:

The plant started its Crushing on 9th December, 2020 and operated up to March 2nd 2021 for (84 days) as against operation of 56 days in the preceding season. The performance is as under.

| **Operation** | **2021** | 2020 |
|---|---|---|
| Sugarcane crushed in M. Tons | **340,759** | 230,906 |
| Sugar produced in M. Tons | **33,936** | 24,375 |
| Average Sugar recovery % | **9.97%** | 10.55% |
| Operating Loss (Rs. in million) | **(680.574)** | (695.047) |

This substantial loss is apparently owing to underutilization of existing crushing capacity due to non-availability of working capital and pledge facilities. We have no other option but to sell the finished stock during peak crushing season time when the prices are at the lowest level therefore in order to maintain continuity of supply of sugar cane & other cost of production. We could not avail the opportunity to take the benefit of increased prices after post crushing off-season as we do not have the stock carrying opportunity.

**Distillery Operations**
This Operation was highly affected by Covid-19 as European buyers delayed shipments which increased the fixed cost and inventory carrying cost. The demand went down globally as last year inventories were higher at customer end. The plant produced 26,061 MT of industrial alcohol, as compared to 18,807 MT of industrial alcohol last year.

The period under review operating loss of distillery unit was Rs.44.020 million as compared to operating loss of Rs.138.938 million last year. Reduced profitability was owed to raw material cost which was increased as compared to last year. The ethanol prices were increased this year, which resulted in the reduction of operating loss as compared to previous year. However, in order to curtail the losses management is taking various cost cutting measures and getting better prices in European markets. We are hope full that very soon we will come out from this uncertain situation and come back to positive position.

**Board & Panel Operations**
Chip Board plant has produced 183,210 sheets approximate 50% more sheets during the period under review as compared to last year 122,895 sheets. However, because of worst economic situation we could not avail better result. Management is focused on producing value added products and "A" quality of sheets to compete in the market. We are confident that in coming future this segment will be in positive.

**Polypropylene Operations**
Due to unviable situation this plant is un-operative.

The company is facing financial crunch, because of non-availability of working capital from banks. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management expects favorable outcome therefrom.

The auditors have expressed adverse opinion in their report on going concern assumption, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their report.

The financial statements have been prepared on going concern assumption as the Company approached its lender for further restructuring of its liabilities which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilization of production capacity. Therefor the preparation of financial statements using going concern assumption is justified, as explained in note, 1.2 to the financial statements.

**FUTURE OUTLOOK OF SUGAR INDUSTRY FOR 2021-2022**
This industry plays vital role of Country economy more or less 8 to 9 million people involved in the production of sugar cane which is primary raw material consist of more than 80% cost for sugar finished stock. Keeping in view of such importance it is utmost duty of Government to patronage this industry for the benefit of country economy and standard leaving of the rural area of the country. It is also responsibility of industries to take necessary steps to enhance the cultivation of cane planted area, high yielding and quality of cane of high sucrose with the help of Government resulting brought down the cost of production of white refined sugar. Its utmost demand of industry for fixing raw material cost link with white refined sugar prices which logical and fair for growers and mills owners.

The Sindh Agriculture Department notified sugar cane prices on November 04,2021 for the season 2021-2022of Rs.250/- per 40 kg., in addition to payment of quality premium which will actual determined sucrose recovery over and above 8.7% @ 50 paisa per unit. Which was reduced to Rs.227/- per 40 KG as a result of interim order of Sindh High Court.

**CORPORATE SOCIAL RESPONSIBILITIES**

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day today business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

**HEALTH, SAFETY AND ENVIRONMENT**

Environmental protection issues are always considered on higher priority. Your Company produces all its products from renewable 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 un-warranted incident and first aid equipment and ambulance is also in place to meet such situations.

**CORPORATE AND FINANCIAL REPORTING FRAMEWORK:**

- The financial statements for the year ended September 30, 2021, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;

- Proper books of accounts of the company have been maintained;

- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended September 30, 2021 and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed in the financial statements;

- The system of internal control is sound in design and has been effectively implemented and monitored;

- The Management has explained their views in detail regarding the going concern ability of the company in note 1.2 and non-provisioning of mark up in note 18.1 and note 34.1 of the annexed financial tements.

- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations of the stock exchange of Pakistan;

- Summarized key operating and financial data of last six years is enclosed with the report;

- All taxes have been paid except as disclosed in note 28.2 of the annexed audited financial statement;

- The fair value of the Provident Fund's Investment as at June 30, 2020 was Rs.63.581million (2020: Rs.72.153) million.

**BOARD**

The Board of Directors comprises of individuals with diversified knowledge with endeavor to contribute towards the aim of the Company with the best of their abilities. The Board of Directors as of September 30, 2021 consisted of the following:

| Directors | | Numbers |
|---|---|---|
| a) | Male | 6 |
| b) | Female | 1 |
| **Composition** | | **Numbers** |
| a) | Independent Director | 1 |
| b) | Other Non-executive Directors | 4 |
| c) | Executive Directors | 2 |

During the year six meetings of the Board were held. The attendance of directors was as follows:

| Members of the Board of Directors | Number of meetings attended |
|---|---|
| Mr. Haroon Iqbal | 6 |
| Mr.Ghazanfar Babar Siddiqui | 6 |
| Mr. Muhammed Ashraf | 4 |
| Mr. Aziz-ul Haque | 6 |
| Mr. Ishtiaq Ahmed | 2 |
| Mr. Syed Maqbool Ali | 6 |
| Mr. Imran Ahmed Javed | 2 |
| Mrs. Nida Jamil | 2 |

**AUDIT COMMITTEE MEETING**
During the year six meetings of the audit committee were held with the chair of Mr. Aziz-ul-Haque.

Members' attendance in these meetings is as under:

| Members of the Audit Committee | Number of meetings/Eligibility to attended Meetings |
|---|---|
| Mr. Aziz-ul Haque | 6 |
| Mr. Haroon Iqbal | 6 |
| Mr. Syed Maqbool Ali | 6 |

**HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETING**
Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies. It also assists Board in selection, evaluation, compensation and succession planning of key management personnel.

During the year one meeting of the human resource committee with the chair of Mr. Aziz-ul Haque was held.

| Members of the Human Resources | Number of meetings attend |
|---|---|
| Mr. Aziz-ul Haque | 1 |
| Mr. Haroon Iqbal | 1 |
| Mr. Ghazanfar Babar Siddiqui | 1 |

**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.302 Million in under the head of Sales Tax, Custom Duty, and Income Tax and other statutory levies.

**DIVIDEND**
The management has decided not to declare any dividend due to enormous fund requirement.

**EARNING PER SHARE (EPS)**
The EPS is Rs (8.69)

**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

**Haroon Iqbal**
Chairman Board of Director

**Date**: December 29, 2021
**Place:** Karachi

# FINANCIAL HIGHLIGHTS

(Rupees in Thousand)

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| TURNOVER | **6,380,749** | 4,117,144 | 6,113,146 | 5,122,427 | 3,171,736 | 2,711,312 |
| LESS GOVT. LEVY & COMMISSION | **422,053** | 292,359 | 405,157 | 384,247 | 186,932 | 143,684 |
| SALES (NET) | **5,958,696** | 3,824,785 | 5,707,989 | 4,738,180 | 2,984,804 | 2,567,628 |
| GROSS PROFIT/(LOSS) | **(538,515)** | (640,976) | (52,846) | (264,375) | (480,121) | (602,887) |
| PROFIT/(LOSS) BEFORE TAX | **(802,335)** | (921,010) | (560,457) | (817,979) | (773,310) | (772,009) |
| PROFIT/(LOSS) AFTER TAX | **(795,113)** | (886,326) | (546,914) | (787,799) | (755,907) | (695,893) |
| GROSS ASSETS EMPLOYED | **8,783,671** | 6,792,920 | 6,179,329 | 7,673,517 | 6,426,362 | 5,195,790 |
| CURRENT ASSETS | **1,917,539** | 2,007,517 | 1,058,695 | 2,205,784 | 2,853,746 | 1,364,678 |
| SHAREHOLDERS EQUITY | **586,289** | (352,062) | 534,264 | 1,077,858 | (69,232) | 667,664 |
| LONG TERM DEBTS & DEFERRED LIABILITIES | **1,544,051** | 892,082 | 1,222,216 | 1,423,940 | 1,482,362 | 1,948,470 |
| CURRENT LIABILITIES | **6,653,331** | 6,252,901 | 4,422,849 | 5,171,718 | 5,013,232 | 2,579,656 |
| GROSS PROFIT/(LOSS)(%) | **(9.04)** | (16.76) | (0.01) | (5.58) | (16.09) | (23.48) |
| DEBT/EQUITY RATIO (Times)<br>CURRENT RATIO | **0.29** | 0.32 | 0.24 | 0.43 | 0.57 | 0.53 |
| NUMBER OF SHARES ISSUED | **91,511,992** | 91,511,992 | 91,511,992 | 91,511,992 | 66,511,992 | 66,511,992 |
| EARNINGS PER SHARE | **(8.69)** | (9.69) | (5.98) | (10.37) | (11.36) | (10.46) |

# PRODUCTION

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| SUGAR - | VOLUME IN (TONS) | **33,936** | 24,375 | 35,485 | 53,360 | 52,020 | 23,365 |
| POLYPROPYLENE- | VOLUME IN (TONS) | **-** | - | - | - | - | 404 |
| BOARD & PANEL- | NO.OF SHEETS | **183,210** | 122,895 | 72,410 | 100,310 | 141,450 | 86,180 |
| ETHANOL- | VOLUME IN (TONS) | **26,061** | 18,807 | 30,630 | 32,945 | 23,469 | 18,529 |

# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION, 2019
## FOR THE YEAR ENDED SEPTEMBER 30, 2021

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
   a. Male: 6
   b. Female: 1

2. The composition of board is as follows:

| | | |
|---|---|---|
| a) Independent Director | : | Mr. Aziz-ul-Haque |
| b) Non-executive Directors | : | Mr. Haroon Iqbal<br>Syed Maqbool Ali<br>Mr. Muhammad Ashraf<br>Mrs. Nida Jamil |
| c) Executive Directors | : | Mr. Zeeshan Ashraf<br>Mr. Ghazanfar Baber Siddiqi |

3. Six Directors have confirmed that none of them is serving as director on more than seven listed companies, including this company, whereas, one director is serving as director in more than seven listed Yousuf Dewan Companies.

4. 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.

5. 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.

6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has compiled with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Three of the Directors are qualified under the directors training program. We will arrange Director Training Program in the coming session.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

| | | | |
|---|---|---|---|
| a) Audit Committee | : | Mr. Aziz-ul-Haque | - Chairman |
| | : | Mr. Haroon Iqbal | - Member |
| | : | Syed Maqbool Ali | - Member |
| b) HR and Remuneration Committee | : | Mr. Aziz-ul Haque | - Chairman |
| | : | Mr. Haroon Iqbal | - Member |
| | : | Mr. Ghazanfar Baber Siddiqi | -Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

| | |
|---|---|
| a) Audit Committee | 6 quarterly meetings during the financial year ended September 30, 2021 |
| b) HR and Remuneration Committee | 1 annual meeting held during the financial year ended September 30, 2021 |

15. 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.

16. 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 and registered with Audit Oversight Board of Pakistan, 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 of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

**Haroon Iqbal**
Chairman Board of Director

**Zeeshan Ashraf**
Chief Executive Officer

Date : December 29, 2021
Place : Karachi

*FEROZE SHARIF TARIQ & CO.*

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
KARACHI 75400
Voice: (+9221) 34540891
(+9221) 34522734
Facimile: (+9221) 34540891
Email : fstc.ca@gmail.com

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DEWAN SUGAR MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dewan Sugar Mills Limited (the Company) for the year ended September 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a 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 Directors' 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

a) The independent directors shall not be less than two or one third of total members of the board, whichever is higher, whereas board includes one independent director, who in our opinion does not meet the criteria of independence due to his cross director ship in associated companies; accordingly due to forgoing reasons, requirement of Chairman of audit and human resource committee to be an independent director has not been complied.

