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COMPANY INFORMATION

Board of Directors	:	**Dewan Muhammad Yousuf Farooqui** Chairman/Chief Executive **Dewan Abdul Rehman Farooqui** **Dewan Asim Mushfiq Farooqui** **Dewan Abdullah Ahmed Swaleh Farooqui** **Dewan Abdul Baqi Farooqui** **Haroon Iqbal** **Syed Sajid Hussain Naqvi**
Audit Committee	:	**Haroon Iqbal** -Chairman **Syed Sajid Hussain Naqvi** -Member **Dewan Abdul Baqi Farooqui** -Member
Auditors	:	**Feroze Sharif Tariq & Co.** Chartered Accountants
Chief Financial Officer	:	**Muhammad Ilyas Abdul Sattar**
Company Secretary	:	**Syed Muhammad Salahuddin**
Tax Advisor	:	**Sharif & Company** Advocates
Bankers	:	National Bank of Pakistan Summit Bank Limited Habib Bank Limited Standard Chartered Bank Limited NIB Bank Limited Meezan Bank Limited Silk Bank Limited Bank of Punjab Limited Bank of Khyer Limited
Registered Office	:	Finance & Trade Centre Block-A, 7th Floor Shahrah-e-Faisal, Karachi.
Share Registrar/ Transfer Agent	:	BMF Consultants Pakistan (Pvt) Limited Anum Estate Building, Room No. 310 & 311 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal Adjecent Baloch Colony Bridge, Karachi, Pakistan
Factory	:	Jillaniabad, Budho Talpur, Taluka: Mirpur Bathoro District: Thatta Sindh Pakistan.

The Vision Statement

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

Mission Statement

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

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

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

In Allah We Believe & In People We Trust

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

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of **Dewan Sugar Mills Limited** ("*DSML*" or "*the Company*") will be held on Monday, January 30, 2012, at 09:30 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 Monday, January 31, 2011;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended September 30, 2011, 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, approve and fix the remuneration of Director of the Company.
5. To consider any other business with the permission of the Chair.

By order of the Board

Syed Muhammad Salahuddin
Company Secretary

Karachi: December 30, 2011

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from January 24, 2012 to January 30, 2012 (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 Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal Adjecent Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan.

a) For Attending Meeting:

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.

ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

DIRECTORS' REPORT 2011

We are pleased to welcome you to the 30th Annual General meeting of the Company, and present before you the company's "Annual Report 2011", which includes the audited financial statements of the company in respect of the financial year ended as on September 30, 2011, together with the auditors report thereon.

FINANCIAL RESULTS

Operation	2011	2010
Sugarcane crushed in M. Tons	**451,366**	615,722
Sugar produced in M. Tons	**40,942**	59,906
Average Sugar recovery %	**9.04%**	9.73%
Financial		
Sale in PKR		
- Sugar (local)	**2,392,537,311**	4,203,599,432
Gross (Loss)/ Profit	**(169,170,813)**	119,891,010
Net Loss after tax	**(432,374,087)**	(48,737,155)
Key performance indicators		
- G.P % to sales	**(4.95%)**	2.77%
- Net Loss % to sales	**(12.65%)**	(1.12%)
- EPS	**(11.84)**	(1.33)

PERFORMANCE REVIEW OF THE COMPANY IN SEASON 2010-2011

PLANT PERFORMANCE

Sugar Operations

During the season 2010-11 limited availability of sugar cane was more or less the same as compared to last crushing season due to reduction in area under cultivation, lower yield and flood. The company started crushing on January 23, 2011 continued till March 30, 2011, due to delay in closer in re-structuring. At the start of the season, Sindh Government had fixed the minimum support price of sugarcane at Rs.127/- per 40kg, which depicts 25% increase over the last period, despite increase in the support price, the sugarcane was not supplied to the mills. Due to this fabricated shortfall of sugarcane, the prices jumped up to Rs.210/- per 40 kg. Approximately 65% higher than the official price. The company was able to crush 451,366 M. Tons with an average recovery of 9.04% as compared to last years 615,722 M. Tons (including 141,612 M. Tons of Khoski Plant and 232,777 M. Tons under Tolling arrangement) with an average recovery of 9.73% and sugar production of 40,942 MT as compared to 59,906 MT last season. The main reason for current year low production was that the Company had terminated toll manufacturing arrangement with Bawany Sugar Mills Ltd. During the year the company has sold out its Khoski unit as part of the restructuring . However, Sujawal plant showed 87% improvement as compared to last crushing season. The results would have been much better if the quality of sugarcane had been better and timely availability of the working capital during the crushing period, which would have positively contributed to the profitability of the Company.

Polypropylene Operations

The polypropylene segment mainly required imported raw material and due to blockage of imports lines facilities this segment could not able to contribute and thus remain un-operative during the year.

Board & panel Operations

The Chip Board plant having capacity of 365,000 sheets per annum could only produced 11,405 sheets as compared to 4,240 sheets last year. The only reason of non utilization of this plant is financial crunch faced by the company.

Distillery Operations

Alhamdulillah the plant started its operation in the last week of December, 2010 and produced 20,009 tons of industrial alcohol whereas no production was reported last year. This segment plays an important role in generating revenue. The demand of ethanol is rising globally due to increase in the requirement of fuel consumption. It can be used as bio-fuel alternative for gasoline and widely used in cars mainly in Brazil & other Europeans countries. Countries like Japan, India and China are going to be net importer in years to come; this will increase global demand for ethanol. Rising fossil fuel prices has induced replacement of synthetic alcohol by bio-ethanol which is creating demand supply situation in the chemical feed stock market. We are confident that in future this unit will play very important role towards taking ahead the company to the competitive edge.

With the grace of Almighty Allah, we have successfully completed re-profiling of our debt from all our banks / financial institutions. All short term/long term loans of the Company have been rescheduled in the shape of long term loans which will be repaid in ten [10] years with no mark up on principal outstanding.

The banks / financial institutions also have agreed to provide working capital to the Company by providing cash finance and pledge facility in proportion to the loan amount. This will streamline the funding requirement of the Company which will ultimately help the management to run the plant smoothly with optimum production capacity. As a part of restructuring, the steering committee of the financial institutions has sold the assets of Khoski. All the proceeds from the sale of assets were proportionately adjusted among the existing lenders liability. The detail of restructuring are fully explained in Note-19.1 to the financial statements.

The restructuring is beneficial for all related parties i.e. the banks, the shareholders, the vendor companies and downstream industry, the Company and its employees as well as for the country.

FUTURE OUTLOOK OF SUGAR INDUSTRY FOR 2011-2012

The crushing season for 2011-12 started on 21st December, 2011 the sugarcane survey estimated an increase of 15% in Sindh as compared to last season, but the crop in the lower sindh has been damaged due to heavy rains and standing water in the fields, therefore overall recovery will also be affected, resulting higher cost and lower production. This year the official announcement of crushing season was 1st November, 2011, but due to heavy rain and standing water in the fields most of mills in Sindh could not start their crushing on official date. Minimum support price of sugarcane was fixed Rs.154/- per 40 kg. as compared to Rs.127/- last year which is 21% higher, however Prices of white sugar internationally as well as local is very depressed. Pakistan is 4th largest producer of white refined sugar after Brazil, India and China.

Government should take some bold decision to save this important industry. Main measures to be taken as

- introducing high yielding variety of seeds
- providing of initial working capital
- allowing export of white refined sugar

By above measures will result in improved sugarcane yield per hector increase in recovery of sucrose contents production, of white refined sugar and bring the cost of production lower thus resulting in increase in export will also help to keep the prices on stable level locally and will also generate foreign exchange for the country.

AUDITORS REPORT

The Auditors have qualified their report on the following basis, which are duly explained as under:

Gratuity

The Company has not made payment to the provident fund for the accumulated Gratuity amount as disclosed in note 21.1 to the financial statements, due to liquidity problem; however the management has strong intention to pay the entire amount as soon as the funds are available.

Provision of Mark-up

The Company has not provided mark up amounting to Rs.7.5 million for the year ended September 30, 2011 and (cumulative markup Rs. 20.63 million) on mark up bearing liabilities of certain leasing companies as the company is in litigation with them as disclosed in note 26.1 (b). One leaseing company has already accepted our proposal for rescheduling of the debt; and hopefully the two remaining leasing companies will also reschedule their debt as soon as the settlement agreement is signed.

Going Concern Assumption

In para “g” auditors indicated doubt about the companys’ ability to continue as a going concern. The management is of the view that this situation is temporary and will be reversed in future, as the company has successfully negotiated reprofiling of its entire debts as fully disclosed in note19 to the financial statements. The management is quite hopeful that the company operations will be revived in the near future; and Insha Allah the company will continue as a going concern.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORKÊ

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

- Financial Statements present fairly its state of affairs, the results of its operations, cash flows and change in equity.

- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance applicable at 30 September 2011.
- There has been no trading during the year in the shares of the company carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.
- Key operating & financial data for last six years is enclosed with the report.
- During current year, 6 meetings of the Board of directors were held. Record of attendance of members of the Board in its meetings is as under:

Members of the Board of Directors	Number of meetings attended
Dewan Muhammad Yousuf Farooqui	6
Dewan Asim Mushfiq Farooqui	4
Dewan Abdul Rehman Farooqui	6
Dewan Abdullah Ahmed Swaleh Farooqui	0
Dewan Abdul Baqi Farooqui	5
Haroon Iqbal	6
Azizul Haque	3
M.A. Lodhi	1
Syed Sajid Hussain Naqvi	2

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

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

AUDIT COMMITTEE

The audit committee comprises of the following members.

