

**YD**

A YOUSUF DEWAN COMPANY

## *Vision Statement*

*To be the leader in textile industry by building the Companys' image through quality, competitive prices, customer's satisfaction and meeting social obligation.*

## *Mission Statement*

*Our Mission is to be recognized as a premium quality yarn manufacturing unit.*

*The Unit is setup with an idea to cater to the premium market of fine count compact yarn to satisfy the valuable customers.*

*To assume leadership role in the technological advancement of the industry.*

*To benefit the customers, employees and shareholders and to fulfill our commitments to the society.*

*Our trademark is honesty, innovation, fairness, teamwork of our people and integrity in relationship with our customers, associates, shareholders, community and stake holders.*

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Executive Directors	:	Dewan Abdul Baqi Farooqui Chief Executive Officer & Director
Non-Executive Director	:	Syed Muhammad Anwar - Chairman, Board of Directors Mr. Imran Ahmed Javed Mr. Syed Maqbool Ali Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferri
Independent Director	:	Mr. Aziz -ul-Haque
Audit Committee	:	Mr. Aziz -ul-Haque (Chairman) Syed Muhammad Anwar (Member) Mr. Ghazanfar Baber Siddiqi (Member)
Human Resources & Remuneration Committee	:	Mr. Aziz -ul-Haque (Chairman) Mr. Imran Ahmed Javed (Member) Dewan Abdul Baqi Farooqui (Member)
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S.,
Company Secretary	:	Mr. Muhammad Hanif German
Chief Financial Officer	:	S. M. Raza
Tax Advisor	:	Abbass & Atif Law Associates
Legal Advisor	:	Sharif & Co. Advocates
Bankers	:	United Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Askari Bank Limited Allied Bank Limited Soneri Bank Limited Summit Bank Limited
Registered Office	:	Dewan Centre 3-A, Lalazar Beach Hotel Road Karachi.
Shares Registrar & Transfer Agent	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	:	54 Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab , Pakistan.
Website	:	<a href="http://www.yousufdewan.com">www.yousufdewan.com</a>

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixteenth Annual General Meeting of **Dewan Farooque Spinning Mills Limited** (“*DFSML*” or “*the Company*”) will be held on **Thursday, October 24, 2019, at 12:30 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

### ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Thursday, October 25, 2018;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2019, together with the Directors’ and Auditors’ Reports thereon;
3. To confirm the appointment of the Statutory Auditors’ of the Company for the year ended June 30, 2020, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

*By order of the Board*



**Muhammad Hanif German**  
*Company Secretary*

Karachi: September 27, 2019

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 17, 2019 to October 24, 2019 (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, adjacent to 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, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
  - b) For Appointing Proxies:**
    - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.



- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

**5. Notice to Shareholders who have not provided CNIC:**

CNIC of the shareholders is mandatory in terms of directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(1)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc. and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar without any further delay.

**6. Mandate for E-DIVIDENDS for shareholders:**

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no changes of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 5, 2013 had advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

**7. Electronic Transmission of Financial Statements Etc.:**

SECP through its notification No. SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: <http://www.yousufdewan.com/DFSML/index.html>

## CHAIRMAN'S REVIEW

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the company's objectives. The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

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

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

During financial year ended June 30, 2019, four board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the board and its committee meetings. All Directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.



**S.M. Anwar**

Chairman Board of Directors

**Date:** September 27, 2019

**Place:** Karachi



## DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Dear Shareholder(s),

Assalam-o-Alykum!

The Board of Directors of your Company are pleased to present the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Auditors' Report thereon.

### Overview

The Textile industry in Pakistan is the largest manufacturing sector and the second largest employment generating sector and has been major contributor in Foreign Exchange earnings of the Country. However due to ongoing adverse scenario and uncertainties during the year mainly due to abrupt devaluation of Pak Rupee and significant increase in discount rate by State Bank of Pakistan has resulted increase in cost of doing business.