Based on our review, except for the above instances of non-compliance, 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 requirements contained in the Regulations as applicable to the Company for the year ended September 30, 2021.

Furthermore, we highlight that one of the director of the company is serving as director in more than seven listed companies as reflected in the Para 3 of the statement of compliance.

Furthermore, we highlight that only three of the directors are qualified under the directors training program as disclosed in note 9 of the Statement of Compliance.

Audit Engaging Partner: Mohammad Tariq
Dated: December 29, 2021
Place: Karachi

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
KARACHI 75400
Voice: (+9221) 34540891
(+9221) 34522734
Facimile: (+9221) 34540891
Email : fstc.ca@gmail.com

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DEWAN SUGAR MILLS LIMITED

Report on the Audit of the Financial Statements

**Adverse Opinion**

We have audited the annexed financial statements of Dewan Sugar Mills Limited (the Company), which comprise the statement of financial position as at September 30, 2021, and the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion Paragraph, the statement of financial position, the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at September 30, 2021 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Adverse Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

a) The financial Statements which indicates in note 1.2 to the financial statements that as of Septembers 30, 2021 the company incurred a loss after taxation of Rs. 795.113 (2020: Rs. 886.326) million and as of that date it has accumulated losses amounting to Rs. 4.352 (2020: Rs. 3.738) billion and its current liabilities exceeded its current assets by Rs. 4.736 (2020: Rs. 4.245) billion without providing markups of Restructured and other liabilities and as refer in below para (b) and (c). The Company has defaulted in repayments of installments of earlier restructured long term liabilities as disclosed in para (b) below and short term finance facilities had expired and not renewed by the banks amounting to Rs. 192.196 million, and therefore the company not utilizing its full capacity due to working capital constraints. Further, the financial institution filled suit for execution of decree as disclosed in note 28.1 to the financial Statements this shows restructuring proposal of the company had not been accepted by the lenders till the reporting date. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) The company defaulted in repayment of installments of restructured liabilities, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs. 2.348 billion (note 17.1 to the financial Statements) along with markup of Rs. 896.875 million (Rs. 471.824 million eligible for waiver mark up and Rs. 425.051 million outstanding mark up note 17.1 to the financial Statements) become immediately payable, therefore provision for markup should be made in these financial statements.

c) In addition to above , since the proposal, has not been accepted so far and the lenders, instead of accepting the restructuring proposal, have preferred to filed suit against the company, therefore the company should make the provision of mark up in the financial statements. Further during the year the company not made Provision for the restructured long term liabilities amounting to Rs. 219.635 million in the financial Statements as disclosed in note 34.1 to the financial Statements. Had the provisions for the mark up, as discussed in preceding paragraph (b), been made in these financial statements, the loss after taxation would have been higher by Rs. 816.126 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 816.126 million.

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
KARACHI 75400
Voice: (+9221) 34540891
(+9221) 34522734
Facimile: (+9221) 34540891
Email : fstc.ca@gmail.com

**Key Audit Matters**

Except for the matter described in the Basis for Adverse Opinion section, we have determined, Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

| S. No. | Key Audit Matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Contingencies** | |
| 1. | The Company is subject to material litigations involving different courts pertaining to Recovery of Loans by Financial Institutions and income taxes, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations.<br><br>Management has engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters.<br><br>The details of contingencies along with management's assessment and the related provisions are disclosed in note 28 to the financial statements.<br><br>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental. | In response to this matter, our audit procedures included:<br><br>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.<br><br>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.<br><br>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.<br><br>The disclosures of legal exposures and provisions were assessed for completeness and accuracy<br><br>In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases.<br><br>Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible.<br><br>As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty. |

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**Information Other than the Financial Statements and Auditor's Report Thereon**
Management is responsible for the other information. The other information comprises the information in the annual report including, in particulars, the chairman's review, directors report, financial and business highlights, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the basis for adverse opinion section of our report, we have concluded that the other information is materially misstated for the same reason.

**Responsibilities of Management and Board of Directors for the Financial Statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan and requirements of companies Act 2017 (XIX of 2017, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**
Based on our audit except for the matter discussed in basis for adverse opinion section, we further report that in our opinion:

(a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;

(c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Audit Engaging Partner: Mohammad Tariq
Dated: December 29, 2021
Place: Karachi

Feroze Sharif Tariq & Co.

CHARTERED ACCOUNTANTS

# STATEMENT OF FINANCIAL POSITION
## AS AT SEPTEMBER 30, 2021

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, Plant and Equipment | 5 | **6,866,132,539** | 4,785,402,752 |
| **CURRENT ASSETS** | | | |
| Stores, Spares and Loose Tools | 6 | **154,981,970** | 195,842,773 |
| Stock-in-Trade | 7 | **1,336,762,811** | 1,033,517,670 |
| Trade Debts - Unsecured, Considered Good | 8 | **14,219,315** | 25,846,847 |
| Loans, Advances and Other Receivable - Unsecured, Considered Good | 9 | **219,810,323** | 640,872,550 |
| Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities | 10 | **10,317,086** | 9,501,536 |
| Income Tax Refunds and Advances | | **121,222,340** | 68,606,864 |
| Short Term Investment - Related Party | 11 | **-** | - |
| Cash and Bank Balances | 12 | **60,224,879** | 33,329,240 |
| | | **1,917,538,724** | 2,007,517,480 |
| **TOTAL ASSETS** | | **8,783,671,263** | 6,792,920,232 |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| **Authorized Capital** | | | |
| 130,000,000 (2020: 130,000,000) Ordinary Shares of Rs. 10/- each | | **1,300,000,000** | 1,300,000,000 |
| Issued, Subscribed and Paid-up Capital | 13 | **915,119,920** | 915,119,920 |
| Reserves and Surplus | 14 | **(4,161,662,094)** | (3,548,267,205) |
| Surplus on Revaluation of Property, Plant & Equipment (Net) | 15 | **3,832,831,467** | 2,281,084,848 |
| | | **586,289,293** | (352,062,437) |
| **NON-CURRENT LIABILITIES** | | | |
| Sponsors Loan - Unsecured | 16 | **416,225,610** | 377,813,650 |
| Long Term Finance | 17 | **-** | - |
| Long Term Interest Payable | 18 | **-** | - |
| Liabilities Against Assets Subject to Finance Lease - Secured | 19 | **-** | - |
| Deferred Liabilities | 20 | **1,127,824,978** | 514,268,050 |
| **CURRENT LIABILITIES** | | | |
| Trade and Other Payables - Unsecured | 21 | **3,586,929,330** | 3,277,779,184 |
| Interest, Profit, Mark-up Accrued on Loans and Other payables | 22 | **12,009,624** | 12,009,624 |
| Short Term Finances - Secured | 23 | **235,893,564** | 208,709,471 |
| Unclaimed Dividend | 24 | **769,543** | 769,543 |
| Current Portion of Non-Current Liabilities | 25 | **2,632,929,321** | 2,635,833,147 |
| Provision for Taxation | 26 | **184,800,000** | 117,800,000 |
| | | **6,653,331,382** | 6,252,900,969 |
| **CONTINGENCIES & COMMITMENTS** | 28 | **-** | - |
| **TOTAL EQUITY AND LIABILITIES** | | **8,783,671,263** | 6,792,920,232 |

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

| | | |
|---|---|---|
| **Zeeshan Ashraf** | **Muhammad Ilyas Abdul Sattar** | **Haroon Iqbal** |
| Chief Executive Officer | Chief Financial Officer | Chairman Board of Director |

# STATEMENT OF PROFIT OR LOSS
## FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **Sales - Net** | 29 | **5,958,696,037** | 3,824,784,973 |
| **Cost of Sales** | 30 | (6,497,210,661) | (4,465,760,781) |
| **Gross (Loss)** | | **(538,514,624)** | (640,975,808) |
| Administrative and General Expenses | 31 | **(71,631,948)** | (91,791,495) |
| Distribution and Selling Costs | 32 | **(144,259,973)** | (123,579,371) |
| Other Operating Income | 33 | **770,284** | 1,897,862 |
| **(Loss) from Operations** | | **(753,636,261)** | (854,448,812) |
| Finance Cost | 34 | **(38,780,763)** | (36,363,656) |
| | | **(792,417,024)** | (890,812,468) |
| Provision for obsolescence and slow moving stocks and stores | 6 | **(9,918,202)** | (30,197,600) |
| **(Loss) Before Income Tax** | | **(802,335,226)** | **(921,010,068)** |
| Taxation | 35 | **7,222,697** | 34,683,966 |
| **(Loss) for the Year (after Income Tax)** | | **(795,112,529)** | (886,326,102) |
| **(Loss) Per Share - Basic** | 36 | **(8.69)** | (9.69) |

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

**Zeeshan Ashraf**
Chief Executive Officer

**Muhammad Ilyas Abdul Sattar**
Chief Financial Officer

**Haroon Iqbal**
Chairman Board of Director

# STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| (Loss) for the year | **(795,112,529)** | (886,326,102) |
| **Items that will not reclassify to profit or loss** | | |
| Surplus on revaluation of Property , Plant & Equipment | **2,421,243,886** | - |
| Related Deferred tax | **(687,779,627)** | - |
| | **1,733,464,259** | - |
| Total Comprehensive (loss)/ income for the year | **938,351,730** | (886,326,102) |

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

**Zeeshan Ashraf**
Chief Executive Officer

**Muhammad Ilyas Abdul Sattar**
Chief Financial Officer

**Haroon Iqbal**
Chairman Board of Director

# STATEMENT OF CASH FLOW
## FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| **Cash Flow from Operating Activities** | | |
| (Loss) Before Taxation | **(802,335,226)** | (921,010,068) |
| Adjustment for Non-Cash and Other Items: | | |
| Depreciation | **359,007,360** | 355,601,829 |
| Financial Charges | **38,780,763** | 36,363,656 |
| Provision for Obsolescence and Slow Moving Stocks and Stores | **9,918,202** | 30,197,600 |
| | **407,706,325** | 422,163,085 |
| | **(394,628,901)** | (498,846,983) |
| **Changes in Operating Assets and Liabilities** | | |
| **(Increase) / Decrease in Current Assets** | | |
| Stores and Spares | **30,942,601** | 5,978,093 |
| Stock in Trade | **(303,245,141)** | (760,464,938) |
| Trade Debts | **11,627,532** | (11,431,839) |
| Loans and Advances | **421,062,226** | (249,723,963) |
| Trade Deposits, Prepayments & Other Balances | **(815,550)** | 1,759,957 |
| **Increase / (Decrease) in Current Liabilities** | | |
| Trade and Other Payables | **309,150,146** | 1,553,252,644 |
| Short Term Finances | **27,184,093** | 9,231,934 |
| | **495,905,907** | 548,601,888 |
| Taxes Paid | **(52,615,472)** | (33,457,640) |
| Financial Charges Paid | **(224,585)** | (1,716,910) |
| Gratuity Paid | **-** | (412,200) |
| | **(52,840,057)** | (35,586,750) |
| **Net Cash Flows from Operating Activities** | **48,436,949** | 14,168,155 |
| **Cash Flow from Investing Activities** | | |
| Fixed Capital Expenditure | **(18,493,263)** | (20,370,457) |
| **Net Cash Out Flows from Investing Activities** | **(18,493,263)** | (20,370,457) |
| **Cash Flow from Financing Activities** | | |
| Murabaha Payment | **(1,277,627)** | (4,304,366) |
| Lease Finance | **(1,770,420)** | (4,512,384) |
| **Net cash flows from financing activities** | **(3,048,047)** | (8,816,750) |
| Net Increase / (Decrease) in Cash and Bank Balances | **26,895,639** | (15,019,052) |
| Cash and Bank Balances at Beginning of the year | **33,329,240** | 48,348,292 |
| Cash and Bank Balances at the end of the year | **60,224,879** | 33,329,240 |