Haroon Iqbal	– Chairman
Dewan Abdullah Ahmed Swaleh Farooqui	– Member
Dewan Abdul Baqi Farooqui	– Member

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.166.463 million under the head of Sales Tax, Custom Duty, and Income Tax and other statutory levies.

ENVIRONMENT

Environmental protection issues are always considered on a higher priority than profit concerns. 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.

DIVIDEND

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

Earning per share (EPS)

The EPS is Rs (11.84)

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 Muhammad may Allah peace be upon him for continued showering of his Blessings, Guidance, Strength, Health and Prosperity on us our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brother hood 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

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Karachi: December 30, 2011.

FINANCIAL HIGHLIGHTS

(Rupees in Thousand)

	2011	2010	2009	2008	2007	2006
TURNOVER	**3,573,342**	4,545,984	2,752,401	6,200,501	4,585,496	7,262,919
LESS GOVT. LEVY & COMMISSION	**156,269**	212,319	313,351	730,884	563,413	958,299
SALES (NET)	**3,417,072**	4,333,665	2,439,050	5,469,617	4,291,083	6,304,621
GROSS (LOSS) / PROFIT	**(169,171)**	119,891	19,346	42,394	152,245	484,897
PROFIT/(LOSS) BEFORE TAX	**(482,635)**	49,056	(471,094)	(740,698)	(352,070)	131,035
PROFIT/(LOSS) AFTER TAX	**(432,374)**	(48,737)	(233,584)	(539,303)	(212,019)	38,150
GROSS ASSETS EMPLOYED	**5,253,377**	6,389,066	6,337,586	6,932,735	7,104,304	7,059,695
CURRENT ASSETS	**2,140,497**	1,921,563	2,641,850	2,958,176	3,162,167	2,959,229
SHAREHOLDERS EQUITY	**(278,063)**	(74,476)	(96,443)	(2,534)	572,339	746,031
LONG TERM DEBTS & DEFERRED LIABILITIES	**3,439,102**	815,886	898,370	851,396	1,281,516	1,793,374
CURRENT LIABILITIES	**1,305,468**	4,236,366	4,627,235	5,082,850	4,143,035	3,294,014
GROSS (LOSS) / PROFIT(%)	**(4.95)**	2.77	0.79	0.78	3.55	7.69
CURRENT RATIO	**1.64**	0.45	0.57	0.58	0.76	0.90
NUMBER OF SHARES ISSUED	**36,511,992**	36,511,992	36,511,992	36,511,992	36,511,992	36,511,992
EARNINGS PER SHARE	**(11.84)**	(1.33)	(6.40)	(14.77)	(5.81)	1.04
PRODUCTION						
VOLUME (TONS) - SUGAR (Including from raw sugar and under tolling arrangements)	**40,942**	59,906	55,040	210,125	143,013	178,367
-POLYPROPYLENE	**-**	-	1,036	2,470	3,024	4,050
NO.OF SHEETS - BOARD & PANEL	**11,405**	4,240	113,387	411,971	396,439	301,200
ETHANOL TONS	**20,009**	-	5,610	25,819	27,152	-

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulation of the Karachi and Lahore Stock Exchanges, for the purpose of establishing the framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its board. The entire Board of the Directors comprises of non executive directors.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors are a members of Stock Exchange.

4. Casual vacancy occurring in the Board during the financial year were duly filled by the Board.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed as a token of acknowledgement by all the directors and employees of the company.

6. The Board has developed a vision/mission statement, overall coporate strategy and formulated the significat policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman, whenever he was available, and in his absence by a Director elected by the Board for this purpose, and the Board has met once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated to the members of the board at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Board arranged an annual orientation course for its directors to apprise them of their duties and responsibilities.

10. The Board had approved the appointment of CEO, Head of Internal Audit and Company Secretary, including their remuneration and terms and conditions of employment.

11. The Directors' report for this period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company, other than that which has already been disclosed in the attached pattern of shareholdings.

14. The company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of 3(three) members, who are non- executive directors.

16. The meetings of the audit committee were held at least once every quarter, prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the comittee for compliance.

17. The Board has set-up and effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control review program of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.

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

20. We confirm that all other material principles contained in the Code have been complied with.

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Dated: December 30, 2011
Karachi.

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OFCOMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

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

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the board's statement on internal control covers all controls, and the effectiveness of such controls.

Further, Sub-Regulation (xiii) of Listing Regulation on 35 (previously Regulation no 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Director for their consideration and approval related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transaction are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year September 30, 2011.

Feroze Sharif Tariq & Co.

Place: Karachi

Date: December 30, 2011

Engagement partner: Mohammad Tariq

Feroze Sharif Tariq & Co.
CHARTERED ACCOUNTANTS

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN SUGAR MILLS LIMITED** as at September 30, 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

a) The company has not made payment to the provident fund for the accumulated Gratuity amount as disclosed in note 21.1 to the financial statements.

b) The company has not provided mark up amounting to Rs. 7.5 million for the year ended September 30, 2011 on its liabilities subject to finance lease as the company is in litigation with the leasing company as disclosed in note 26.1(b) to the financial Statements (cumulative markup Rs. 20.63 million). Had the company provided the markup its loss for the year would have been increased by Rs. 7.5 million and accrued mark up by Rs. 20.63 million.

c) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

d) In our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

e) In our opinion, except for the matter in Para (a) and (b) of this report and the extent to which this may affect the accompanying financial statements and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account ,statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at September 30, 2011 and of the Loss its ,Comprehensive Income Cash flow and Changes in Equity for the year then ended; and

f) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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g) Without Further Qualifying our opinion, we draw attention of the members to the financial statements of the company for the year ended September 30, 2011 which reflect loss after taxation of Rs. 1.096 billion and as of that date it has accumulated losses of Rs. 833.183 million which has eroded its capital resulted in net capital deficiency of Rs. 278.063 million. These conditions indicated the existence of material uncertainty which may cast significant doubt about the company's ability to continue as going concern.

Feroze Sharif Tariq & Co.
CHARTERED ACCOUNTANTS

Date: December 30, 2011
Place: Karachi

Audit Engagemnet Partner: Mohammad Tariq

BALANCE SHEET
AS AT SEPTEMBER 30, 2011

	Notes	2011	2010
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	**3,112,879,709**	4,467,473,283
Long Term Deposits	6	**-**	29,950
CURRENT ASSETS			
Stores, Spares and Loose Tools	7	**414,820,036**	469,051,334
Stock-in-Trade	8	**443,832,651**	109,123,922
Trade Debts - Unsecured, Considered Good	9	**33,465,540**	33,599,017
Loans and Advances - Unsecured, Considered Good	10	**1,113,092,814**	1,230,903,401
Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities	11	**23,267,327**	32,847,784
Other Receivables -Unsecured Considered Good		**3,618,166**	2,268,618
Income Tax Refunds and Advances		**29,733,757**	12,731,871
Short term Investment - Related Party	12	**41,496,000**	17,881,500
Cash and Bank Balances	13	**37,170,523**	13,155,607
		2,140,496,814	1,921,563,054
		5,253,376,523	6,389,066,287
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
50,000,000 (2010: 50,000,000) Ordinary Shares of Rs. 10/- each		**500,000,000**	500,000,000
Issued, Subscribed and Paid-up Capital	14	**365,119,920**	365,119,920
Reserves and Surplus	15	**(643,183,077)**	(439,596,129)
		(278,063,157)	(74,476,209)
Surplus on Revaluation of Property, Plant & Equipment (Net)	16	**786,870,075**	1,411,291,283
NON-CURRENT LIABILITIES			
Redeemable Capital - Secured, Non-Participatory	17	**-**	-
Term Finance - Secured	18	**-**	356,768,581
Reshedule Term Finance	19	**3,343,407,869**	-
Liabilities Against Assets Subject to Finance Lease -Secured	20	**-**	96,270
Deferred Liabilities	21	**95,694,201**	459,020,699
CURRENT LIABILITIES			
Trade and Other Payables - Unsecured	22	**745,612,302**	772,488,909
Interest, Profit, Mark-up Accrued on Loans and Other Payables	23	**7,600,935**	336,078,945
Short Term Finances - Secured	24	**224,864,132**	2,118,202,935
Current Portion of Non-Current Liabilities	25	**236,713,378**	953,918,086
Provision for Taxation		**90,676,788**	55,676,788
		1,305,467,535	4,236,365,663
Contingencies & Commitments	26	**-**	-
		5,253,376,523	6,389,066,287

The annexed notes form an integral part of these financial statements

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Haroon Iqbal
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Notes	2011	2010
		(Rupees)	
Sales - net	27	**3,417,072,437**	4,333,664,944
Cost of Sales	28	**(3,586,243,250)**	(4,213,773,934)
Gross (Loss)/ Profit		**(169,170,813)**	119,891,010
Administrative and General Expenses	29	**(64,550,650)**	(52,312,334)
Distribution and Selling Costs	30	**(49,906,697)**	(11,103,123)
Other Operating Income	31	**2,081,027**	1,187,286
Other Operating Charges	32	**(146,535,000)**	(2,519,421)
(Loss)/Profit from Operations		**(428,082,133)**	55,143,418
Finance Cost	33	**(54,552,642)**	(6,087,129)
(Loss)/Profit before Income Tax		**(482,634,775)**	49,056,289
Taxation	34	**50,260,688**	(97,793,444)
Loss for the Year (after Income Tax)		**(432,374,087)**	(48,737,155)
Loss per Share - Basic	35	**(11.84)**	(1.33)