### Operating results and performance:

The operating results for the year under review are as follows:

	"Rupees"
REVENUE	482,918,465
COST OF REVENUE	(593,035,262)
<b>GROSS LOSS</b>	<b>(110,116,797)</b>
OPERATING EXPENSES	(49,080,958)
<b>OPERATING LOSS</b>	<b>(159,197,755)</b>
FINANCE COST	(66,172,330)
OTHER INCOME	238,887
<b>LOSS BEFORE TAXATION</b>	<b>(225,131,198)</b>
TAXATION	14,917,925
<b>LOSS AFTER TAXATION</b>	<b>(210,213,273)</b>

During the year, Company has achieved net revenue of Rs.482.918 million as compared to Rs. 769.189 million of last year. The decline in revenue is due to manufacturing of yarn on contract basis. Company has suffered gross loss of Rs.110.117 million as compared to Rs. 247.083 million of previous year, whereas operating expenses of the company have decreased by Rs. 37.931 million. During the year under review, production volume was increased as compared to last year due to capex incurred during the year to improve quality and quantity of production, but still remained below the production capacity due to lesser market demand of textile products in the country. Due to working capital constraints, the company continued the production of yarn on contract basis to keep the company operational.

Pakistan is fourth largest cotton producing country, however the consumption of Cotton is more than the production, due to which textile units have to rely on imported cotton. Thus rendering the Cotton more expensive and making the goods costlier, and abrupt devaluation of Pak Rupee acted as another additive to the cost of production.

As compared to the regional countries, i.e. Vietnam, Sri Lanka, Bangladesh and India, Pakistan is the most expensive country in terms of labor and utilities, as the minimum wage per month and cost of utilities is much higher than the regional market players, and due to high cost of production it is difficult for the industry to compete in local as well as international market. Abrupt devaluation of Pak Rupee, as discussed above, also resulted in increase of power costs (both RLNG and electricity) ultimately increasing the cost of doing business.

During the year under review, the Company paid on account of various government levies, such as, Withholding Taxes, Sales Tax, SRB on Services, Custom Duties, Cotton Cess, Textile Cess, Social Security, Income Tax, EOBI, Education Cess and Revenue Stamp.

In financial year ended 2012, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain lenders having suits of Rs.66.60 million, did not accept the restructuring proposal at that time. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honourable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

The Auditors of the company have expressed qualified opinion in their report on default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their report. They have also added matter of emphasis paragraph in their report regarding doubt about company's ability to continue as going concern.

Company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon. Moreover the markup outstanding up to the date of restructuring is Rs.210.713 million, which the company would be liable to pay in the event of default of terms of agreement. The management is confident that upon finalization of restructuring this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

These financial statements have been prepared using going concern assumption as the conditions referred in note 2 are temporary and would reverse in foreseeable future. The company's operating cash flows are positive and sponsors provide the support as and when required in shape of short term loan to meet working capital requirements, as of June 30, 2019, sponsor loan is Rs.124.083 million. The company production have increased as compared to last year due to certain capital expenditures, which also mitigate the risks involved. Therefore the preparation of financial statements using going concern assumption is justified.

#### **Future Outlook**

It is difficult to compete in international market, at present, due to higher cost of production, uncertainties in currency devaluation and increasing markup up rates. Through Finance Act, 2019 tax credit on investment under section 65(B) of the Income Tax Ordinance, 2001 has been withdrawn for tax year 2020 onwards and has also been reduced for the tax year 2019. Overall industry is facing challenges due to withdrawal of zero rating for five export oriented sectors, extreme volatility in exchange rates thereby increasing the cost of imported goods and power, increasing trend in KIBOR rates are ultimately increasing in financing costs, increase in turnover tax, hence the overall working capital requirements have increased.

However, we hope that the Government will introduce some measures for revival of textile sector, including but not limited to payment of tax refunds, settlement of GIDC matter, finalization of mechanism for charging the RLNG rates @ US \$ 6.5 per MMBTU and late payment charges would only be claimed on delayed payment of US \$ 6.5 per MMBTU.