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

| **Zeeshan Ashraf** | **Muhammad Ilyas Abdul Sattar** | **Haroon Iqbal** |
|---|---|---|
| Chief Executive Officer | Chief Financial Officer | Chairman Board of Director |

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED SEPTEMBER 30, 2021

| | Issued, Subscribed & Paid-up Capital | General Reserve | Accumulated Profit/( Loss) | Revaluation Surplus on Property, Plant & Equipment | Total |
|---|---|---|---|---|---|
| | | | (Rupees) | | |
| Balance as on October 01, 2019 | 915,119,920 | 190,000,000 | (3,038,217,397) | 2,467,361,142 | 534,263,665 |
| (Loss) for the year | - | - | (886,326,102) | - | (886,326,102) |
| Revaluation during the period Net of tax | - | - | - | - | - |
| Incremental Depreciation transferred from Surplus on Revaluation of Property, Plant & Equipment - Net of tax | - | - | 186,276,294 | (186,276,294) | - |
| **Balance as on September 30, 2020** | 915,119,920 | 190,000,000 | (3,738,267,205) | 2,281,084,848 | (352,062,437) |
| (Loss) for the Year | - | - | (795,112,529) | - | (795,112,529) |
| Revaluation during the period Net of tax | - | - | - | 1,733,464,259 | 1,733,464,259 |
| Incremental Depreciation transferred from Surplus on Revaluation of Property, Plant & Equipment - Net of tax | - | - | 181,717,640 | (181,717,640) | - |
| **Balance as on September 30, 2021** | **915,119,920** | **190,000,000** | **(4,351,662,094)** | **3,832,831,467** | **586,289,293** |

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

| | | |
|---|---|---|
| **Zeeshan Ashraf** | **Muhammad Ilyas Abdul Sattar** | **Haroon Iqbal** |
| Chief Executive Officer | Chief Financial Officer | Chairman Board of Director |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED SEPTEMBER 30, 2021

**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 Act 2017 and its shares are listed in Pakistan Stock Exchange Guarantee Limited. The Principal activity of the Company is production and sale of white crystalline refined sugar, processing and trading of by-products, and other related activities and allied products. Further, The Company's Poly propylene unit is still non operative since 2016.

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

The Company consist of Four units namely

1. sugar Unit. 2. Distillery unit, 3. Board and Penal unit and 4. Poly propylene unit (operation closed since 2016)

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

**1.1 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE**

All significant transactions and events that have affected the Company’s statement of financial position and performance during the year have been adequately disclosed either in the notes to these financial statements or in the Directors’ report.

**1.2 GOING CONCERN ASSUMPTION**

The financial statements of the company for the year ended September 30, 2021 reflect net loss after taxation of Rs.795 million (2020: Rs.886 million), and Accumulated negative reserves Rs. 4,162 (2020: 3,458) million and its current liabilities exceeded its current assets by Rs.4,736 (2020 Rs.4,245) million. The Company defaulted in repayment of its restructured long term liabilities due to liquidity crunch faced by the Company and the entire restructured liabilities along with markup eligible for waiver (as disclosed in note 17.1 and 28.1 to the financial statements) have become immediately repayable, short term loan have not been renewed by the Banks. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The financial statements have been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities which is in process. Company is hopeful that such restructuring will be effective soon and will further streamline the funding requirements of the Company which will ultimately help the management to run the operations smoothly with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore the preparation of financial statements using going concern assumption is justified.

**2 BASIS OF PREPARATION**

The accounting policies and method of computation adopted in the preparation of this financial information are the same as those applied in the preparation of the annual financial statements of the Company for the preceding year ended September 30, 2020.

**2.1 Statement Of Compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 34.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

a) International Financial Reporting Standard issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Islamic Financial Reporting Standard issued by the Institute of Chartered accountants of Pakistan as are notified under the Companies Act, 2017; and

b) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of Measurement**

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 amount in note 5 to the financial statements, financial assets and liabilities which are carried at their fair values. Further, accrual basis of accounting is followed except for cash flow information.

**2.3 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS**

**New standards, amendments, interpretation and improvements effective during the current year**

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

**Standards, Amendments or Interpretation**

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IFRS 16 - Leases
IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23 - Uncertainty over income tax treatments

**Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)**

IFRS 3 - Business Combinations - Previously held Interests in a joint operation
IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalization

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

**2.3.1 IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single note on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Accordingly the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

The new accounting policy in respect of leases is disclosed in note 4.1.1 & 4.5.1 to these financial statements which do not effects the financial Statement of the Company.

**2.4 Standards, amendments and improvements to the approved accounting standards that are not yet effective**

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

| Amendments or Improvement | | Effective date (annual periods beginning on or after) |
|---|---|---|
| IIFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform - Phase 2 (Amendment) | 01 January 2021 |
| FRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments) | 01 April 2021 |
| IFRS 3 | Reference to the Conceptual Framework (Amendments) | 01 January 2022 |
| IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use (Amendments) | 01 January 2022 |
| IAS 37 | Onerous Contracts – Costs of Fulfilling a Contract (Amendments) | 01 January 2022 |
| IAS 1 | Classification of Liabilities as Current or Non-current (Amendments) | 01 January 2023 |
| IAS 1 | Disclosure of Accounting Policies (Amendments) | 01 January 2023 |
| IAS 8 | Definition of Accounting Estimates (Amendments) | 01 January 2023 |
| IAS 12 | Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments) | 01 January 2023 |
| IFRS 10 / IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized |

**Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)**

| | | Effective date (annual periods beginning on or after) |
|---|---|---|
| IFRS 9 | Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities | 01 January 2022 |
| IAS 41 | Agriculture – Taxation in fair value measurements | 01 January 2022 |
| IFRS 16 | Leases: Lease incentives | 01 January 2022 |

The above amendments and improvements are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

Further, 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 and are not expected to have any material impact on the Company's unconsolidated financial statements in the period of initial application.

| Standard | | IASB effective date (annual periods beginning on or after) |
|---|---|---|
| IFRS 1 | First-time Adoption of International Financial Reporting Standards | 01 January 2004 |
| IFRS 17 | Insurance Contracts | 01 January 2023 |

**2.5 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:

**2.5.1 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.

**2.5.2 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.

**2.5.3 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.

**2.5.4 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.

**2.5.5 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 statement of Profit or Loss.

**3. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were resolved as approved by the Board of Directors and authorized for issue on December 29, 2021.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year and set out below except new amendment if applicable as disclosed in note 2 and 4.1 to the financial statements.

**4.1 Change in Significant Accounting Policies**

The Company has adopted IFRS 16 Leases from October 1, 2019 which is effective from annual Periods beginning on or after January 1, 2019 and the Key changes to the Company's Accounting policies resulting from the adaptation of IFRS 16 are Summarizes below.

**4.1.1. IFRS 16 'Leases'**

The Company has applied IFRS 16 using the modified retrospective approach and has not restated the comparative information presented for 2019, as permitted under the specific transitional provisions in the standard.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

The company has not elected to recognize right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. There is no impact of adaption of IFRS 16 in the financial statements.

**4.2 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.

**4.3 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.

**4.4 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 up to September 30, 2012.

**4.5 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 Free hold land which is stated at cost, and capital works in progress which are stated at cost accumulated up to the financial statement date.

**4.5.1 Right-of-use assets**
The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, The right-of-use asset is depreciated using the method of the own assets over the shorter of the lease term and the asset's useful life . The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

- **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. Poly propylene Plant has stopped it Production since June 2016 therefore no depreciation has been charged as per company policy.

- **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**
  Any revaluation increase arising on the revaluation of buildings and plant and machinery is recognized in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit. The surplus realized on disposal of revalued fixed assets is credited directly to retained earnings.

- Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account.

**4.6 Lease Liability**

Lease liabilities The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.”

**4.7 Investment in Associated Company**

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of profit or loss of the associate after the date of acquisition. The Company’s share of profit or loss of the associate is recognized in the Company’s profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company’s proportionate interest in the associate arising from changes in the associates’ other comprehensive income that have not been recognized in the associate’s profit or loss. The Company’s share of those changes is recognized in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognized in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses.

**4.8 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 Statement of Financial Position.

Provision is made for any slow moving and obsolete items is determined based on the managements assessment regarding the future use ability.

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.

**4.9 Stock-in-Trade**

These are valued as follows :

| | | |
|---|---|---|
| Raw Material | : | At lower of weighted average cost and net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon. |
| Finished Goods | : | 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. |
| Work-in-Process | : | 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. |
| Stock in Transit | : | At cost plus direct expenses accumulated up to the balance sheet date. |
| Molasses | : | 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 4.10 |
| Stock at Fair Price Shop | : | At cost calculated on the first-in-first-out method of valuation. |
| Packing Material | : | 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.

**4.10 Inter Segment Transfer**

Transfer between business segment are recorded at net realizable value.

**4.11 Trade Debts and Other Receivables**

Trade and other receivables are recognized initially at their transaction price and subsequently measured at amortized cost less loss allowances. These assets are written off when there is no reasonable expectation od recovery. The Company applies IFRS -9 simplified approach for measuring expected credit loss(ECL) on trade receivables at an amount equal to life time credit loss. The ECL on trade receivables are calculated based on actual credit loss experience over the last year on the total balance of non -credit impaired trade receivables.

**4.12 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.

**4.13 Revenue Recognition**

Revenue from sale of goods is recognized at the point of time when the performance obligations arising from contract with customer is satisfied and the amount of revenue that it expects to be entitled to can be determined and when the customer obtains control of the goods being when the delivery order is issued to the customer provided that the goods have been identified separately as belonging to the customer, the goods are ready for physical transfer to the customer and the Company does not have the ability to use the goods or direct it to another customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties, Revenue is disclosed net of returns, discounts and other allowances. Revenue comprise the fair value of the consideration received or receivable on the following basis:

Sales recognized as revenue when goods are delivered and invoiced.

Dividend income is recognized on the basis of declaration by the investee company.

Export sales are recorded when shipped.

Rebate on export sales is recognized in the period in which the related export sales revenue is recognized unless there exist any specific facts and circumstances which indicate that receipt of the rebate amount from the government is uncertain. In that case, the rebate income is recognized when it is realized.

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

Unrealized gains / loss arising on re-measurement of investments classified as "financial assets at fair value though "profit or loss" are included in the profit and loss account in the period in which these arise.

Realized capital gains / loss on sale of investments are recognized in the profit and loss account at the time of sale.

**4.14 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.

**4.15 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.

**4.16 Cash and Cash Equivalents**

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

**4.17 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.

**4.18 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 Act 2017, and as approved by the board of directors of the company.

**4.19 Loans, Advances and Other Receivables**

Loans, advances and other receivables are recognized initially at cost, subsequently, stated at cost less estimates made for any doubt full receivables based on a review of all outstanding amounts at the reporting date. Balances considered bad and irrecoverable are written off when identified.

**4.20 Short Term and Long Term Loans**

Short Term and Long Term Loans are recognized initially at cost, and subsequently at their amortized/ residual cost.

**4.21 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.

**4.22 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.

**4.23 Financial Instruments**

**a Initial Recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

**b i) Classification of Financial Assets**

The Company classifies its financial instruments in the following categories:

- at fair value through profit and loss (“FVTPL”),
- at fair value through other comprehensive income (“FVTOCI”), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

**ii) Classification of Financial Liabilities**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as 'instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

**c) Subsequent Measurement**

**i) Financial Assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income(loss).

**ii) Financial Assets and Liabilities at Amortized Cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

**iii) Financial Assets and Liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

**d) Impairment of Financial Assets at Amortized Cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost as more fully explained in note 4.

**e) Derecognition**

**i) Financial Assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

**ii) Financial Liabilities**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

**4.24 Offsetting of Financial Assets and Financial Liabilities**

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**4.25 Proposed Dividends And Transfer or Between Reserves**

Dividend declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared or transfers are made.

**4.26 Expenses**

All expenses are recognized in the Statement of Profit or loss and other Comprehensive income on accrual Basis.