The annexed notes form an integral part of these financial statements

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Haroon Iqbal
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2011	2010
	(Rupees)	
Loss for the year	**(432,374,087)**	(48,737,155)
Other comprehensive income:		
Loss on Sales of Assets (Khoski unit)	**(688,111,036)**	-
Available for sale financial assets:		
Change in fair value	**23,614,500**	(10,510,500)
	(1,096,870,623)	(59,247,655)

The annexed notes form an integral part of these financial statements

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Haroon Iqbal
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	2011	2010
	(Rupees)	
Cash Flow from Operating Activities		
(Loss)/Profit Before Taxation	(482,634,775)	49,056,289
Adjustment for Non-Cash and Other Items:		
Depreciation	285,485,020	210,395,019
Financial Charges	54,552,642	6,087,129
Loss/(Gain) on Disposal of Property, Plant & Equipment	--	37,986
Growers Loan Written Off	146,535,000	--
	486,572,662	216,520,134
	3,937,887	265,576,423
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Current Assets		
Stores and Spares	(64,653,228)	(77,997,155)
Stock in Trade	(334,708,729)	639,256,409
Trade Debts	133,477	6,818,718
Loans and Advances	146,867,840	75,348,664
Trade Deposits, Prepayments & Other Balances	9,580,457	7,331,823
Other Receivables	(1,349,548)	15,128,902
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	57,162,603	(373,310,471)
Short Term Finances	206,436,240	(197,922,329)
	19,469,112	94,654,561
Taxes Paid	(17,001,886)	(13,346,884)
Financial Charges Paid	(20,732,439)	(25,817,391)
Gratuity Paid	(9,203,339)	(4,460,620)
	(46,937,664)	(43,624,895)
Net Cash Flows from Operating Activities	(23,530,665)	316,606,089
Cash Flow from Investing Activities		
Long Term Deposits	29,950	4,628,300
Fixed Capital Expenditure	(117,961)	(100,372,373)
Proceed from Sales of Property, Plant & Equipment	500,000,000	200,000
Net Cash Out Flows from Investing Activities	499,911,989	(95,544,073)
Cash Flow from Financing Activities		
Sponsors Loans	--	(196,605,453)
Syndicated Term Finance - Secured	(452,225,000)	--
Lease Finance	(141,408)	(21,913,961)
Net Cash Out Flows from Financing Activities	(452,366,408)	(218,519,414)
Net Increase in Cash and Bank Balances	24,014,916	2,542,602
Cash and Bank Balances at Beginning of the year	13,155,607	10,613,005
Cash and Bank Balances at the end of the year	37,170,523	13,155,607

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

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Haroon Iqbal
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Issued Subscribed & Paid-up-Capital	General Reserve	Surplus on Revaluation of Investment	Impairment Loss on Investment to be charged Oct-08-Dec2009	Accumulated Profit/(Loss)	Total
			(Rupees)			
Balance as on October 01, 2009	365,119,920	190,000,000	--	(24,230,375)	(627,332,492)	(96,442,947)
Total comprehensive Loss for the year	--	--	--	24,230,375	(83,478,030)	(59,247,655)
Transfer of incremental depreciation on the revalued items of property, plant and equipment, from the Surplus account (Net of Tax)	--	--	--	--	81,214,393	81,214,393
Balance as on September 30, 2010	365,119,920	190,000,000	--	--	(629,596,129)	(74,476,209)
Total comprehensive Loss for the period	--	--	--	--	(1,096,870,623)	(1,096,870,623)
Transfer of incremental depreciation on the revalued items of property, plant and equipment, from the Surplus account (Net of Tax)	--	--	--	--	102,945,696	102,945,696
Transfer of Surplus on Revaluation of Assets Disposed during the year	--	--	--	--	790,337,979	790,337,979
Balance as on September 30, 2011	**365,119,920**	**190,000,000**	**--**	**--**	**(833,183,077)**	**(278,063,157)**

The annexed notes form an integral part of these financial statements

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Haroon Iqbal
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2011

1. Corporate Information

Dewan Sugar Mills Limited (the Company) was incorporated in Pakistan, as a public Limited company on June 27, 1982, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The registered office of the company is situated at 7th Floor, Block A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at Jillaniabad, Budho Talpur, Taluka: Mirpur Bathoro, District: Thatta, Sindh, Pakistan. The Principal activity of the Company is production and sale of white crystalline refined sugar, processing and trading of by-products, and other related activities and allied products. The company employed 757 persons (2010:760 persons) at the balance sheet date.

1.1 During the year company has sold out its unit for manufacturing of sugar at Khoski. Which contributes to the company's cane crushing capacity maximum up to 4,000 tons per day out of total crushing capacity of 12,000 tons.

1.2 During the year the Company and lenders approached to the High Court of Sindh, at Karachi through application under order 13 rule 3 for granting compromise decree which was granted on 18th February 2011. On the request of Company the Lenders of Company's have agreed jointly to accept a repayment plan for the outstanding debts. .As a part of such repayment plan the Company admits and acknowledges all claimed by the lenders are due and liable to pay the same shall be the decretal amount for the purpose of this compromise and consent decree. which is described in detail in note 19.1 to these financial statements.

2 Statement of Compliance

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

2.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS ARE EFFECTIVE DURING THE YEAR

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

The Company has adopted the following new amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 - Group Cash -settled Share-based Based Payment Arrangements
IAS 32 - Financial Instruments: Presentation- Classification of Rights issues (Amendments)
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

IMPROVEMENTS TO VARIOUS STANDARDS ISSUED BY IASB

Issued in 2009
IFRS 5 - Non current assets Held for Sale and Discontinued operations
IFRS 8 - Operating Segments
IAS 1 - Presentation of Financial Statements
IAS 7 - Statement of Cash flows Presentation of Financial Statements
IAS 17 - Leases
IAS 36 - Impairment of Assets
IAS 39 - Financial Instruments: Recognition and Measurement

Issued in May 2010
IFRS 3 - Business Combinations
IAS 27 - Consolidated and separate Financial Statements

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

The company has not early adopted any standard, interpretations or amendment that has been issued but is not yet effective.

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

Standards, interpretations and amendments	**Effective date (accounting periods beginningon or after)**
IAS - 1 Presentation of Financial statements - amendments to revise the way other comprehensive income Presentated	January 01, 2011
IFRS 7 Financial Instruments: Disclosures - Amendments enhancing disclosures about transfers of financial assets	January 01, 2010
IAS - 12 Income tax (Amendment)- Deferred taxes: Recovery of underlying assets.	January 01, 2011
IAS - 19 Employees Benefits- Amended Standard resulting from the post- employment benefits and termination benefits projects.	January 01, 2011
IAS - 24 Related Party Disclosures (Revised)	January 01, 2011
IFRIC 14 Prepayments of a Minimum Funding Requirements (Amendment)	January 01, 2011

The Company expects that the adoption of the above revisions, interpretations and amendments of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB . Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's 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.

Standards	**IASB Effective date (Annual periods beginning on or after)**
IFRS 9 - Financial Instruments	January 01, 2015
IFRS 10 - Consolidated financial Statements	January 01, 2013
IFRS 11 - Joint Arrangements	January 01, 2013
IFRS 12 - Disclosure of interest in Other Entities	January 01, 2013
IFRS 13 - Fair Value Measurement	January 01, 2013

2.3 Significant Accounting Judgements, 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:

2.3.1 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.

2.3.2 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.

2.3.3 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.

2.3.4 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.

2.3.5 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 recognised in the Profit and loss account.

3. Approval of Financial Statements

These financial statements were resolved as approved by the Board of Directors and authorized for issue on December 30 , 2011

4 Significant Accounting Policies

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except revalued assets which are stated at revalued amounts and certain investments which are carried at their fair value.

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 and cost of living allowance.

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.

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 lease hold land which is stated at cost, and capital works in progress which are stated at cost accumulated up to the balance sheet date.

Leased

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

Depreciation

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

Depreciation on Plant and Machinery of Board & Panel Unit, Poly Propylene Unit & Distillery Unit on unit of production method. In accordance with the IAS-16 every Company should select the method for charging depreciation that most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The Method is applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits. The IAS further requires that such pattern of flow of economic benefits should be periodically reviewed and reassessed.

Repairs, Renewals and Maintenance

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

Disposal / Retirement of Assets

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

Capital Works-in-Progress

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

Surplus on Revaluation

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

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

4.6 Leases

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

4.7 Investment in Related Parties

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

4.8 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 balance sheet.

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

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

4.14 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. Financial Instruments

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

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

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

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

4.17 Cash and Cash Equivalents

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

4.18 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.

4.19 Related Party Transactions and Transfer Pricing

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

4.20 Loans, Advances and Other Receivables

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

4.21 Short Term and Long Term Loans

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

4.22 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.

4.23 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.