The government is aimed to document the economy for long term sustainability and growth of the Country and for which aggressive steps are being taken. It is expected that these steps will slow down the economic activity in following financial year.

#### **Corporate Social Responsibilities**

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

#### **Health, Safety and Environment**

The management of the company is aware of its responsibility to provide a safe and healthy working environment to our associates and give highest priority to it. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. Continual efforts for provision of safe, healthy and comfortable working conditions for the employees are made. We follow up and investigate on all incidents and injuries to address their root causes. We believe that safety and health is a journey of continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates.

#### **Human Resource**

The management of the Company is committed to excellence and has a clear vision that human resources and strong leadership practices are important enablers of high productivity and sustainable competitive advantage of our Company. Therefore, management of the Company gives much importance to the optimal use of human resources by way of training proper guidance, motivation and incentive schemes for the employees.

**Corporate and Financial Reporting**

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. The Directors confirm that:

1. The financial Statements presented by the management of the Company give a fair account of the state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts have been maintained.
3. Accounting policies have been consistently applied in the preparation of financial statements, except for certain changes whose impact have been appropriately disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from, if any, has been adequately disclosed.
5. The system of internal controls, which is in place, is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of the corporate governance, except as disclosed in auditors review report.
7. The Company has constituted an Audit Committee from amongst the non-executive members of its Board.
8. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.
9. Doubts upon the company's Going Concern and mitigating factors have appropriately been disclosed in the financial statements.
10. Information regarding the outstanding taxes and Levis is given in the notes to the financial statements.
11. As required under the Code of Corporate Governance, the following information has been presented in this report:
  - i) Pattern of Shareholding;
  - ii) Shares held by associated undertaking and related persons;

**Board**

The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. The Board of Directors as of June 30, 2019 consisted of the following:

Directors		Numbers
a)	Male	7
b)	Female	None*
Composition		Numbers
a)	Independent Director	1
b)	Other Non-executive Directors	5
c)	Executive Director	1

\* The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

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

## DEWAN FAROOQUE SPINNING MILLS LIMITED

Names	No. of Meetings attended
Dewan Abdul Baqi Farooqui	4
Mr. Aziz-ul-Haque	4
Mr. Ishtiaq Ahmed	1
Syed Muhammad Anwar	4
Mr. Ghazanfar Baber Siddiqi	4
Mr. Muhammad Baqar Jafferri	4
Mr. Imran Ahmed Javed	4
Syed Maqbool Ali	2

Leave of absence was granted to directors who could not attend these meetings.

### **Audit Committee**

Audit committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The committee consists of three members. Majority of members including the chairman of the committee are non-executive directors.

During the year, four Audit Committee meetings were held and attendance was as follows.

Names	No. of Meetings attended
Mr. Aziz-UI Haque - Chairman	4
Syed Muhammad Anwar	4
Mr. Ghazanfar Baber Siddiqi	4

### **Human Resource and Remuneration Committee**

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

The committee consists of three members. During the year one Human Resource and Remuneration committee meeting was held and attendance was as follows

Names	No. of Meetings attended
Mr. Aziz-UI Haque - Chairman	1
Mr. Imran Ahmed Javed	1
Dewan Abdul Baqi Farooqui	1

### **Earnings per Share**

(Loss) per share during the period under review worked out to Rs (2.15) [2018: Rs. (3.86)]

### **Appointment of Auditors**

The present auditors, M/s. Feroze Sharif Tariq & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors of your company, based on the recommendations of the Audit Committee of the board, proposes M/s. Feroze Sharif Tariq & Co., Chartered Accountants, for reappointment as auditors of the company for the ensuing year.

### **Pattern of Shareholding**

The prescribed shareholding information, both under the Companies Act, 2017, and the Listing Regulations, vis-à-vis, Code of Corporate Governance, is attached at the end of this report.

**YD**

A YOUSUF DEWAN COMPANY

**Key operating and financial data**

Key operating and financial data for preceding six years is annexed.