## 5 PROPERTY, PLANT & EQUIPMENT

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| Operating Property, Plant and Equipment | 5.1 | **6,866,132,539** | 4,612,687,259 |
| Capital work -in-progress | 5.2 | **-** | 172,715,493 |
| | | **6,866,132,539** | 4,785,402,752 |

### 5.1 Operating Property, Plant and Equipment

| PARTICULARS | COST | | | | Rate | DEPRECIATION | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|
| | As at October 01, 2020 | Additions/Transfer (Disposals)/ | SURPLUS ON REVALUATION | As at September 30, 2021 | % | As at October 01, 2020 | For the year / (Adjustment) | As at September 30, 2021 | Value as at September 30, 2021 |
| Free Hold Land | 142,650,000 | -- | 49,590,000 | 192,240,000 | -- | -- | -- | -- | **192,240,000** |
| Factory Building on Free Hold Land | 1,277,541,207 | 65,834,762 | 196,642,649 | 1,540,018,618 | 10 | 716,476,210 | 55,237,253 | 771,713,464 | **768,305,155** |
| Labour Quarters on Free Hold Land | 494,262,950 | -- | 56,698,067 | 550,961,017 | 25 | 423,862,443 | 15,717,142 | 439,579,585 | **111,381,432** |
| Plant and Machinery | | | | | | | | | |
| Owned | 7,442,866,532 | 123,644,894 | 2,118,313,170 | 9,784,824,596 | 10 | 3,724,544,908 | 278,064,371 | 4,046,615,803 | **5,738,208,793** |
| Right of use of assets | | 100,000,000 | | | | | 44,006,524 | | |
| Leased | 100,000,000 | (100,000,000) | -- | -- | 10 | 41,142,143 | 2,864,379 | -- | -- |
| | | -- | -- | | | | (44,006,522) | | |
| Furniture and Fixtures | 57,314,206 | -- | -- | 57,314,206 | 10 | 43,567,269 | 1,313,404 | 44,880,673 | **12,433,533** |
| Office Equipment | 83,090,642 | 1,564,600 | -- | 84,655,242 | 10 | 49,007,219 | 3,320,498 | 52,327,717 | **32,327,525** |
| Vehicles | 172,146,133 | 164,500 | -- | 172,310,633 | 20 | 158,584,219 | 2,490,313 | 161,074,532 | **11,236,101** |
| **2021** | **9,769,871,670** | **191,208,756** | **2,421,243,886** | **12,382,324,312** | | **5,157,184,411** | **359,007,362** | **5,516,191,773** | **6,866,132,539** |

| PARTICULARS | COST | | | | Rate | DEPRECIATION | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|
| | As at October 01, 2019 | Additions/Transfer (Disposals)/ | SURPLUS ON REVALUATION | As at September 30, 2020 | % | As at October 01, 2019 | For the year / (Adjustment) | As at September 30, 2020 | Value as at September 30, 2020 |
| Free Hold Land | 142,650,000 | | -- | 142,650,000 | -- | -- | -- | -- | **142,650,000** |
| Factory Building on Free Hold Land | 1,261,556,023 | 15,985,184 | -- | 1,277,541,207 | 10 | 657,887,393 | 58,588,817 | 716,476,210 | **561,064,997** |
| Labour Quarters on Free Hold Land | 494,262,950 | -- | -- | 494,262,950 | 25 | 403,627,867 | 20,234,576 | 423,862,443 | **70,400,507** |
| Plant and Machinery | | | | | | | | | |
| Owned | 7,442,866,532 | -- | -- | 7,442,866,532 | 10 | 3,457,561,991 | 266,982,917 | 3,724,544,908 | **3,718,321,624** |
| Right of use of assets | | -- | -- | | | | -- | | |
| Leased | 100,000,000 | -- | -- | 100,000,000 | 10 | 38,461,320 | 2,680,823 | 41,142,143 | **58,857,857** |
| | | -- | -- | | | | -- | | |
| Furniture and Fixtures | 56,985,206 | 329,000 | -- | 57,314,206 | 10 | 42,124,066 | 1,443,203 | 43,567,269 | **13,746,937** |
| Office Equipment | 63,198,676 | 19,891,966 | -- | 83,090,642 | 10 | 46,366,319 | 2,640,900 | 49,007,219 | **34,083,423** |
| Vehicles | 172,099,633 | 46,500 | -- | 172,146,133 | 20 | 155,553,631 | 3,030,588 | 158,584,219 | **13,561,914** |
| **2020** | **9,733,619,019** | **36,252,650** | **--** | **9,769,871,670** | | **4,801,582,588** | **355,601,829** | **5,157,184,412** | **4,612,687,259** |

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

| | 2021 | 2020 |
|---|---|---|
| | ( Rupees) | |
| Cost of Sales | | |
| Sugar Unit | **221,698,681** | 245,408,421 |
| Polypropylene Unit | **4,076,018** | 4,508,048 |
| Board and Panel Unit | **9,850,162** | 8,452,785 |
| Distillery Unit | **118,709,505** | 91,633,180 |
| Administrative and General Expenses | | |
| Sugar Unit | **2,156,812** | 2,459,400 |
| Polypropylene Unit | **95,413** | 106,958 |
| Board and Panel Unit | **92,933** | 103,195 |
| Distillery Unit | **2,327,836** | 2,929,842 |
| | **359,007,360** | 355,601,829 |

**5.1b** The Company revalued its Factory Building, Free hold land and Plant and Machinery which arises amounting to Rs.2.421 Billion on 30th September 2021 with a independent valuer M/s. Anderson 103, Ist Floor 16-C Rahat Commercial DHA Phase VI, Karachi. Valuation made on basis of Direct Method i-e. Physical inspection and allocating approximate fair value as per the inquiries conducted by the valuer from different sources and experience of such assignments. Forced sale value of these revalued assets as per report is 4.767 billion. Had there been no such revaluation made by the Company, the written down values of these assets would have been as under:

| | | |
|---|---|---|
| Free Hold Land | **50,612,532** | 50,612,532 |
| Factory building on freehold land | **156,640,143** | 101,832,909 |
| Labour quarters on freehold land | **899,132** | 1,157,562 |
| Plant and Machinery | **1,261,477,240** | 1,163,631,341 |
| | **1,469,629,047** | 1,317,234,344 |

**5.1c** Freehold land represents 320 Acres and 16 ghuntas situated at jilaniabad, Budhu Talpur, District Sujawal. The value of Freehold land is Rs.192.240 million(2020 Rs.142.650 million).

| | | | |
|---|---|---|---|
| **5.2 Capital Work-in-Progress** | | **172,715,493** | 188,597,688 |
| **Additions during the year** | | **16,764,163** | 12,611,545 |
| | | **189,479,656** | 201,209,233 |
| **Less: Transfer to Fixed assets** | | **189,479,656** | 28,493,740 |
| | **5.2.1** | **--** | 172,715,493 |
| **5.2.1 Break up are as follows** | | | |
| Civil Work | | **--** | 62,259,725 |
| Plant and Machinery | | **--** | 110,455,768 |
| | | **--** | 172,715,493 |

**6 STORES, SPARES & LOOSE TOOLS**

| | | |
|---|---|---|
| Stores | **241,037,307** | 265,791,388 |
| Spares | **60,259,327** | 66,447,847 |
| | **301,296,634** | 332,239,235 |
| Less: Provision for obsolescence and slow moving items | **(146,314,664)** | (136,396,462) |
| | **154,981,970** | 195,842,773 |

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | | | (Rupees) | |
| **7** | **STOCK-IN-TRADE** | | | |
| | **Raw Materials** | | | |
| | - Board and Panel Unit | | **70,042,988** | 44,308,091 |
| | - Molasses (Distillery) Unit | | **478,175,118** | 525,612,074 |
| | - Polypropylene Unit | | **1,028,066** | 1,028,066 |
| | | | **549,246,172** | 570,948,231 |
| | **Work-in-Process** | | | |
| | - Sugar Unit | | **4,839,600** | 1,908,463 |
| | - Board and Panel Unit | | **220,302** | 245,221 |
| | - Distillery Unit | | **1,248,213** | 20,165,571 |
| | - Polypropylene Unit | | **-** | - |
| | | | **6,308,115** | 22,319,255 |
| | **Finished Goods** | | | |
| | - Sugar | | | |
| | Less valued written down to net realizable value | | **80,603** | - |
| | Net realizable value | | **(16,855)** | - |
| | | | **63,748** | - |
| | - Boards and Panels -at cost | | **4,278,230** | 15,654,011 |
| | Less valued written down to net realizable value | | **(827,619)** | (1,749,382) |
| | Net realizable value | | **3,450,611** | 13,904,629 |
| | - Industrial Alcohol -at cost | | **777,694,165** | 426,345,555 |
| | Less valued written down to net realizable value | | **-** | - |
| | | | **777,694,165** | 426,345,555 |
| | | | **1,336,762,811** | 1,033,517,670 |
| **8** | **TRADE DEBTS - UNSECURED, CONSIDERED GOOD** | | | |
| | Sugar Unit | | **-** | 175,200 |
| | Board and Panel Unit | | **-** | 42,127 |
| | Distillery Unit | | **14,219,315** | 25,629,520 |
| | | | **14,219,315** | 25,846,847 |
| | **8.1** The aging of debtors at the reporting date was | | | |
| | Up to one month | | **6,398,692** | 11,631,081 |
| | 1 to 6 months | | **7,820,623** | 7,754,054 |
| | More then 6 months | | **-** | 6,461,712 |
| | | | **14,219,315** | 25,846,847 |

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.

| | | | 2021 | 2020 |
|---|---|---|---|---|
| **9** | **LOANS, ADVANCES AND OTHER RECEIVABLES UNSECURED, CONSIDERD GOOD** | | | |
| | **Advances** | | | |
| | Against Imports | | **-** | 16,076 |
| | To Contractors | | **13,243,936** | 8,137,516 |
| | To Growers | | **10,388,402** | 44,737,113 |
| | To Staff | **9.2** | **2,230,815** | 2,492,347 |
| | Against Stores and Expenses | | **12,306,295** | 20,062,275 |
| | Advances against Supplier | | **49,581,467** | 430,062,280 |
| | Sundry | | **41,541,878** | 44,847,413 |
| | Others | | **90,517,530** | 90,517,530 |
| | | | **219,810,323** | 640,872,550 |

**9.1** These advances and other receivables are interest free.

**9.2** Advance to Staff includes Rs. Nil (2020: Rs. 0.70) million due from the executives of the company. The maximum amount due from these executives at any month end was Rs. Nil(2020: Rs. 0.70) million.

| | 2021 | 2020 |
|---|---|---|
| **10 TRADE DEPOSITS, SHORT-TERM PREPAYMENTS & CURRENT BALANCES WITH STATUTORY AUTHORITIES** | | |
| | **(Rupees)** | |
| Security Deposits | **6,428,110** | 6,928,110 |
| Prepayments | **3,888,976** | 2,573,426 |
| | **10,317,086** | 9,501,536 |

**11 SHORT TERM INVESTMENT IN ASSOCIATED COMPANY- AVAILABLE FOR SALE**

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

| 2021 | 2020 | | 2021 | 2020 |
|---|---|---|---|---|
| **13,000,000** | 13,000,000 | Invested in Cash | | |
| **650,000** | 650,000 | Received as fully paid | | |
| **13,650,000** | 13,650,000 | | **-** | - |
| | | Impairment in the value of investment | **-** | - |
| | | | **-** | - |
| | | Market Value as at September 30 (Rupees per share) | **7.51** | 7.89 |
| | | Percentage of Equity held | **9.84%** | 9.84% |

**11.1** Associate is an entity over which the Company has significant influence but no control. Company's investee Company is considered to be its associate by virtue of common directorship, member of Yousuf Dewan Companies and its ownership interest of 9.84 % investee Company.

| | 2021 | 2020 |
|---|---|---|
| **11.2 Investment in Dewan Farooque Motors Limited** | | |
| Number shares held | **13,650,000** | 13,650,000 |
| Cost of investment (Rupees) | **130,000,000** | 130,000,000 |
| Fair value of investment (Rupees) | **102,511,500** | 107,690,500 |
| Ownership interest | **9.84%** | 9.84% |
| **11.3 Summarized financial information of associated Company** | | |
| Total assets | **2,978,100,517** | 3,155,195,470 |
| Total Liabilities | **5,876,319,302** | 5,837,186,759 |
| Net assets | **(2,898,218,785)** | (2,681,991,289) |
| Company's share of net assets | **(285,184,728)** | (263,907,943) |
| Revenue | **75,578** | 99,258 |
| Loss for the period | **(63,812,540)** | (36,838,366) |

| | 2021 | 2020 |
|---|---|---|
| **12 CASH AND BANK BALANCES** | | |
| Cash in Hand | **325,618** | 343,983 |
| Cash at Banks | | |
| Current Accounts | **59,899,261** | 32,985,257 |
| Saving Accounts | **-** | - |
| | **60,224,879** | 33,329,240 |

Bank balances with deposits and saving accounts are placed under interest / mark-up arrangements. The Company has conventional banking relationships with all the banks.