5 Property, Plant and Equipment

	Notes	2011	2010
		Rupees	
Operating Property, Plant and Equipment	**5.1**	**3,112,879,709**	4,467,473,283

5.1 Operating Property, Plant and Equipment

PARTICULARS	COST			Rate %	DEPRECIATION			Written Down Value as at September 30, 2011
	As at October 01, 2010	Addition/ Transfer (Disposals)	As at September 30, 2011		As at October 01, 2010	For the year / (Adjustment)	As at September 30, 2011	
Free Hold Land	108,212,531	(57,600,000)	**50,612,531**	--	--	--	--	**50,612,531**
Factory Building on Free Hold Land	1,018,437,111	(394,608,823)	**623,828,288**	10	401,829,719	40,813,727 (115,122,407)	327,521,039	**296,307,249**
Labour Quarters on Free Hold Land	352,203,848	--	**352,203,848**	25	215,811,241	30,450,091	246,261,332	**105,942,516**
Plant and Machinery Owned	5,051,614,706	(987,664,455)	**4,063,950,251**	10	1,666,814,534	200,398,799 (258,485,364)	1,608,727,969	**2,455,222,282**
Leased	164,041,068	--	**164,041,068**	10	12,812,993	4,457,543	17,270,536	**146,770,532**
Furniture and Fixtures	44,175,821	(1,103,537)	**43,072,284**	10	29,818,093	1,328,936 (442,262)	30,704,767	**12,367,517**
Office Equipment	53,943,435	117,961 (3,780,740)	**50,280,656**	10	31,949,026	1,957,124 (1,481,007)	32,425,143	**17,855,513**
Vehicles								
Owned	139,658,966	--	**139,658,966**	20	108,474,474	5,586,403	114,060,877	**25,598,089**
Leased	4,616,000	--	**4,616,000**	20	1,920,123	492,397	2,412,520	**2,203,480**
2011	**6,936,903,486**	**117,961 (1,444,757,555)**	**5,492,263,892**		**2,469,430,203**	**285,485,020 (375,531,041)**	**2,379,384,183**	**3,112,879,709**

PARTICULARS	COST				Rate %	DEPRECIATION			Written Down Value as at September 30, 2010
	As at October 01, 2009	Addition/ Transfer (Disposals)	Revaluation	As at September 30, 2010		As at October 01, 2009	For the year / (Adjustment)	As at September 30, 2010	
Free Hold Land	86,053,029	--	22,159,502	108,212,531	--	--	--	--	108,212,531
Factory Building on Free Hold Land	860,492,552	19,021,959	138,922,600	1,018,437,111	10	353,204,030	48,625,685	401,829,715	616,607,396
Labour Quarters on Free Hold Land	233,773,333	--	118,430,515	352,203,848	25	210,648,560	5,162,681	215,811,241	136,392,607
Plant and Machinery Owned	3,940,734,465	444,174,454 59,562,272	607,143,515	5,051,614,706	10	1,517,014,052	145,148,160 4,652,317	1,666,814,529	3,384,800,177
Leased	223,603,340	-- (59,562,272)	--	164,041,068	10	17,465,310	-- (4,652,317)	12,812,993	151,228,075
Furniture and Fixtures	44,175,821	--	--	44,175,821	10	28,301,434	1,516,667	29,818,101	14,357,720
Office Equipment	53,907,228	36,207	--	53,943,435	10	29,627,536	2,321,492	31,949,028	21,994,407
Vehicles									
Owned	123,760,966	-- 16,677,000 (779,000)	--	139,658,966	20	94,464,837	6,254,365 8,296,285 (541,014)	108,474,473	31,184,493
Leased	21,293,000	-- (16,677,000)	--	4,616,000	20	8,850,439	1,365,969 (8,296,285)	1,920,123	2,695,877
2010	5,587,793,734	463,232,620 (779,000)	886,656,132	6,936,903,486		2,259,576,198	210,395,019 (541,014)	2,469,430,204	4,467,473,283

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

	2011	2010
	Rupees	
Cost of Sales		
Sugar Unit	**235,305,257**	188,009,139
Polypropylene Unit	**3,733,492**	2,617,553
Board and Panel Unit	**4,993,991**	3,840,617
Distillery Unit	**35,126,820**	8,279,381
Administrative and General Expenses		
Sugar Unit	**5,847,023**	7,093,407
Polypropylene Unit	**185,506**	228,885
Board and Panel Unit	**53,045**	60,810
Distillery Unit	**239,886**	265,227
	285,485,020	210,395,019

5.1b The company arranged a revaluation of Property, Plant and Machinery of its Sugar, Polypropylene, Distillery and Board & Panel units resulting in incremental surplus of Rs.886,656,132/- as at September 30, 2010. The surplus had been added to the carrying amount of these fixed assets and credited to the surplus on revaluation of fixed assets account under Section 235 of the Companies Ordinance, 1984. These assets were revalued by M/s .Asif Associates (Private) Limited on the 'Prevailing Market Basis'. Had there been no such revaluation made by the company, the written down values of these assets would have been as under:

Factory building on freehold land	**137,462,953**	216,031,353
Labour quarters on freehold land	**2,995,782**	3,856,830
Plant and Machinery	**1,506,443,964**	1,780,786,171
	1,646,902,699	2,000,674,354

5.1c Disposal of Property, Plant & Equipment

Description	**Original Cost**	**Accumulated Depreciation**	**W.D.V**
Free Hold Land	57,600,000	-	57,600,000
Factory Building on Free Hold land	394,608,823	115,122,407	279,486,416
Plant & Machinery Owned	987,664,455	258,485,364	729,179,091
Furniture & Fixtures	1,103,537	442,262	661,275
Office & Equipments Owned	3,780,740	1,481,008	2,299,732
	1,444,757,555	375,531,041	1,069,226,514
Stores & Accessories	118,884,522	-	118,884,522
	1,563,642,077	375,531,041	1,188,111,036
Sales Proceed Lum sum			500,000,000
Loss on Disposal - 2011			688,111,036

Above assets disposed to Khoski Sugar Mills (Pvt) Limited-1st floor, Block-3, Hockey Culb of Pakistan Stadium, Karachi.

Description	Original Cost	Accumulated Depreciation	W.D.V	Proceed Amount	Gain on Disposal	Mode of Disposal	Particulars of Purchaser
KIA Spectra							
Reg. No. AHC- 276	779,000	541,014	237,986	200,000	(37,986)	Negotiation	Pervez Ahmed Khan Nazimabad, Karachi
2010	779,000	541,014	237,986	200,000	(37,986)		

		2011	2010
		Rupees	
6	**Long Term Deposits and Prepayments**		
	Lease Security Deposits	-	29,950
7	**Stores, Spares and Loose Tools**		
	Stores	337,442,027	351,869,717
	Spares	77,378,009	117,181,617
		414,820,036	469,051,334
8	**Stock-in-Trade**		
	Raw Materials		
	Board and Panel Unit	651,339	744,424
	Molasses (Distillery Unit)	77,049,853	88,497,229
		77,701,192	89,241,653
	Work-in-Process		
	Sugar Unit	4,359,402	9,735,919
	Board and Panel Unit	116,019	48,993
	Distillery Unit	1,544,270	338,846
		6,019,691	10,123,758
	Finished Goods		
	Refined Sugar	96,433,432	--
	Fertilizer	--	855,644
	Boards and Panels	4,415,862	--
	Industrial Alcohol	259,262,474	8,902,867
		360,111,768	9,758,511
		443,832,651	109,123,922
9	**Trade Debts - Unsecured, Considered Good**		
	Sugar Unit	311,011	--
	Polypropylene Unit	14,031,122	14,031,122
	Board and Panel Unit	19,089,712	19,534,200
	Distillery Unit	33,695	33,695
		33,465,540	33,599,017

	2011	2010
	Rupees	
10 Loans and Advances - Unsecured, Considered Good		
Advances		
Against Imports	**137,259,092**	137,259,092
To Contractors	**298,108,066**	349,045,511
To Growers	**284,889,261**	321,879,714
To Staff	**10,594,599**	13,069,493
Against Stores and Expenses	**189,773,263**	92,745,102
Sundry	**36,159,177**	26,243,690
Others	**156,309,356**	290,660,799
	1,113,092,814	1,230,903,401

10.1 Advance to Staff includes Rs 4.56 (2010: Rs. 5.16) million due from the executives of the company. The maximum amount due from these executives at any month end was Rs.4.56 (2010: Rs. 5.16) million.

	2011	2010
11 Trade Deposits, Short-Term Prepayments and Current Balances with Statutory Authorities		
Security Deposits	**22,741,846**	30,718,648
Prepayments / Others	**525,481**	2,129,136
	23,267,327	32,847,784

12 Short Term Investment in Related Party - Available for Sale

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

2011	2010		2011	2010
13,000,000	13,000,000	Invested in Cash		
650,000	650,000	Received as fully paid bonus shares		
13,650,000	13,650,000		**130,000,000**	130,000,000
		(Diminution) on revaluation of investment	**(88,504,000)**	(112,118,500)
			41,496,000	17,881,500
		Market Value as at September 30 (Rupees per share)	**3.04**	1.31
		Percentage of Equity held	**15.34%**	15.34%

12.1 The Market value of Dewan Farooque Motors Limited as at September 30, 2011 was Rs.3.04 per share and as of financial statement issuing date the market value of above share are Rs.1.61per share. Had the company account for the effect of change in market value of accounts issuing date the value of investment would have been decreased by Rs.19.52 million and the loss for the current period have been increased by Rs.19.52 million.