**Subsequent Events**

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

**Vote of Thanks & Conclusion**

On the behalf of the Board, we appreciate the valuable, loyal, and commendable services rendered to the Company by its executives, members of the staff and workers.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved Prophet Muhammad (peace be upon him) for the continued showering of his blessings, guidance, strength, health, and prosperity to us, our company, country and nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood, and unity in true Islamic spirit to whole of the Muslim Ummah; Ameen; Summa Ameen.

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

*By and under Authority of the Board of Directors*

**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director

**S.M. Anwar**  
Chairman Board of Directors

**Date:** September 27, 2019

**Place:** Karachi

**FINANCIAL HIGHLIGHTS**

	2014	2015	2016	2017	2018	2019
(Rupees in Thousands)						
Sales (Net)	1,636,370	1,208,179	865,287	952,277	769,189	482,918
Gross (Loss)/ Profit	81,884	35,612	(145,260)	(120,074)	(247,083)	(110,117)
(Loss)/ Profit Before Tax	(33,218)	5,237	(275,958)	(238,696)	(391,807)	(225,131)
(Loss)/ Profit After Tax	(53,966)	21,066	(237,987)	(251,012)	(377,120)	(210,213)
Current Assets	826,838	786,567	806,722	825,028	432,652	297,930
Shareholder's Equity	1,300,951	1,322,017	1,084,029	1,508,725	1,139,735	936,849
Current Liabilities	473,840	483,617	797,548	1,054,713	1,000,203	978,877
(Loss)/ Earning per Share	(0.55)	0.22	(2.43)	(2.57)	(3.86)	(2.15)
Breakup value per share (Rs.)	13.31	13.52	11.09	15.43	11.66	9.58
current ratio (Times)	1.74	1.63	1.01	0.78	0.43	0.30
Gross (Loss)/ Profit %	5.00%	2.95%	-16.79%	-12.61%	-32.12%	-22.80%
Net (Loss)/ profit%	-3.30%	1.74%	-27.50%	-26.36%	(0.49)	(0.44)
Debt equity ratio (Times)	0.58	0.49	0.83	0.62	0.81	0.93



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

**For the Year Ended June 30, 2019**

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

1. The total number of directors are seven as per the following:

a) Male	:	7
b) Female	:	None*

\* The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

2. The composition of board is as follows:

a) Independent Director	:	Mr. Aziz-ul-Haque
b) Other Non-executive Directors	:	Syed Muhammad Anwar Mr. Imran Ahmed Javed Syed Maqbool Ali Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferri
c) Executive Directors	:	Dewan Abdul Baqi Farooqui

3. Six Directors have confirmed that they are not serving as Director in more than five listed Companies including this Company, however, one Directors serving as Director in more than five listed Yousuf Dewan Companies.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

9. One Director is exempted from the requirement of Director's training program and Four of the Directors are qualified under the Directors training program. During the year the board did not arrange training program for its directors. However, we will arrange the same in the next coming session.

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

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

## DEWAN FAROOQUE SPINNING MILLS LIMITED

12. The board has formed committees comprising of members given below:
- a) Audit Committee : Mr. Aziz-ul-Haque Chairman  
Syed Muhammad Anwar Member  
Mr. Ghazanfar Baber Siddiqi Member
- b) HR and Remuneration Committee : Mr. Aziz-ul-Haque Chairman  
Mr. Imran Ahmed Javed Member  
Dewan Abdul Baqi Farooqui Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee : 4 quarterly meetings during the financial year ended June 30, 2019
- b) HR and Remuneration Committee : 1 annual meeting held during the financial year ended June 30, 2019
15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**S.M. Anwar**  
Chairman Board of Directors

Date : September 27, 2019  
Place : Karachi



## **FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO.  
Chartered Accountants  
4-N/4, BLOCK 6, P.E.C.H.S.,  
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### **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF DEWAN FAROOQUE SPINNING MILLS LIMITED**

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dewan Farooque spinning Mills Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

- a) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies.
- b) The chairman of Audit committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.
- c) The chairman of Human Resource and Remuneration Committee shall be an independent director whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Furthermore, we highlight that one director of the company are serving as a directors in more than five listed Companies as reflected in the note 3 of the Statement of Compliance.