## 13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

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

| 2021 | 2020 | | 2021 (Rupees) | 2020 (Rupees) |
|---|---|---|---|---|
| **11,430,000** | 11,430,000 | Fully Paid in cash | **114,300,000** | 114,300,000 |
| **18,255,996** | 18,255,996 | 100% Right Issue of the | **182,559,960** | 182,559,960 |
| **55,000,000** | 55,000,000 | Right Issue of the Ordinary Share from Sponsor loan | **550,000,000** | 550,000,000 |
| **84,685,996** | 84,685,996 | | **846,859,960** | 846,859,960 |
| **6,825,996** | 6,825,996 | Issued as fully paid bonus shares | **68,259,960** | 68,259,960 |
| **91,511,992** | 91,511,992 | | **915,119,920** | 915,119,920 |

The above Holding includes holding of associated companies 5,788,938 (2020: 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

| | 2021 | 2020 |
|---|---|---|
| General Reserve | **190,000,000** | 190,000,000 |
| Accumulated Loss | **(4,351,662,094)** | (3,738,267,205) |
| | **(4,161,662,094)** | (3,548,267,205) |

## 15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (Net)

The following fixed assets of the Company were revalued on September 30, 2021. The revaluation was carried out by independent valuer M/s. Anderson, 103 Ist Floor 16-C Rahat Commercial DHA Phase VI, Karachi. Bases of revaluation are as follows:

**Factory Building & Labour Quarters on free hold land**

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 was not operational therefore assessment is carefully made to establish if the machinery can be put into operation after routine maintenance. Assessed value was 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.2.421 Billion.

| Particulars | W.D.V. of assets before revaluation | Revalued amount | Revaluation Surplus |
|---|---|---|---|
| | | (Rupees) | |
| Free hold Land | 142,650,000 | 192,240,000 | 49,590,000 |
| Plant and Machinery | 3,619,895,630 | 5,738,208,800 | 2,118,313,170 |
| Factory Building on free hold land | 571,662,504 | 768,305,153 | 196,642,649 |
| Labour Quarter on free hold land | 54,683,365 | 111,381,432 | 56,698,067 |
| | 4,388,891,499 | 6,810,135,385 | 2,421,243,886 |

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | | | Rupees | |
| | Balance at beginning | | **2,281,084,848** | 2,467,361,142 |
| | Surplus arising on revaluation of Property, Plant & Equipment during the year | | **2,421,243,886** | - |
| | Related deferred tax on arising surplus (excluding freehold land) | | **(687,779,627)** | - |
| | Surplus relating to incremental depreciation - net of deferred tax | | **(181,717,640)** | (186,276,294) |
| | | | **3,832,831,467** | 2,281,084,848 |
| **16** | **SPONSORS LOAN-UNSECURED** | | | |
| | Sponsors Loan | **16.1** | **271,740,191** | 244,414,635 |
| | Sponsors Loan | **16.2** | **144,485,419** | 133,399,015 |
| | | | **416,225,610** | 377,813,650 |

**16.1 Sponsors Loan**

| | 2021 | 2020 |
|---|---|---|
| Opening Balance Original Loan amount | **513,232,200** | 513,232,200 |
| Less Present value adjustment | **(268,817,565)** | (293,395,327) |
| Amortized Interest Income | **-** | - |
| Add Amortization Discount Charged to P & L | **27,325,556** | 24,577,762 |
| | **(241,492,009)** | (268,817,565) |
| Present Value of Sponsors Loan | **271,740,191** | 244,414,635 |

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.

**16.2 Sponsors Loan obtained for payment of Term Loan**

| | 2021 | 2020 |
|---|---|---|
| Sponsors Loan obtained for payment of Term Loan | **159,647,920** | 159,647,920 |
| Less Present value adjustment | **(26,248,905)** | (36,484,647) |
| Add Amortization Discount Charged to P & L | **11,086,404** | 10,235,742 |
| | **(15,162,501)** | (26,248,905) |
| | **144,485,419** | 133,399,015 |

This represents unsecured interest free loan payable to sponsor director. This liability had arisen on account of settlement of liabilities of the bank, which were settled by sponsor director. The amount of loan had been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and discounted using the weighted average interest rate of raging 8.1% per annum. These above two interest free loans are payable in lump sum on September 30, 2027.

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | | | (Rupees) | |
| 17 | **LONG TERM FINANCE - SECURED** | | | |
| | **Syndicated Term Finance** | 17.1 | - | - |
| | **First National Bank Modaraba** | 17.2 | - | - |
| | **Syndicated Term Finance** | | - | - |
| 17.1 | **Syndicated Term Finance** | | **2,348,128,218** | 2,348,128,218 |
| | Less: Repayment during the year | | - | - |
| | Classified as current portion | | **2,348,128,218** | 2,348,128,218 |
| | Current Maturity | | - | - |
| | Overdue installments | | **2,348,128,218** | 2,348,128,218 |
| | Less : Current Maturity of Non Current Liabilities | | **2,348,128,218** | 2,348,128,218 |
| | | | - | - |
| 17.2 | **First National Bank Modaraba** | | | |
| | Principal amount outstanding | | - | 3,041,739 |
| | Less: Repayment during the year | | - | 3,041,739 |
| | | | - | - |

**17.1** TThe 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 compromise decree the terms had been finalized as all the loans of the Company had been rescheduled by the lenders. The loan amount Rs.3,447.004 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.57.099 million to Rs. 152.395 million. The tenure of repayments had been started from March 30, 2012 and last payment will be made on December 30, 2020.

Moreover banks / financial institutions had allowed further working capital limit to the Company as fully explained in note 23.1 and 28.1 to these financial statements. However, in case of default by the company the entire outstanding mark up as disclosed in the agreement will remain outstanding liability of the company and all amounts in respect of its liabilities shall become payable with immediate effect as per term of the Compromise Agreement.

The Company had defaulted in repayments of restructured liabilities . however, the Company has approached its lenders for further restructuring of its liabilities. Management is hopeful that such revision will be finalized soon. Accordingly the Banks' liability had been classified as non-current.

**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 was agreed to be paid in 32 (1 to 32) quarterly un-equal installments of Rs. 0.558 million to 1.520 million. Final and last installment was due on March 16, 2021and timely paid by the Company. No mark up charged during the period of tenure.

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | | | (Rupees) | |
| **18** | **LONG TERM MARK UP PAYABLE** | | | |
| | **Syndicated Term Finance Markup Payable** | **18.1** | - | - |
| | **Mark-up payable (First National Bank Modaraba)** | **18.2** | - | - |
| | | | - | - |

**18.1** This amount represents token mark up of Rs. 425.051 payable to Syndicated (Summit Bank & Other) in 4 equal quarterly installments (33 to 36) million. the company had provided Rs.284.80 million till September, 2018. this repayment Schedule of Mark and Mark up on long term loans Accrued and Payment till December 31, 2020 as per the Compromise agreement with the lenders and the decree passed by Honorable High Court of Sind. The Company has stopped providing further markup since September 30, 2018 as fully disclosed in note no. 34.1 below and approaching to lender for waiver due to current worst situation of industries of the Country specially Sind province. We are hopeful our this request will be oblige.

| **Syndicated Term Finance Markup Payable** | | |
|---|---|---|
| Mark up Payable opening | **284,801,103** | 284,801,103 |
| Add Provision during the year | - | - |
| | **284,801,103** | 284,801,103 |
| Less :Over due Current Maturity of Non Current Liabilities | **284,801,103** | 284,801,103 |
| | - | - |

**18.2** This amount represents token mark up of Rs. 2.525 million payable to First National Bank Moradabad in 4 equal quarterly installments (33 to 36) of Rs.0.631 million and timely paid.

| **Mark-up payable (First National Bank Modaraba)** | | |
|---|---|---|
| Mark up Payable opening | **1,133,407** | 1,879,169 |
| Add Provision during the year | - | 516,864 |
| | **1,133,407** | 2,396,033 |
| Less: Payment during the period | **1,133,407** | 1,262,626 |
| | - | 1,133,407 |
| Less : Current Maturity of Non Current Liabilities | - | 1,133,407 |
| | - | - |

**18.3** In 2015 one of the Banks had Settled the liability of the company through the sponsor of the company as disclosed in note 16.2 to the financial statements.

**19 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE**

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | | Present value of Minimum Lease Payments | Minimum Lease Payments | Present value of Minimum Lease Payments |
| | (Rupees) | | | |
| Due not later than one year | -- | -- | 1,770,419 | 1,770,419 |
| Due later than one year but not later than five years | -- | -- | -- | -- |
| Due later than five year and onward | -- | -- | -- | -- |
| Total Payments | -- | -- | 1,770,419 | 1,770,419 |
| Less: Financial charges allocated to future periods | -- | -- | -- | -- |
| Present Value of Minimum Lease Payments | -- | -- | 1,770,419 | 1,770,419 |
| Classified as current portion | | | | |
| Current Maturity on Lease Liabilities | -- | -- | 1,770,419 | 1,770,419 |
| | -- | -- | -- | -- |

The company entered into Finance Lease arrangements with various leasing companies in order to obtain certain Property & Plant & Equipment's. 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.

**19.1** The Dawood Investment Bank Ltd had 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 timely paid by the Company.

## 20 DEFERRED LIABILITIES

| | Note | **2021** (Rupees) | 2020 |
|---|---|---|---|
| Deferred Liability for Staff Gratuity (Provision) | **20.1** | **5,558,694** | 5,558,694 |
| Deferred Income Tax Liability | **20.2** | **1,122,266,284** | 508,709,356 |
| | | **1,127,824,978** | 514,268,050 |

**20.1 Deferred Liability for Staff Gratuity (Provision)**

| | 2021 | 2020 |
|---|---|---|
| Opening Balance | **5,558,694** | 5,970,894 |
| Less: Payments made during the year | **-** | 412,200 |
| | **5,558,694** | 5,558,694 |

The Company discontinued its policy for staff retirement benefits plan for gratuity to Provident fund on 31-03-2007 and provision for all its outstanding liabilities had been made until 31-03-2007.