	2011	2010
13 Cash and Bank Balances		
Cash in Hand	**392,193**	2,189,408
Cash at Banks		
-Current Accounts	**36,778,330**	10,330,397
-Deposit Account	**--**	635,802
	36,778,330	10,966,199
	37,170,523	13,155,607

	2011	2010
	Rupees	

14 Issued, Subscribed and Paid-up Capital

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

2011	2010		2011 Rupees	2010 Rupees
11,430,000	11,430,000	Fully Paid in cash	**114,300,000**	114,300,000
18,255,996	18,255,996	Add: 100% Right Issue of the Ordinary Share Capital of the Company, subscribed at par in Cash	**182,559,960**	182,559,960
29,685,996	29,685,996		**296,859,960**	296,859,960
6,825,996	6,825,996	Issued as fully paid bonus shares	**68,259,960**	68,259,960
36,511,992	36,511,992		**365,119,920**	365,119,920

The above Holding includes holding of associated companies 5,788,938 (2010: 5,788,938)

14.1 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.

14.2 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.

15 Reserves and Surplus

	2011	2010
General Reserve	**190,000,000**	190,000,000
Accumulated Loss	**(833,183,077)**	(629,596,129)
	(643,183,077)	(439,596,129)

16 Surplus on Revaluation of Property, Plant and Equipment (Net)

	2011	2010
Surplus on Revaluation of Property, Plant and Equipment (Beg.)	**2,159,285,323**	1,397,574,412
Add: during the year	**-**	886,656,131
	2,159,285,323	2,284,230,543
Less: Surplus on Assets disposed	**(790,337,979)**	-
	1,368,947,344	2,284,230,543
Less: Surplus transferred to unappropriated profit on account of incremental depreciation - Net of tax	**(102,945,695)**	(81,214,393)
Related deferred tax liability	**(55,432,298)**	(43,730,827)
	(158,377,993)	(124,945,220)
	1,210,569,351	2,159,285,323
Related Deferred Tax Liability		
Opening balance	**747,994,040**	489,151,045
(Disposed) / Addition during the year	**(268,862,466)**	302,573,822
Reversal of Deferred Tax liability on account of incremental depreciation charged during the year	**(55,432,298)**	(43,730,827)
	423,699,276	747,994,040
	786,870,075	1,411,291,283

	Notes	2011	2010
		Rupees	
17 Redeemable Capital - Secured, Non-Participatory			
Privately Placed Term Finance Certificates-Series 2	17.1	12,495,000	12,495,000
Classified as current maturity of liability Overdue		--	12,495,000
Transfer to Reschedule Term Finance	19	12,495,000	--
		--	--

17.1 The above Loan has been transferred to note 19 to the financial statements which has been rescheduled by the lenders of the company the term of the loan are disclosed in the same note.

	Notes	2011	2010
18 Term Finance - Secured			
Opening Balance		1,233,849,638	1,233,849,638
Less: Repayments during the year		2,225,000	--
		1,231,624,638	1,233,849,638
Classified as Current Portion			
Current Maturity		--	229,390,996
Overdue Instalments		--	647,690,061
		--	877,081,057
		1,231,624,638	356,768,581
Transfer to Reschedule Term Finance	19	1,231,624,638	--
		--	356,768,581

The above Loan has been transferred to note 19 to the financial statements which has been rescheduled by the lenders of the company the term of the loan are disclosed in the same note.

	Notes	2011	2010
19 Syndicated Long Term Finance - Secured			
Reschedule Amount net of Payments / Adjustments	19.1	3,447,004,210	--
First National Bank Modaraba			
Principal amount outstanding	19.2	35,000,000	--
Mark-up payable			
Reschedule Term Finance	19.3	33,750,000	--
First National Bank Modaraba	19.4	70,145	--
		3,515,824,355	--
Less : Current Maturity on Long Term Loan	25	172,416,486	--
		3,343,407,869	--

19.1 During the year the Company has made settlement with all the lenders of the Company through compromising decree dated February 18, 2011 granted by Honourable High Court of Sindh at Karachi. In the compromising decree the terms has been finalized as all the loans of the Company has been rescheduled by the lenders. The loan amount Rs.3,897.0042 million (inclusive of mark up Rs. 450 million) after repayment of sale proceeds of Khoski by Rs. 450 million in proportion 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, the above loan will be repayable in ten years with one year grace period with no mark-up through out the repayment period, the principal amount will be paid in 32 un-equal quarterly instalments ranging from Rs. 57.09 million to Rs. 143.858 million. The tenure of repayments starts on March 30, 2012 and last payment will be made on December 30, 2020.

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

19.3 This amount represents token mark up of Rs 450 million payable to Syndicated (Summit Bank & Other) in 4 equal quarterly instalments starting after repayment of the principal of Rs. 112.5 million. The mark-up will be accrued quarterly in ten years for 40 equal instalment of Rs. 11.250 million.

19.4 This amount represents token mark up of Rs 2.525 million payable to First National Bank Modaraba in 4 equal quarterly instalments of Rs.0.631 million. The mark-up will be accrued quarterly in 9 years for 36 equal instalment of Rs.0.070 million..

20 Liability Against Assets Subject to Finance Lease

	2011		2010	
	Minimum Lease Payments	**Present value of Minimum Lease Payments**	Minimum Lease Payments	Present value of Minimum Lease Payments
		(Rupees)		
Due not later than one year	**71,900,861**	**64,296,892**	71,967,067	64,342,029
Due later than one year but not later than five years	**--**	**--**	99,040	96,270
Total Payments	**71,900,861**	**64,296,892**	72,066,107	64,438,299
Less: Financial charges allocated to future periods	**7,603,969**	**--**	7,627,808	--
Present Value of Minimum Lease Payments	**64,296,892**	**64,296,892**	64,438,299	64,438,299
Classified as current portion				
Current Maturity	**15,298,629**	**15,298,629**	15,343,766	15,343,766
Overdue installments	**48,998,263**	**48,998,263**	48,998,263	48,998,263
	64,296,892	**64,296,892**	64,342,029	64,342,029
	--	**--**	96,270	96,270

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

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

		Notes	2011	2010
			Rupees	
21	**Deferred Liabilities**			
21.1	Deferred Liability for Staff Gratuity (Provision)	**21.1.1**	**33,301,748**	42,505,087
21.2	Deferred Income Tax Liability	**21.2.1**	**62,392,453**	416,515,612
			95,694,201	459,020,699
21.1.1	Deferred Liability for Staff Gratuity (Provision)			
	Opening Balance		**42,505,087**	46,965,707
	Less: Payments made during the year		**9,203,339**	4,460,620
			33,301,748	42,505,087

The Company discontinued its policy for staff retirement benefits plan for gratuity on 31-03-2007 and provision for all its outstanding liabilities had been made until 31-03-2007. The payable amount of gratuity shall be transferred to provident fund scheme after deduction of income tax payable by each members as per income tax law. The Company has not paid yet any amount to the Provident Fund Trust as of Balance Sheet Date

		2011	2010
21.2.1	Deferred Income Tax Liability		
	Deferred tax liability arising on Surplus on Revaluation of Property, Plant and Equipment	**423,699,276**	747,994,040
	Deferred tax liability arising due to accelerated tax depreciation	**110,823,598**	138,408,560
	Deferred tax asset arising on liability and assets subject to Finance Lease	**668,590**	791,439
	Deferred tax asset arising on carry forward losses	**(461,143,399)**	(455,801,647)
	Deferred tax assets arising on Staff Gratuity	**(11,655,612)**	(14,876,780)
		62,392,453	416,515,612

		2011	2010
22	**Trade and Other Payables**		
	Creditors for Goods	**390,108,521**	503,696,748
	Advance from Customers	**250,360,840**	77,274,661
	Accrued Expenses		
	Sales Tax	**8,865,690**	88,595,947
	Excise Duty	**3,755,128**	3,755,128
	Sales Commission	**9,317,963**	8,543,213
	Salaries and Wages	**30,227,218**	17,897,221
	Others	**40,806,847**	45,539,175
		92,972,846	164,330,684
	Unclaimed Dividends	**769,748**	769,748
	Workers Profit Participation Fund	**-**	2,519,421
	Other Liabilities		
	Staff Income Tax	**2,289,345**	2,248,954
	Others	**9,111,002**	21,648,693
		11,400,347	23,897,647
		745,612,302	772,488,909

		Notes	2011	2010
			Rupees	
23	**Interest, Profit, Mark-up accrued on Loans and Other Payables**			
	On Redeemable Capital (Privately Placed Term Finance Certificates)		--	2,411,509
	On Term Finance Facilities		--	96,008,181
	On Liability Against Assets Subject to Finance Lease		7,600,935	7,600,935
	On Short Term Finances		--	230,058,320
			7,600,935	336,078,945
24	**Short Term Finances - Secured**			
	Short Term Running Finance Facilities - Secured	24.1	192,195,875	1,914,775,147
	Short Term Morabaha Facilities - Secured	24.2	7,697,557	184,999,895
	Book Overdraft		24,970,700	18,427,893
			224,864,132	2,118,202,935

24.1 This amount represent RF facility out of working capital requirements of Rs.450 million (Rs.199.89 million RF Facility and Rs.250.10 million Cash Finance) sanctioned by the lenders as per Court order/compromising decree. 192.196 million RF facilities obtained from the lenders to the extent of 192.196 million and will be expired on 31st December, 2011 and subsequently renewable next year. The facility is secured by the way of first charge over current assets of the Company with 20% margin. The mark-up of this facility is 3 month KIBOR plus 0.75% per annum payable quarterly basis.