**20.2 Deferred Income Tax Liability**

| | 2021 | 2020 |
|---|---|---|
| Deferred tax liability arising on Surplus on Revaluation of Property, Plant and Equipment | **1,507,674,872** | 894,117,943 |
| Deferred tax liability arising due to accelerated tax depreciation | **79,347,988** | 88,278,858 |
| Deferred tax asset arising on carry forward losses | **(1,409,475,862)** | (1,251,164,472) |
| Deferred tax assets arising on Staff Gratuity and Other Provisions | **(1,612,021)** | (1,492,483) |
| | **175,934,977** | (270,260,154) |
| Deferred tax asset not recognized | **946,331,307** | 778,969,509 |
| | **1,122,266,284** | 508,709,356 |

| | | | 2021 | 2020 |
|---|---|---|---|---|
| | | | (Rupees) | |
| **21** | **TRADE AND OTHER PAYABLES** | | | |
| | **Creditors for Goods** | | **2,378,035,450** | 2,104,132,678 |
| | **Advance from Customers** | | **802,898,088** | 785,578,479 |
| | **Accrued Expenses** | | | |
| | Sales Tax | | **311,987,127** | 311,929,722 |
| | Sales Commission | | **15,803,685** | 17,901,482 |
| | Salaries and Wages | | **29,996,473** | 27,136,100 |
| | Others | | **20,485,470** | 16,018,515 |
| | | | **378,272,755** | 372,985,819 |
| | **Other Liabilities** | | | |
| | Others | | **27,723,037** | 15,082,208 |
| | | | **3,586,929,330** | 3,277,779,184 |
| **22** | **INTEREST, PROFIT, MARK-UP ACCRUED ON LOAN & OTHER PAYABLES** | | | |
| | On Short Term Finances | | **12,009,624** | 12,009,624 |
| | | | **12,009,624** | 12,009,624 |
| **23** | **SHORT TERM FINANCE - SECURED** | | | |
| | Short Term Running Finance Facilities - Secured | **23.1** | **192,195,875** | 192,195,875 |
| | Book Overdraft | | **43,697,689** | 16,513,596 |
| | | | **235,893,564** | 208,709,471 |

**23.1** This amount represent RF facility of 192.196 (2020: 192.196) million sanctioned by the lenders as per Court order/compromising decree. The facility is secured by the way of first charge over current assets of the Company with 20% margin. The markup of this facility is 3 month KIBOR plus 0.75% per annum payable quarterly basis. The Financing agreement has been Expired and not renewed by the Banks as fully disclosed in note 28.1 to the financial statements .

| | | | 2021 | 2020 |
|---|---|---|---|---|
| **24** | **UNCLAIMED DIVIDEND** | | | |
| | Opening | | **769,543** | 769,543 |
| | Paid during the year | | **-** | -- |
| | | | **769,543** | 769,543 |
| **25** | **CURRENT PORTION OF NON-CURRENT LIABILITIES** | | | |
| | Long Term Finance Facilities | **17** | **2,632,929,321** | 2,634,062,728 |
| | Liability against Assets subject to Finance Lease | **19** | **-** | 1,770,419 |
| | | | **2,632,929,321** | 2,635,833,147 |
| **26** | **PROVISION FOR TAXATION** | | | |
| | Balance at the beginning | | **117,800,000** | 129,700,000 |
| | Add: Provision for the year | | **67,000,000** | 46,800,000 |
| | | | **184,800,000** | 176,500,000 |
| | Payment /adjustment during the period | | **-** | 58,700,000 |
| | | | **184,800,000** | 117,800,000 |

Income tax returns of the company have been filed up to tax year 2019 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001. The provision made in these financial statement is sufficient to cover the tax obligation.

| | Provision | Deemed Assessment |
|---|---|---|
| Tax Year 2017 | **26,000,000** | 26,000,000 |
| Tax Year 2018 | **30,000,000** | 30,000,000 |
| Tax Year 2019 | **58,700,000** | 58,700,000 |

**27 Relationship between income tax expense and accounting profit.**

| | | |
|---|---|---|
| Accounting (loss) as per profit or loss account | **(802,335,226)** | (921,010,068) |
| (Profit) & Loss under FTR | **(48,157,365)** | 137,463,086 |
| | **(754,177,861)** | (783,546,981) |
| Applicable tax rate | **29%** | 29% |
| Tax on accounting (loss) | **(218,711,580)** | (227,228,625) |
| Tax effect of timing difference on depreciation | **48,232,214** | 64,250,257 |
| Tax effect of expenses/provision that are not deductible in determining taxable loss charged to profit & loss account | **11,139,468** | 9,976,378 |
| Effect of Loss carried/(brought) forward | **159,339,898** | 153,001,990 |
| | **-** | - |
| | **-** | - |
| Minimum tax payable under Income Tax Ordinance, 2001 | **67,000,000** | 46,800,000 |

**28 CONTINGENCIES AND COMMITMENTS**

Contingencies

**28.1 a** In respect of liabilities towards banks / financial institutions disclosed in note 17 to the financial statements, During the year ended 2012, certain lenders had entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs. 3.451billion and markup thereon of Rs.471.824 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees amounts to Rs.3.451 billion. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

**b** As per the terms of the restructuring the waiver markup allowed by the lender amounting Rs. 471.824 million, which would be liable to pay in the event of default of the term of agreement. The company had defaulted in repayments of liability, however the company approached to the lenders for further restructuring as detailed in note 17.1 to the financial statements. since the restructuring is in advance stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

**28.2** The Sales tax Department showed inadmissible sales tax of Rs. 120 million and 13.8 million the company filled appeal against the disallowance of adjustment of same in Commissioner appeals and obtained stay orders against the recovery of the same amount from High Court of Sindh. The out Come of same two Cases are in Pending and the management and the Legal Council Feels the Out come will favorable to the company.

**28.3** The Department issued show cause against the recovery of the sales tax amounting to Rs. 138.90 million against which the Company filled appeal against the demand to Appellate tribunal IR and the Tribunal after the balance sheet date order passed in favor of the company and set-aside and revert Back to the department to adjust the refunds and ascertain exact claim after adjustment of Refund as of reporting date the same pending with the department.

**28.4** The Income tax authorities issued as on December 8, 2020 the amended orders for the year s 2015 to 2019 has been passed u/s 122(1) after making huge additions and the company going to file the appeals before the Appellate tribunal Inland revenue (Appeals 1) Karachi which will file in due course, further, stay also granted by Honorable high court of Sindh. The management and Lawyer feels the demand created is totally unjustified and after appeal the orders will amend and remand back to the assessing officer, therefore the amended orders and the tax liability created are disputed. therefore the management of the company feels the liability created by assessing officer will reverse in future.

**28.5** Guarantees given by the commercial banks on behalf of the Company amounted to Rs.2.34 million ( 2020:Rs. 2.84) million.

## 29 SALES

| | Sugar Segment | | Polypropylene Segment | | Board and Panel Segment | | Distillery Segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | | | | (Rupees) | | | | | |
| **Gross Sales** | | | | | | | | | | |
| Local | 2,749,806,964 | 1,714,733,890 | - | - | 199,649,563 | 132,875,219 | 213,772,862 | 110,641,217 | 3,163,229,389 | 1,958,250,326 |
| Exports | - | - | - | - | - | - | 3,217,519,742 | 2,158,893,802 | 3,217,519,742 | 2,158,893,802 |
| | 2,749,806,964 | 1,714,733,890 | - | - | 199,649,563 | 132,875,219 | 3,431,292,604 | 2,269,535,019 | 6,380,749,131 | 4,117,144,128 |
| Sales Commission | - | 674,900 | - | - | - | - | 16,979,898 | 11,094,348 | 16,979,898 | 11,769,248 |
| Sales Tax/Special Excise Duty | 346,138,020 | 248,625,000 | - | - | 33,167,100 | 22,123,351 | 25,768,076 | 9,841,556 | 405,073,196 | 280,589,907 |
| | 346,138,020 | 249,299,900 | - | - | 33,167,100 | 22,123,351 | 42,747,974 | 20,935,904 | 422,053,094 | 292,359,155 |
| **Net Sales** | 2,403,668,944 | 1,465,433,990 | - | - | 166,482,463 | 110,751,868 | 3,388,544,630 | 2,248,599,115 | 5,958,696,037 | 3,824,784,973 |

## 30 COST OF SALES

| | Note | Sugar Segment | | Polypropylene Segment | | Board and Panel Segment | | Distillery Segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | | | | | | (Rupees) | | | | | |
| Raw material - opening stock | | - | - | 1,028,066 | 1,028,066 | 44,308,091 | 31,265,691 | 525,612,074 | 12,346,654 | 570,948,231 | 44,640,411 |
| Purchases | | 2,832,954,028 | 1,745,312,713 | - | - | 160,852,505 | 102,421,770 | 3,045,517,052 | 2,455,728,409 | 6,039,323,586 | 4,303,462,892 |
| Raw material - Return | | - | - | - | - | - | - | - | - | - | - |
| Raw material - closing stock | | - | - | (1,028,066) | (1,028,066) | (70,042,988) | (44,308,091) | (478,175,118) | (525,612,074) | (549,246,172) | (570,948,231) |
| Raw material consumed | 30.1 | 2,832,954,028 | 1,745,312,713 | - | - | 135,117,608 | 89,379,370 | 3,092,954,008 | 1,942,462,989 | 6,061,025,645 | 3,777,155,071 |
| Road Cess | | 2,129,754 | 1,443,169 | - | - | - | - | - | - | 2,129,754 | 1,443,169 |
| Salaries, Wages and Other Benefits | 30.2 | 166,675,639 | 135,320,948 | 151,948 | 336,914 | 10,105,030 | 9,007,876 | 85,385,124 | 70,729,852 | 262,317,741 | 215,395,590 |
| Water, Fuel and Power | | 39,501,320 | 34,332,340 | - | - | 22,817,745 | 15,162,577 | 175,765,902 | 234,326,728 | 238,084,967 | 283,821,646 |
| Stores and Spares consumed | | 93,178,522 | 64,946,468 | 52,801 | 43,895 | 2,591,809 | 2,099,468 | 85,398,336 | 100,901,064 | 181,221,468 | 167,990,895 |
| Insurance | | 169,226 | 169,226 | - | - | - | - | 4,060,790 | 3,860,753 | 4,230,016 | 4,029,979 |
| Depreciation | | 221,698,681 | 245,408,421 | 4,076,018 | 4,508,048 | 9,850,162 | 8,452,785 | 118,709,505 | 91,633,180 | 354,334,366 | 350,002,434 |
| Repairs and Maintenance | | 5,646,143 | 6,244,798 | - | - | 150,350 | 53,765 | 15,272,160 | 19,540,467 | 21,068,654 | 25,839,030 |
| Other Overheads | | 9,558,065 | 12,974,598 | - | - | 221,780 | 147,257 | 16,572,117 | 9,899,628 | 26,351,962 | 23,021,483 |
| Vehicle Running Expenses | | 6,279,505 | 3,119,668 | - | - | 72,106 | 272,075 | 379,180 | 326,857 | 6,730,791 | 3,718,601 |
| | | 3,377,790,883 | 2,249,272,350 | 4,280,767 | 4,888,857 | 180,926,590 | 124,575,173 | 3,594,497,122 | 2,473,681,518 | 7,157,495,362 | 4,852,417,897 |
| Work in process - beginning | | 1,908,463 | 1,974,457 | - | 739,103 | 245,221 | 232,499 | 20,165,571 | 1,654,424 | 22,319,255 | 4,600,483 |
| Work in process - ending | | (4,839,600) | (1,908,463) | - | - | (220,302) | (245,221) | (1,248,213) | (20,165,571) | (6,308,115) | (22,319,255) |
| **Cost of Goods Manufactured** | | 3,374,859,746 | 2,249,338,344 | 4,280,767 | 5,627,959 | 180,951,509 | 124,562,451 | 3,613,414,480 | 2,455,170,372 | 7,173,506,502 | 4,834,699,125 |
| Finished goods - opening stock | | - | - | - | - | 13,904,629 | 15,777,437 | 426,345,555 | 208,034,403 | 440,250,184 | 223,811,840 |
| Transfer to Other Segments | | (335,337,500) | (152,500,000) | - | - | - | - | - | - | (335,337,500) | (152,500,000) |
| Finished goods - closing stock | | (63,748) | - | - | - | (3,450,611) | (13,904,629) | (777,694,165) | (426,345,555) | (781,208,525) | (440,250,184) |
| | | 3,039,458,498 | 2,096,838,344 | 4,280,767 | 5,627,959 | 191,405,527 | 126,435,259 | 3,262,065,870 | 2,236,859,219 | 6,497,210,661 | 4,465,760,781 |

**30.1** No production activity in polypropylene Unit during the year, therefore the depreciation on Plant & Machinery has not been charged on same unit as the company charging depreciation on no of unit produced basis as policy as disclosed in No.4.4 to the Financial Statements.