24.2 Above amount represent RF Murabaha facilities obtained from Meezan Bank Ltd., as per Court order/compromising decree. All terms are the same as above except mark up is 6 month KIBOR plus 0.75 %. Which is also payable quarterly.

		Notes	2011	2010
25	**Current Portion of Non-Current Liabilities**			
	Redeemable Capital (Privately Placed Term Finance Certificates)	17	--	12,495,000
	Term Finance Facilities	19	172,416,486	877,081,057
	Liability Against Assets Subject to Finance Lease	20	64,296,892	64,342,029
			236,713,378	953,918,086

26 Contingencies and Commitments

26.1 Contingencies

(a) Certain appeals are pending with the Income tax authorities in respect of various tax years. The appeals are related to the disallowances of expenses etc. The management feels that the outcome of the appeals will not be against the company.

(b) Certain leasing companies filed a suit against the company during the period in Court u/s 9 of the financial institutions (Recovery of Finances) ordinance, 2001. The recovery suit against the Company for an aggregate amount of Rs.37.098 million being (Principal and Mark-up) or repossession of leased assets. The Company feels that claim of leasing companies is unreasonable therefore the company has filled an application of leave to defend. Since the cases are pending for hearing, therefore the ultimate out come can not be established.

(c) Guarantees given by the commercial banks on behalf of the Company amounted to Rs. 2.93 million (2010:Rs. 2.93) million.

27 Sales

	Sugar Segment		Polypropylene Segment		Board & Panel Segment		Distillery Segment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
					(Rupees)					
Gross Sales Local	**2,392,537,310**	4,203,599,432	**-**	56,440,030	**8,755,847**	14,096,586	**10,070,329**	13,685,301	**2,411,363,487**	4,287,821,349
Exports	**-**	-	**-**	-	**-**	-	**1,161,978,072**	258,162,395	**1,161,978,072**	258,162,395
	2,392,537,310	4,203,599,432	**-**	56,440,030	**8,755,847**	14,096,586	**1,172,048,401**	271,847,696	**3,573,341,559**	4,545,983,744
Sales Commission	**1,177,140**	-	**-**	782,783	**-**	-	**5,629,126**	1,290,812	**6,806,266**	2,073,595
Sales Tax/Special Excise Duty	**146,532,580**	197,579,339	**-**	8,629,182	**1,350,994**	2,048,222	**1,579,281**	1,988,463	**149,462,856**	210,245,205
	147,709,720	197,579,339	**-**	9,411,965	**1,350,994**	2,048,222	**7,208,407**	3,279,275	**156,269,122**	212,318,800
Net Sales	**2,244,827,590**	4,006,020,093	**-**	47,028,065	**7,404,853**	12,048,364	**1,164,839,994**	268,568,421	**3,417,072,437**	4,333,664,944

28 Cost of Sales

	Sugar Segment		Polypropylene Segment		Board & Panel Segment		Distillery Segment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
					(Rupees)					
Raw material - opening stock	-	-	-	8,208,859	**744,424**	993,163	**88,497,229**	88,497,229	**89,241,653**	97,699,251
Purchases / Acquired	**2,294,834,188**	2,957,979,325	**-**	-	**3,930,771**	491,510	**937,088,067**	-	**3,235,853,026**	2,958,470,835
Raw material - closing stock	**-**	-	**-**	-	**(651,339)**	(744,424)	**(77,049,853)**	(88,497,229)	**(77,701,192)**	(89,241,653)
Raw material consumed	**2,294,834,188**	2,957,979,325	**-**	8,208,859	**4,023,856**	740,249	**948,535,443**	-	**3,247,393,487**	2,966,928,433
Road Cess	**2,857,388**	3,848,248	**-**	-	**-**	-	**-**	-	**2,857,388**	3,848,248
Salaries, Wages and Other Benefits 28.1	**116,113,791**	123,572,873	**1,152,615**	2,194,660	**4,880,355**	4,903,439	**19,169,700**	5,295,569	**141,316,461**	135,966,541
Water, Fuel and Power	**23,332,163**	58,140,485	**334,330**	350,411	**4,935,390**	2,061,621	**231,619,983**	1,926,705	**260,221,866**	62,479,222
Stores and Spares consumed	**90,343,307**	63,979,539	**137,778**	771,026	**1,313,656**	1,111,610	**35,282,719**	2,138,158	**127,077,460**	68,000,333
Printing and Liner feeding	**-**	-	**-**	59,725	**-**	-	**-**	-	**-**	59,725
Insurance	**3,593,828**	2,805,143	**233,121**	205,044	**206,292**	181,440	**1,311,417**	1,434,518	**5,344,658**	4,626,145
Depreciation	**235,305,257**	188,009,139	**3,733,492**	2,617,553	**4,993,991**	3,840,617	**35,126,820**	8,279,381	**279,159,561**	202,746,690
Repairs and Maintenance	**11,912,765**	21,940,201	**42,199**	1,173,300	**52,134**	476,864	**881,466**	134,566	**12,888,564**	23,724,931
Toll Manufacturing charges	**-**	100,335,028	**-**	-	**-**	-	**-**	-	**-**	100,335,028
Other Overheads	**13,088,800**	8,134,233	**2,376**	74,201	**18,226**	3,933	**473,834**	771,218	**13,583,236**	8,983,585
Vehicle Running Expenses	**7,400,591**	7,327,390	**3,110**	64,634	**-**	5,996	**333,906**	151,787	**7,737,607**	7,549,807
	2,798,782,078	3,536,071,604	**5,639,020**	15,719,414	**20,423,900**	13,325,769	**1,272,735,288**	20,131,901	**4,097,580,288**	3,585,248,689
Work in process - beginning	**9,735,919**	2,542,831	**-**	8,834,187	**48,993**	3,853,395	**338,846**	338,846	**10,123,758**	15,569,259
Work in process - ending	**(4,359,402)**	(9,735,919)	**-**	-	**(116,019)**	(48,993)	**(1,544,270)**	(338,846)	**(6,019,691)**	(10,123,758)
Cost of Goods Manufactured	**2,804,158,595**	3,528,878,516	**5,639,020**	24,553,601	**20,356,874**	17,130,171	**1,271,529,864**	20,131,901	**4,101,684,355**	3,590,694,190
Finished goods - opening stock	**-**	452,602,293	**-**	31,817,429	**-**	7,946,975	**8,902,867**	141,889,481	**8,902,867**	634,256,178
Transfer to Other Segments	**(160,732,204)**	-	**-**	-	**-**	-	**-**	-	**(160,732,204)**	-
Finished goods - closing stock	**(96,433,432)**	-	**-**	-	**(4,415,862)**	-	**-**	(8,902,867)	**(100,849,294)**	(8,902,867)
Insurance Claim	**(3,500,000)**	-	**-**	-	**-**	-	**(259,262,474)**	(2,273,567)	**(262,762,474)**	(2,273,567)
	2,543,492,959	3,981,480,809	**5,639,020**	56,371,030	**15,941,012**	25,077,146	**1,021,170,257**	150,844,949	**3,586,243,250**	4,213,773,934

28.1 Salaries, Allowances & Other Benefits include Rs.2.02 (2010:2.16) million in respect of Staff Retirement Benefits.

29 Administrative and General Expenses

	Sugar Segment		Polypropylene Segment		Board & Panel Segment		Distillery Segment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
					(Rupees)					
Salaries, Allowance & Other Benefits 29.1	**17,775,770**	16,527,234	**-**	-	**-**	-	**863,426**	-	**18,639,196**	16,527,234
Office and Other Expenses	**85,950**	721,884	**-**	-	**-**	-	**-**	-	**85,950**	721,884
Entertainment	**124,805**	153,860	**-**	-	**190**	-	**14,803**	-	**139,798**	153,860
Communication	**859,009**	1,334,885	**-**	-	**-**	823	**33,481**	-	**892,490**	1,335,708
Depreciation	**5,847,023**	7,093,407	**185,508**	228,885	**53,043**	60,810	**239,887**	265,227	**6,325,461**	7,648,329
Vehicle Running Expenses	**1,849,801**	3,534,439	**-**	-	**-**	-	**-**	-	**1,849,801**	3,534,439
Legal and Professional Charges	**23,105,734**	7,194,150	**-**	-	**-**	-	-	-	**23,105,734**	7,194,150
Printing and Stationery	**559,321**	870,113	**-**	-	**-**	-	**15,812**	5,159	**575,133**	875,272
Rent, Rates and Taxes	**10,035,377**	13,486,503	**-**	-	**-**	-	**-**	-	**10,035,377**	13,486,503
Traveling and Conveyance	**352,105**	163,761	**-**	-	**-**	-	**484,200**	-	**836,305**	163,761
Auditors' Remuneration 29.2	**440,000**	435,000	**-**	-	**-**	-	**-**	-	**440,000**	435,000
Fees and Subscription	**403,758**	103,025	**-**	-	**-**	-	**905,781**	5,000	**1,309,539**	108,025
Miscellaneous	**115,867**	128,169	**-**	-	**-**	-	**-**	-	**115,867**	128,169
Donation 29.3	**-**	-	**-**	-	**-**	-	**200,000**	-	**200,000**	-
	61,554,520	51,746,430	**185,508**	228,885	**53,233**	61,633	**2,757,390**	275,386	**64,550,650**	52,312,334

29.1 Salaries, Allowances & Other Benefits include Rs.0.71 (2010: Rs.0.73) million in respect of Staff Retirement Benefits.

	2011	2010
	Rupees	
29.2 Auditors Remuneration		
Audit Fee	**300,000**	300,000
Half Yearly Review	**100,000**	100,000
Cost Audit	**40,000**	35,000
	440,000	435,000

29.3 Interest of the directors or their spouses in the donation made during the year is as follows:
Dewan Farooque Trust related party

Dewan M. Yousuf Farooqui- Chairman board of Trustees
Dewan Abdullah Ahmed - Trustee
Dewan Asim Mushfiq Farooqui - Trustee
Dewan Abdul Baqi Farooqui - Trustee

30 Distribution and Selling Costs

	Sugar Segment		Polypropylene Segment		Board and Panel Segment		Distillery Segment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
					(Rupees)					
Sugar Bags Handling	**1,616,831**	1,772,960	**-**	-	**-**	-	**-**	-	**1,616,831**	1,772,960
Selling Expenses	**-**	-	**-**	488,899	**-**	-	**-**	-	**-**	488,899
Export Expenses	**-**	-	**-**	-	**-**	-	**48,289,866**	5,626,531	**48,289,866**	5,626,531
Freight, Octroi, and Other Expenses	**-**	3,214,733	**-**	-	**-**	-	**-**	-	**-**	3,214,733
	1,616,831	4,987,693	**-**	488,899	**-**	-	**48,289,866**	5,626,531	**49,906,697**	11,103,123

		Notes	2011	2010
			Rupees	
31	**Other Operating Income**			
	(Loss) / Profit from Fair Price Shop Operations		**(520)**	71,442
	Profit from Dewan Petroleum Services		**875,805**	1,060,798
	Profit on Deposit Account		**1,205,742**	93,032
	Gain / (Loss) on disposal of fixed assets		**--**	(37,986)
			2,081,027	1,187,286
32	**Other Operating Charges**			
	Worker Profit Participation Fund		**--**	2,519,421
	Growers Loan Written off	**32.1**	**146,535,000**	--
			146,535,000	2,519,421

32.1 The Company has written off stuck up loan of Growers of its other units.

			2011	2010
33	**Finance Cost**			
	Mark-up and Charges on:			
	Term Finance Facilities		**33,820,145**	--
	Liability against Assets subject to Finance Lease		**25,399**	204,226
	Short Term Finance Facilities		**18,469,819**	1,672,538
	Bank Charges		**2,237,279**	4,210,365
			54,552,642	6,087,129

33.1 The Company has not provided the mark-up on those liabilities of certain Leasing Companies who has filled suit against the company. The company has also filled leave to defend against those Leasing Company.

			2011	2010
34	**Taxation**			
	Current Income Tax charge		**35,000,000**	52,000,000
	Provision for Deferred Income Tax		**(85,260,688)**	45,793,444
			(50,260,688)	97,793,444

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, 2011 have been taxed @ 1% and advance tax deducted under the presumptive tax regime have been determined as the current tax liability of the company for the year and that preceding. Hence a reconciliation of the accounting and taxable profits is deemed not applicable in the instance.

			2011	2010
35	**Loss per Share - Basic**			
	Loss for the Year		**(432,374,087)**	(48,737,155)
	Weighted average number of shares in issue		**36,511,992**	36,511,992
	Loss per Share - Basic		**(11.84)**	(1.33)

35.1 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.

36 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:

Particulars	2011			2010		
	Directors	**Executives**	**Total**	Directors	Executives	Total
Managerial Remuneration	-	**13,134,731**	**13,134,731**	-	11,614,068	11,614,068
House Rent Allowance	-	**5,910,629**	**5,910,629**	-	5,226,331	5,226,331
Utilities	-	**2,636,265**	**2,636,265**	-	1,215,407	1,215,407
Total	-	**21,681,625**	**21,681,625**	-	18,055,806	18,055,806
Number of Persons	-	**23**	**23**	-	15	15

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

	2011	2010
37 Plant Capacity and Production		
Sugar Unit		
Rated crushing capacity per day (MT) (Sujawal unit)	**8,000**	8,000
Cane crushed by the company (MT)	**451,366**	241,334
Sugar produced by the company (MT)	**40,942**	22,665
Days worked (Nos.)	**82**	6 6
Sugar Recovery (%)	**9.04%**	9.48%
Rated crushing capacity per day (MT) (Khoski unit)	**-**	4,000
Cane crushed by the company (MT)	**-**	141,612
Sugar produced by the company (MT)	**-**	14,940
Days worked (Nos.)	**-**	69
Sugar Recovery (%)	**-**	10.5
Cane crushed under tolling arrangements (MT)	**-**	232,777
Sugar produced under tolling arrangements (MT)	**-**	22,301
Polypropylene Unit		
Annual Capacity in Tons	**4,455**	4,455
Capacity Utilization	**-**	-
Board and Panel Unit		
Per Day Capacity (Number of Sheets)	**1,000**	1,000
Capacity Utilization	**3%**	1%
Distillery Unit		
Annual Capacity on the basis of 300 days (Tons)	**30,000**	30,000
Capacity Utilization	**67%**	-

37.1 Reason for Short Fall in Production

The main reason for short fall in production as compared to last year is that the company had discontinued its tolling agreement with Bawany Sugar Mills Ltd. and also this year company has sold out its crushing facilities of 4000 tons at Khoski plant as explained in note # 1.1 to the financial Statements through compromising decree with the Bank in honourable High court of sind.

38 Financial Instruments and Related Disclosures

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

- Credit risk
- Liquidity risk
- Market risk

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

38.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

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

	2011	2010
	Rupees	
Short term Investment	**41,496,000**	17,881,500
Long Term Deposits	**--**	29,950
Trade Debts	**33,465,540**	33,599,017
Loans and Advances	**1,113,092,814**	1,230,903,401
Trade Deposits and Prepayments	**23,267,327**	32,847,784
Other Receivables	**3,618,166**	2,268,618
Cash and Bank Balances	**37,170,523**	13,155,607
	1,252,110,370	1,330,685,877

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.

38.2 Liquidity risk

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

	Carrying Amounts	**Contractual Cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
			(Rupees)			
Financial Liabilities - Recognized						
Term Finance Resheduled	3,515,824,355	3,934,529,460	57,099,852	114,199,704	257,204,451	1,434,129,126
Short Term Finances	199,893,432	199,893,432	199,893,432	--	--	--
Finance Lease Liability	64,296,892	71,897,827	71,897,827	--	--	--
Trade & Other Payables	745,612,302	745,612,302	745,612,302	--	--	--
Mark up payable	7,600,935	7,600,935	7,600,935	--	--	--
Total 2011	**4,533,227,916**	**4,959,533,956**	**1,082,104,348**	**114,199,704**	**257,204,451**	**1,434,129,126**
Financial liabilities - Recognized						
Redeemable Capital - PPTFCs	12,495,000	14,906,509	14,906,509	--	--	--
Term Finance	1,233,849,638	1,670,109,333	1,148,120,915	127,141,428	235,908,215	158,938,775
Short Term Finances	2,118,202,935	2,316,125,264	2,316,125,264	--	--	--
Finance Lease Liability	64,438,299	68,557,105	68,375,157	--	--	--
Trade & Other Payables	772,488,909	772,488,909	772,488,909	--	--	--
Mark up payable	336,078,945	336,078,945	336,078,945	--	--	--
Total 2010	4,537,553,726	5,178,266,065	4,656,095,699	127,141,428	235,908,215	158,938,775

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.

38.3 Market Risk

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

38.3.1 Currency Risk

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

38.3.2 InterestRate Risk

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

	2011	2010
	Rupees	
Fixed rate instruments at carrying amounts:		
Financial Assets		
Balance with banks	**--**	635,802
Variable rate instruments at carrying amounts:		
Financial liabilities		
Redeemable Capital - PPTFCs	**--**	12,495,000
Loans	**--**	1,233,849,638
Lease liabilities	**64,296,892**	64,438,299
Short term borrowings	**224,864,132**	2,118,202,935
	289,161,024	3,428,985,872

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

Cash Flow Sensitivity Analysis for Variable Rate Instruments:
A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss / profit for the year by the amounts shown below:

Effect onLoss / Profit due to change of 100 BPs		
Increase	**28,722,126**	17,144,929
Decrease	**28,722,126**	17,144,929

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

38.4 Capital Risk Management

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

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

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

38.5 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.

39 Related Party Transactions

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

	2011	2010
	Rupees	
Sales of poly propylene	**--**	4,066,746
Sales Commission	**5,629,126**	2,073,595
Tolling Manufacturing Charges	**--**	116,388,634

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 36 above.