**30.2** Salaries, Allowances & Other Benefits include Rs.2.43 (2020:3.26) million in respect of Staff Retirement Benefits.

## 31 ADMINISTRATIVE AND GENERAL EXPENSES

| | Note | Sugar Segment 2021 | Sugar Segment 2020 | Polypropylene Segment 2021 | Polypropylene Segment 2020 | Board and Panel Segment 2021 | Board and Panel Segment 2020 | Distillery Segment 2021 | Distillery Segment 2020 | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees) | | | | | | | | | |
| Salaries, Allowance & Other Benefits | 31.1 | 16,314,813 | 36,716,167 | - | - | 420,000 | 840,000 | 15,281,924 | 13,377,921 | 32,016,737 | 50,934,088 |
| Office and Other Expenses | | - | 26,180 | - | - | - | - | - | - | - | 26,180 |
| Entertainment | | 92,781 | 362,793 | - | - | - | - | 207,668 | 2,165 | 300,449 | 364,958 |
| Communication | | 247,882 | 639,540 | - | - | | | 2,009,854 | 1,927,998 | 2,257,736 | 2,567,538 |
| Depreciation | | 2,156,812 | 2,459,400 | 95,413 | 106,958 | 92,933 | 103,195 | 2,327,836 | 2,929,842 | 4,672,994 | 5,599,395 |
| Vehicle Running Expenses | | 1,142,161 | 1,291,960 | - | - | - | - | 2,699,639 | 2,827,643 | 3,841,800 | 4,119,603 |
| Legal and Professional Charges | | 5,031,584 | 2,847,415 | - | - | - | - | 1,814,166 | 1,726,560 | 6,845,750 | 4,573,975 |
| Printing and Stationery | | 194,060 | 1,081,828 | - | - | - | - | 230,197 | 97,790 | 424,257 | 1,179,618 |
| Rent, Rates and Taxes | | 16,162,071 | 15,267,075 | - | - | - | - | 700,624 | - | 16,862,695 | 15,267,075 |
| Traveling and Conveyance | | 116,755 | 360,245 | - | - | - | - | 318,830 | 2,500,361 | 435,585 | 2,860,605 |
| Auditors' Remuneration | 31.2 | 815,000 | 650,000 | - | - | - | - | - | - | 815,000 | 650,000 |
| Fees and Subscription | | 1,062,505 | 90,305 | - | - | - | - | 1,718,440 | 3,374,134 | 2,780,945 | 3,464,439 |
| Miscellaneous | | 20,000 | 59,020 | - | - | | | 358,000 | 125,000 | 378,000 | 184,020 |
| | | 43,356,424 | 61,851,928 | 95,413 | 106,958 | 512,933 | 943,195 | 27,667,178 | 28,889,414 | 71,631,948 | 91,791,495 |

**31.1** Salaries, Allowances & Other Benefits include Rs.1.80(2020:1.67) million in respect of Staff Retirement Benefits.

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| **31.2** Auditors Remuneration | | |
| Audit Fee | 577,500 | 525,000 |
| Half Yearly Review | 137,500 | 125,000 |
| Cost Audit fees | 100,000 | -- |
| | 815,000 | 650,000 |

## 32 DISTRIBUTION AND SELLING COSTS

| | Sugar Segment 2021 | Sugar Segment 2020 | Polypropylene Segment 2021 | Polypropylene Segment 2020 | Board and Panel Segment 2021 | Board and Panel Segment 2020 | Distillery Segment 2021 | Distillery Segment 2020 | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| | (Rupees) | | | | | | | | | |
| Sugar Bags Handling | 1,428,329 | 1,790,482 | - | - | - | - | - | - | 1,428,329 | 1,790,482 |
| Export Expenses | - | - | - | - | - | - | 142,831,644 | 121,788,889 | 142,831,644 | 121,788,889 |
| | | | - | - | - | - | - | - | - | - |
| | 1,428,329 | 1,790,482 | - | | - | - | 142,831,644 | 121,788,889 | 144,259,973 | 123,579,371 |

## 33 OTHER OPERATING INCOME

| | Note | 2021 | 2020 |
|---|---|---|---|
| Profit from Dewan Petroleum Services | | 41,990 | 85,007 |
| Profit on Deposit Account | 33.1 | 728,294 | 1,812,855 |
| | | 770,284 | 1,897,862 |

**33.1** Represents markup on bank accounts under conventional banking relationship.

## 34 FINANCIAL COST

| | Note | 2021 | 2020 |
|---|---|---|---|
| Markup and Charges on: | | | |
| Term Finance Facilities | | 144,219 | 516,864 |
| Short Term Finance Facilities | | - | 710,585 |
| Bank Charges | | 224,584 | 322,703 |
| Unwinding of discount | 16 | 38,411,960 | 34,813,504 |
| | | 38,780,763 | 36,363,656 |

**34.1** The company has not provided the markup on long term and short term borrowings from banks since September 30, 2018 due to default in repayment of the loans to financial statement as fully disclosed in note 17, 18.1, 23 and 28.1 to the financial statements therefore, during the year amounting to Rs. 204.052 million (Up to September 30, 2020: Rs. 612.074 million) the Company have redefauled in repayment of loan . The Management of the company is quite hopeful that theses banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period would have been higher by Rs.204.052 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 816.126 million. The said non provisioning is departure form the requirement of IAS 23- 'Borrowing Costs'.

| **35 TAXATION** | **2021** | 2020 |
|---|---|---|
| | **(Rupees)** | |
| Current Income Tax charge | **67,000,000** | 46,800,000 |
| Provision for Deferred Income Tax | **(74,222,697)** | (76,084,683) |
| Prior Year Adjustment | **-** | (5,399,283) |
| | **(7,222,697)** | (34,683,966) |

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, 2021 have been taxed @1.25% 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.

**36 LOSS PER SHARE - BASIC**

| | | |
|---|---|---|
| Loss for the Year | **(795,112,529)** | (886,326,102) |
| Weighted average number of shares in issue | **91,511,992** | 91,511,992 |
| Loss per Share - Basic | **(8.69)** | (9.69) |

**36.1** 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.

**37 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 | **2021** | | | 2020 | | | |
|---|---|---|---|---|---|---|---|
| | **Chief Executive** | **Executives** | **Total** | Chief Executive | Director | Executives | Total |
| | | **(Rupees)** | | | **(Rupees)** | | |
| Managerial Remuneration | **4,062,194** | **10,054,000** | **14,116,194** | 3,249,290 | 4,062,194 | 11,732,129 | 19,043,613 |
| House Rent Allowance | **1,827,987** | **4,524,300** | **6,352,287** | 1,462,181 | 1,827,987 | 5,279,458 | 8,569,626 |
| **Utilities** | **406,219** | **1,005,400** | **1,411,619** | 324,929 | 406,219 | 1,173,213 | 1,904,361 |
| Others | **3,600** | **21,300** | **24,900** | 3,600 | 3,600 | 21,600 | 28,800 |
| **Total** | **6,300,000** | **15,605,000** | **21,905,000** | 5,040,000 | 6,300,000 | 18,206,400 | 29,546,400 |
| Number of Persons | **1** | **8** | **9** | 1 | 1 | 6 | 8 |

Certain Directors and executives of the company are provided with free use of company maintained cars.

## 38 PLANT CAPACITY AND PRODUCTION

| | 2021 | 2020 |
|---|---|---|
| **Sugar Unit** | | |
| Rated crushing capacity per day (MT) | **8,000** | 8,000 |
| Cane crushed by the company (MT) | **340,759** | 230,906 |
| Sugar produced by the company (MT) | **33,936** | 24,375 |
| Days worked (Nos.) | **84** | 56 |
| Sugar Recovery (%) | **9.97%** | 10.55% |
| **Polypropylene Unit** | | |
| Annual Capacity in Tons | **4,455** | 4,455 |
| Capacity Utilization | **-** | 0% |
| **Board and Panel Unit** | | |
| Per Day Capacity (Number of Sheets) | **1,000** | 1,000 |
| Capacity Utilization | **50.19%** | 33.67% |
| **Distillery Unit** | | |
| Annual Capacity on the basis of 300 days (Tons) | **30,000** | 30,000 |
| Capacity Utilization | **87%** | 63% |

The company has not utilized the full capacity for the production due to working capital constraints and short supply of Raw material to the plant including No material Supplied for the Production to the Poly Propylene plant.

## 39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

## 40 Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk). The Company's overall risk management program focuses on the unpredictability of markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

**Exposure to Credit Risk**

Credit risk of the Company arises from long term loans, long term deposits, trade debts, short term loans, trade deposits, other receivables and bank balances. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

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

| | 2021 | 2020 |
|---|---|---|
| | Rupees | |
| Short term Investment | **-** | - |
| Trade Debts | **14,219,315** | 25,846,847 |
| Loans and Advances | **219,810,323** | 640,872,550 |
| Trade Deposits and Prepayments | **10,317,086** | 9,501,536 |
| Cash and Bank Balances | **60,224,879** | 33,329,240 |
| | **304,571,603** | 709,550,173 |

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 posses good credit ratings.

### 40.1 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

The following are the contractual maturities of financial liabilities:

| | 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 | **2,348,128,218** | **2,632,929,321** | **2,632,929,321** | -- | -- | -- | -- |
| Short Term Finances | **192,195,875** | **212,195,875** | **212,195,875** | -- | -- | -- | |
| Trade & Other Payables | **3,586,929,330** | **3,586,929,330** | **3,586,929,330** | -- | -- | -- | -- |
| Mark up payable | **12,009,624** | **12,009,624** | **12,009,624** | -- | -- | -- | -- |
| ***Total 2021*** | **6,139,263,047** | **6,444,064,150** | **6,444,064,151** | -- | -- | -- | -- |
| **Financial liabilities - Recognized** | | | | | | | |
| Term Finance Rescheduled | 2,348,128,218 | 2,634,062,728 | 2,348,128,218 | 285,934,510 | -- | -- | -- |
| Short Term Finances | 192,195,875 | 216,195,875 | 216,195,875 | -- | -- | -- | |
| Finance Lease Liability | 1,770,419 | 1,770,419 | 885,210 | 885,209 | -- | -- | -- |
| Trade & Other Payables | 3,277,779,184 | 3,277,779,184 | 3,277,779,184 | -- | -- | -- | -- |
| Mark up payable | 12,009,624 | 12,009,624 | 12,009,624 | -- | -- | -- | -- |
| ***Total 2020*** | 5,831,883,320 | 6,141,817,830 | 5,854,998,111 | 286,819,719 | -- | -- | -- |

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.

### 40.2 Market Risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of three types of risks: foreign currency risk, interest rate risk and other price risk. The market risks associated with the Company's business activities are discussed as under:

#### 40.2.1 Currency Risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currency. Currently, the Company is not exposed to currency risk as there are no foreign currency denominated receivables / payables as of the reporting date.

**40.2.2 Interest Rate Risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest ƒ mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements has variable rate pricing that is dependent on the Karachi Inter Bank Offered Rate (KIBOR) as indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

| | 2021 | 2020 |
|---|---|---|
| Financial Assets | | |
| Balance with banks | | |
| Variable rate instruments at carrying amounts: | Rupees | |
| Financial liabilities | | |
| Lease liabilities | **-** | 1,770,419 |
| Short term borrowings | **192,195,875** | 192,195,875 |
| | **192,195,875** | 193,966,294 |

**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:**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest /mark-up rate in terms of KIBOR has increased by 605 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant due to Company has not Providing Mark up on the loan as disclosed in note to the accounts.

| Effect on loss / profit due to change of 100 BPs | | |
|---|---|---|
| Increase | **1,921,959** | 1,921,959 |
| Decrease | **1,921,959** | 1,921,959 |

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

**40.3 Capital Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

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 or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term loan' and 'short term borrowings' as shown in the balance sheet). Following is the quantitative analysis of capital managed by the Company.