40 Additional Business Segment Information

	Sugar Segment		Polypropylene Segment		Board & Panel Segment		Distillery Segment		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Rupees									
Net Sales (Note 27)	**2,244,827,590**	4,006,020,093	**-**	47,028,065	**7,404,853**	12,048,364	**1,164,839,994**	268,568,421	**3,417,072,437**	4,333,664,944
Cost of Sales (Note 28)	**2,543,492,959**	3,981,480,809	**5,639,020**	56,371,030	**15,941,012**	25,077,147	**1,021,170,257**	150,844,949	**3,586,243,250**	4,213,773,934
Gross Profit	**(298,665,369)**	24,539,284	**(5,639,020)**	(9,342,965)	**(8,536,159)**	(13,028,783)	**143,669,737**	117,723,472	**(169,170,813)**	119,891,010
Administrative Expenses (Note 29)	**61,554,520**	51,746,430	**185,508**	228,885	**53,233**	61,633	**2,757,390**	275,386	**64,550,650**	52,312,334
Selling & Distribution costs (Note 30)	**1,616,831**	4,987,693	**-**	488,899	**-**	-	**48,289,866**	5,626,531	**49,906,697**	11,103,123
	63,171,351	56,734,124	**185,509**	717,785	**53,233**	61,633	**51,047,256**	5,901,918	**114,457,347**	63,415,457
Segment Results	**(361,836,720)**	(32,194,839)	**(5,824,529)**	(10,060,750)	**(8,589,392)**	(13,090,416)	**92,622,481**	111,821,555	**(283,628,160)**	56,475,552
Segments Assets	**3,213,931,318**	4,710,594,324	**217,811,463**	223,667,895	**261,591,933**	263,765,371	**1,560,041,814**	1,191,038,697	**5,253,376,528**	6,389,066,287
Segments Liabilities	**4,241,603,756**	4,620,539,463	**55,995,626**	140,784,318	**48,312,122**	44,391,140	**396,138,682**	246,536,291	**4,742,050,186**	5,052,251,212
Capital Expenditure	**117,961**	100,372,373	**-**	-	**-**	-	-	-	**117,961**	100,372,373
Depreciation	**241,152,280**	195,102,546	**3,918,999**	2,846,438	**5,047,034**	3,901,427	**35,366,708**	8,544,608	**285,485,020**	210,395,019

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance as at September 30, 2011

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	2	5,788,938	15.85%
2.	NIT and ICP	4	2,566,615	7.03%
3.	Directors, CEO, their Spouses & Minor Children	12	13,019,164	35.66%
4.	Executives	2	1,500	0.00%
5.	Public Sector Companies & Corporations	20	1,216,837	3.33%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	6	1,112,196	3.05%
7.	Individuals	1,883	12,806,742	35.08%
	TOTAL	1,929	36,511,992	100.00%

DETAILS OF CATAGORIES OF SHAREHOLDERS

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies			
1.1	M/s Dewan Motors (Pvt.) Limited	1	2,894,469	7.93%
1.2	M/s Dewan Mushtaq Motors Co. (Pvt.) Limited	1	2,894,469	7.93%
		2	5,788,938	15.85%
2.	NIT and ICP			
2.1	NATIONAL BANK OF PAKISTAN,TRUSTEE WING	1	100	0.00%
2.2	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPTT. NI(U)T FUND	1	2,415,432	6.62%
2.3	NATIONAL INVESTMENT TRUST LIMITED	1	106,265	0.29%
2.4	NATIONAL INVESTMENT TRUST LIMITED-ADMINISTRATION FUND	1	44,818	0.12%
		4	2,566,615	7.03%
3.	Directors, CEO, their Spouses & Minor Children			
	Directors and CEO			
3.1	Dewan Muhammad Yousuf Farooqui	1	6,380,797	17.48%
3.2	Dewan Asim Mushfiq Farooqui	1	1,604,459	4.39%
3.3	Dewan Abdul Rehman Farooqui	1	2,447,454	6.70%
3.4	Dewan Abdullah Ahmed Swaleh Farooqui	1	1,431,665	3.92%
3.5	Dewan Abdul Baqi Farooqui	1	738,720	2.02%
3.6	Mr. Haroon Iqbal	1	1,000	0.00%
3.7	Syed Sajid Hussain Naqvi	1	500	0.00%
		7	12,604,595	34.52%
3.2	Spouses of Directors and CEO			
3.2.1	Mrs. Hina Yousuf	1	238,142	0.65%
3.2.2	Mrs. Samina Rehman	1	8,624	0.02%
		2	246,766	0.68%
3.3	Minor Children of Directors and CEO			
3.3.1	Master Khizer Salman	1	103,818	0.28%
3.3.2	Yumna Yousuf	1	47,516	0.13%
3.3.3	Areeba Yousuf	1	5,990	0.02%
3.3.4	Fatin Yousuf	1	5,990	0.02%
3.3.5	Bushra Yousuf	1	5,989	0.02%
		5	169,303	0.46%
		14	13,020,664	35.66%

SHAREHOLDERS HOLDING 10% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	1	6,380,797	17.48%

THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0009535**
2. Name of the Company **DEWAN SUGAR MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **30 09 2011**

4.

Number of Shareholders	Shareholdings				Total Shares held
636	1	-	100	Shares	17,009
544	101	-	500	Shares	130,047
191	501	-	1,000	Shares	165,711
327	1,001	-	5,000	Shares	862,483
96	5,001	-	10,000	Shares	758,406
30	10,001	-	15,000	Shares	372,599
27	15,001	-	20,000	Shares	489,928
10	20,001	-	25,000	Shares	230,397
4	25,001	-	30,000	Shares	110,628
6	30,001	-	35,000	Shares	196,709
3	35,001	-	40,000	Shares	113,582
6	40,001	-	45,000	Shares	254,104
4	45,001	-	50,000	Shares	194,889
2	50,001	-	55,000	Shares	101,002
1	55,001	-	60,000	Shares	60,000
2	60,001	-	70,000	Shares	137,000
1	70,001	-	75,000	Shares	72,000
1	75,001	-	80,000	Shares	79,860
2	80,001	-	85,000	Shares	166,800
1	85,001	-	90,000	Shares	88,458
1	90,001	-	95,000	Shares	91,129
2	95,001	-	100,000	Shares	196,038
4	100,001	-	105,000	Shares	409,318
2	105,001	-	110,000	Shares	216,265
1	110,001	-	120,000	Shares	117,959
1	120,001	-	155,000	Shares	151,935
1	155,001	-	170,000	Shares	169,000
2	170,001	-	240,000	Shares	476,284
1	240,001	-	245,000	Shares	244,000
3	245,001	-	275,000	Shares	819,454
1	275,001	-	300,000	Shares	300,000
1	300,001	-	335,000	Shares	331,050
1	335,001	-	485,000	Shares	481,866
1	485,001	-	500,000	Shares	500,000
1	500,001	-	740,000	Shares	738,720
1	740,001	-	930,000	Shares	926,069
1	930,001	-	985,000	Shares	981,564
1	985,001	-	1,330,000	Shares	1,326,602
1	1,330,001	-	1,435,000	Shares	1,431,665
1	1,435,001	-	1,500,000	Shares	1,500,000
1	1,500,001	-	1,605,000	Shares	1,604,459
1	1,605,001	-	1,865,000	Shares	1,864,382
1	1,865,001	-	2,420,000	Shares	2,415,432
1	2,420,001	-	2,450,000	Shares	2,447,454
2	2,450,001	-	2,895,000	Shares	5,788,938
1	2,895,001	-	6,385,000	Shares	6,380,797
1929				**TOTAL :-**	**36,511,992**

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	13,020,664	35.66%
5.2	Associated Companies, undertakings and related parties	5,788,938	15.85%
5.3	NIT and ICP	2,566,615	7.03%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	927,095	2.54%
5.5	Insurance Companies	171,935	0.47%
5.6	Modarabas and Mutual Funds	13,166	0.04%
5.7	Shareholders holding 10%	6,380,797	17.48%
5.8	General Public		
	a. Local	12,803,758	35.07%
	b. Foreign	2,984	0.01%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	1,216,837	3.33%

FORM OF PROXY

IMPORTANT

This form of Proxy duly completed must be deposited at our Shares Registrar transfer agent BMF Consultant Pakistan (Pv) Ltd., Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal Adjecent Baloch Colony Bridge,Karachi 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(s) of **DEWAN SUGAR MILLS LIMITED** and holder of ______________

Ordinary Shares as per Registered Folio No./ CDC Participant's ID an Account No. ______________

hereby appoint ______________________________

of ______________________________

or failing him ______________________________

of ______________________________

who is also member of **DEWAN SUGAR MILLS LIMITED** vide Registered Folio No. /CDS Participant's ID an Account No. ______________ as my/our proxy to vote for me/us and on my/our behalf

at the 30th Annual General Meeting of the Company to be held on Monday, January 30, 2012 at 9:30 a.m. and any adjournment thereof.

Signed this ______________________ day of ______________ 2012

Affix
Revenue
Stamps
Rs. 5/-

Signature ______________

Witness: ______________
SIGNATURE

Name: ______________

Address: ______________

____

Witness: ______________
SIGNATURE

Name: ______________

Address: ______________

____

41 Corresponding Figures

Comparative figures have been reclassified and restated wherever necessary for to facilitate comparison, no significant reclassification to report during the year

42 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.

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Haroon Iqbal
Director