**40.4 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.

## 41 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings, comprise associated companies, staff retirement funds, directors and key management personnel. Transaction with related parties and associated undertakings, other than remuneration and benefits to key management personnel disclosed in the respective notes, are as follows:

| | **2021** | 2020 |
|---|---|---|
| | **Rupees** | |
| Sales Commission | **16,979,898** | 11,094,348 |
| Purchase | **19,931,270** | 5,898,659 |
| Sales | **3,868,956** | - |
| Provident fund Contribution | **4,232,667** | 4,924,919 |

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 37 above.

The receivable/payable balances with related parties as at September 30, 2021 are disclosed in the respective notes to the financial statements.

## 42 ADDITIONAL BUSINESS SEGMENT INFORMATION

| | Sugar Segment | | Polypropylene Segment | | Board & Panel Segment | | Distillery Segment | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| | | | | | (Rupees) | | | | | |
| Net Sales (Note 25) | **2,403,668,944** | 1,465,433,990 | **-** | - | **166,482,463** | 110,751,868 | **3,388,544,630** | 2,248,599,115 | **5,958,696,037** | 3,824,784,973 |
| Cost of Sales (Note 26) | **3,039,458,498** | 2,096,838,344 | **4,280,767** | 5,627,959 | **191,405,527** | 126,435,259 | **3,262,065,870** | 2,236,859,219 | **6,497,210,661** | 4,465,760,782 |
| Gross Profit(Loss) | **(635,789,554)** | (631,404,354) | **(4,280,767)** | (5,627,959) | **(24,923,064)** | (15,683,391) | **126,478,760** | 11,739,896 | **(538,514,624)** | (640,975,809) |
| Administrative Expenses (Note 27) | **43,356,424** | 61,851,928 | **95,413** | 106,958 | **512,933** | 943,195 | **27,667,178** | 28,889,414 | **71,631,948** | 91,791,495 |
| Selling & Distribution costs (Note 28) | **1,428,329** | 1,790,482 | **-** | - | **-** | - | **142,831,644** | 121,788,889 | **144,259,973** | 123,579,371 |
| | **44,784,753** | 63,642,410 | **95,413** | 106,958 | **512,933** | 943,195 | **170,498,822** | 150,678,302 | **215,891,922** | 215,370,865 |
| Segment Results | **(680,574,307)** | (695,046,763) | **(4,376,180)** | (5,734,917) | **(25,435,997)** | (16,626,586) | **(44,020,062)** | (138,938,407) | **(754,406,546)** | (856,346,673) |
| Segments Assets | **3,934,268,091** | 2,790,141,874 | **212,505,334** | 214,316,789 | **352,007,369** | 278,774,968 | **4,284,890,460** | 3,509,686,594 | **8,783,671,254** | 6,792,920,226 |
| Segments Liabilities | **1,796,032,459** | 2,155,860,802 | **(671,006)** | (3,419,815) | **73,415,210** | 51,593,367 | **1,954,238,150** | 1,793,532,979 | **3,823,014,813** | 3,997,567,334 |
| Property Plant & Equipment(WDV) | **3,564,827,076** | 2,359,978,840 | **204,824,498** | 206,581,883 | **266,839,467** | 206,486,990 | 2,829,641,501 | 1,839,639,548 | **6,866,132,543** | 4,612,687,261 |
| Capital Expenditure - Excluding revaluation excluding transfer from CWIP | **9,333,037** | - | **-** | - | | - | **9,160,226** | 20,370,455 | **18,493,263** | 20,370,455 |
| Depreciation | **223,855,494** | 247,867,819 | **4,171,432** | 4,615,007 | **9,943,094** | 8,555,977 | **121,037,340** | 94,563,022 | **359,007,360** | 355,601,825 |

**42.1** As at September 30, 2021 all non current assets of the company are located in Pakistan.

**42.2** The Company Exporting its Product to numerous Countries.

**43 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

Based on assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

**44 NUMBER OF EMPLOYEES**

| | **2021** | 2020 |
|---|---|---|
| Number of Head Office employees as at 30 September | **12** | 23 |
| Number of factory employees as at 30 September | **233** | 229 |
| Average number of employees during the year | **17** | 32 |
| Average number of factory employees during the year | **240** | 243 |

**45 GENERAL**

**i 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 and rounded off to nearest Rupee.

**ii Corresponding Figures**

Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. No major reclassification to report.

| | | |
|---|---|---|
| **Zeeshan Ashraf** | **Muhammad Ilyas Abdul Sattar** | **Haroon Iqbal** |
| Chief Executive Officer | Chief Financial Officer | Chairman Board of Director |

# PATTERN OF SHAREHOLDING UNDER REGULATION 37 (XX) (I) OF THE CODE OF CORPORATE GOVERNANCE
## AS ON SEPTEMBER 30, 2021

| Srl # | Categories of Shareholders | Number of Shareholders | Number of Shares held | % of Shareholding |
|---|---|---|---|---|
| 1. | **Associated Companies** | 2 | 5,788,938 | 6.33% |
| 2. | **NIT and ICP** | 6 | 1,641,284 | 1.79% |
| 3. | **Directors, CEO, their Spouses & Minor Children** | 7 | 4,000 | 0.00% |
| 4. | **Executives** | | | 0.00% |
| 5. | **Public Sector Companies & Corporations** | 12 | 122,819 | 0.13% |
| 6. | **Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds** | 1 | 71,935 | 0.08% |
| 7. | **Individuals** | 1,929 | 83,883,016 | 91.66% |
| | **TOTAL** | **1,957** | **91,511,992** | **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 | 3.16% |
| 1.2 | M/s Dewan Mushtaq Motors Co. (Pvt.) Limited | 1 | 2,894,469 | 3.16% |
| | | **2** | **5,788,938** | **6.33%** |
| 2. | **NIT and ICP** | | | |
| 2.1 | NATIONAL BANK OF PAKISTAN | 1 | 1,357 | 0.00% |
| 2.2 | NATIONAL BANK OF PAKISTAN,TRUSTEE WING | 1 | 100 | 0.00% |
| 2.3 | CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 1 | 1,366,432 | 1.49% |
| 2.4 | NATIONAL INVESTMENT TRUST LIMITED-ADMINISTRATION FUND | 1 | 44,818 | 0.05% |
| 2.5 | TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST | 1 | 7,749 | 0.01% |
| 2.6 | TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND | 1 | 220,828 | 0.24% |
| | | **6** | **1,641,284** | **1.79%** |
| 3. | **Directors, CEO, their Spouses & Minor Children** | | | |
| | **Directors and CEO** | | | |
| 3.1 | Mr. Haroon Iqbal | 1 | 1,000 | 0.00% |
| 3.2 | Mr. Aziz-Ul-Haque | 1 | 500 | 0.00% |
| 3.3 | Mr. Ghazanfar Badar Siddiqui | 1 | 500 | 0.00% |
| 3.4 | Syed Maqbool Ali | 1 | 500 | 0.00% |
| 3.5 | Mr. Muhammad Ashraf | 1 | 500 | 0.00% |
| 3.6 | Mr. Imran Ahmed Javed | 1 | 500 | 0.00% |
| 3.7 | Mrs. Nida Jamil | 1 | 500 | 0.00% |
| | | **7** | **4,000** | **0.00%** |
| **3.2** | **Spouses of Directors and CEO** | | | |
| 3.2.1 | | - | - | 0.00% |
| | | **-** | **-** | **0.00%** |
| **3.3** | **Minor Children of Directors and CEO** | | | |
| 3.3.1 | | - | - | 0.00% |
| | | **-** | **-** | **0.00%** |
| | | **7** | **4,000** | **0.00%** |

**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 | 2 | 61,302,772 | 66.99% |

**DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN**

| Srl # | Names | Date of Transaction | Number of Shares sold |
|---|---|---|---|

# THE COMPANIES ORDINANCE, 1984

**FORM 34**

(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 **30 09 2021**
4.

| Number of Shareholders | Shareholdings | | | | Total Shares held |
|---|---|---|---|---|---|
| 554 | 1 | - | 100 | Shares | 14,267 |
| 514 | 101 | - | 500 | Shares | 135,396 |
| 190 | 501 | - | 1,000 | Shares | 170,978 |
| 384 | 1,001 | - | 5,000 | Shares | 1,068,626 |
| 127 | 5,001 | - | 10,000 | Shares | 1,035,481 |
| 62 | 10,001 | - | 20,000 | Shares | 964,548 |
| 35 | 20,001 | - | 30,000 | Shares | 900,082 |
| 19 | 30,001 | - | 40,000 | Shares | 658,146 |
| 16 | 40,001 | - | 50,000 | Shares | 754,707 |
| 3 | 50,001 | - | 60,000 | Shares | 170,500 |
| 4 | 60,001 | - | 70,000 | Shares | 267,000 |
| 3 | 70,001 | - | 80,000 | Shares | 226,795 |
| 1 | 80,001 | - | 90,000 | Shares | 89,000 |
| 8 | 90,001 | - | 100,000 | Shares | 772,667 |
| 5 | 100,001 | - | 120,000 | Shares | 545,018 |
| 3 | 120,001 | - | 140,000 | Shares | 389,459 |
| 5 | 140,001 | - | 200,000 | Shares | 897,500 |
| 1 | 200,001 | - | 220,000 | Shares | 212,131 |
| 4 | 220,001 | - | 240,000 | Shares | 925,112 |
| 2 | 240,001 | - | 300,000 | Shares | 542,850 |
| 1 | 300,001 | - | 450,000 | Shares | 450,000 |
| 1 | 450,001 | - | 500,000 | Shares | 481,866 |
| 1 | 500,001 | - | 600,000 | Shares | 502,500 |
| 1 | 600,001 | - | 700,000 | Shares | 696,500 |
| 2 | 700,001 | - | 800,000 | Shares | 1,480,720 |
| 3 | 800,001 | - | 1,000,000 | Shares | 2,958,500 |
| 1 | 1,000,001 | - | 1,400,000 | Shares | 1,366,432 |
| 1 | 1,400,001 | - | 1,500,000 | Shares | 1,431,665 |
| 1 | 1,500,001 | - | 1,900,000 | Shares | 1,864,382 |
| 1 | 1,900,001 | - | 2,500,000 | Shares | 2,447,454 |
| 2 | 2,500,001 | - | 3,000,000 | Shares | 5,788,938 |
| 1 | 3,000,001 | - | 7,000,000 | Shares | 6,157,361 |
| 1 | 7,000,001 | - | 55,500,000 | Shares | 55,145,411 |
| **1957** | | | | **TOTAL :-** | **91,511,992** |

| 5. | Categories of Shareholders | Shares held | Percentage |
|---|---|---|---|
| 5.1 | Directors, Chief Executive Officer, their spouses and minor children | 4,000 | 0.00% |
| 5.2 | Associated Companies, undertakings and related parties | 5,788,938 | 6.33% |
| 5.3 | NIT and ICP | 1,641,284 | 1.79% |
| 5.4 | Banks, Development Financial Institutions, Non-Banking Finance | - | 0.00% |
| 5.5 | Insurance Companies | 71,935 | 0.08% |
| 5.6 | Modarabas and Mutual Funds | - | 0.00% |
| 5.7 | Shareholders holding 5% | 61,302,772 | 66.99% |
| 5.8 | General Public | | |
| | a. Local | 83,883,016 | 91.66% |
| | b. Foreign | - | 0.00% |
| 5.9 | Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees) | 122,819 | 0.13% |

# DEWAN SUGAR MILLS LIMITED
# 40th 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 40th Annual General

Meeting of the Company to be held on **Thursday, January 27, 2022, at 11:00 a.m.**

adjournment thereof.

Signed this ______________________________ day of ______________________2022.

Affix
Revenue
Stamp
Rs. 5/-

**Signature** ___________________________

Witness: _______________________
**Signature**
Name: _______________________
Address: _______________________
_______________________

Witness: _______________________
**Signature**
Name: _______________________
Address: _______________________
_______________________