CHARTERED ACCOUNTANTS  
(Muhammad Tariq)

Dated: September 27, 2019  
Place: Karachi

**FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO.  
Chartered Accountants  
4-N/4, BLOCK 6, P.E.C.H.S.,  
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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEWAN FAROOQUE SPINNING MILLS LIMITED

Report on the Audit of the Financial Statements

**Qualified Opinion**

We have audited the annexed financial statements of Dewan Farooque Spinning Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in Basis of Qualified Opinion Section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the Loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Qualified Opinion**

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

- a) The company defaulted in repayment of installments of restructured liabilities of Financial institutions, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs.398.067 (2018: Rs.398.067) million (note 9.1 to the financial Statements) along with markup of Rs. 210.713 (2018:Rs.210.713) million (eligible for waiver outstanding as of date of restructuring) become immediately payable, therefore provision for markup should be made in these financial statements. Further, the short term finance facilities have expired and not been renewed by banks amounting to Rs. 192.10 (2018:Rs. 192.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 66.60 (2018: Rs. 66.60) million the company has also not provided markup on the same amount as disclosed in note 16.1 and 16.2 to the financial Statements.
- b) Had the provisions for the mark up, as discussed in preceding paragraph (a), and along with markup not booked in these financial statements as per note 16.2 and 28.1 to the financial Statements, the loss after taxation would have been higher by Rs. 271.139 (2018: Rs 262.708) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 271.139 (2018: Rs 262.708) million.

**Material Uncertainty Relating to Going Concern**

We draw attention of the members to note 2 to the financial Statements for the year ended June 30, 2019 which indicates loss after taxation of Rs. 210.213 (2018: Rs. 377.120) million and as of that date it has accumulated losses of Rs. 1,123.519 (2018: Rs. 964.608 million) and its current liabilities exceeded its current assets by Rs. 680.947 (2018: Rs. 567.551) million, Furthermore, the company defaulted in repayments of installments of restructured liabilities and short term finance facilities have expired and not been renewed by banks amounting to Rs. 192.10 million as discussed in Para (a) above. Company is in litigation with its lenders as disclosed in note 16 to the financial Statements. Following Course, the company has temporarily stopped its own production to manufacture yarn and started manufacturing of yarn on Contract basis due to working Capital constraints as disclosed in note 1 and 34 in the financial statements. These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about Company's ability to Continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal Course of Business. The amounts of the current liabilities and Loss reported in said note do not include the effect of matters discussed in Basis for Qualified opinion. Our opinion is not modified in respect of this matter.



**Information Other than the Financial Statements and Auditor’s Report Thereon**

Management is responsible for the other information. The other information comprises the information in the annual report including in particulars, the Chairman’s Review, Directors Report, Financial and business highlights, but does not include the financial statements and our auditor’s reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to the key audit matters to be communicated in our report

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	<b>First time adoption of IFRS 9 – Financial Instruments and IFRS-15 Revenue from Contracts with Customers</b>	
	<p>As referred to in note 5.7 to the financial statements, the Company has adopted IFRS 9 and 15 with effect from 1 July 2018. The new standards requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.</p> <p>Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>IFRS 15 provides comprehensive model of revenue recognition along with the detailed presentation and disclosure requirements. The standard Requires the Company to exercise judgment, taking into Consideration all of the relevant Facts and circumstances when applying the model to contracts with customers.</p> <p>Given the significance of the estimates and judgments used by the management related particularly to the Calculation of allowance for ECL and to the Timing and measurements of revenue recognition as well as incremental qualitative and quantitative disclosure, we considered these as a key audit matters.</p>	<p>Our key procedures to review the application of these areas included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</p> <p>Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.</p> <p>We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.</p> <p>We obtained and understanding of the additional processes and tested Control over revenue recognition established by the Company and also assist the warranty obligations their against in accordance with IFRS 15.</p> <p>We reviewed the assessment prepared by the management relating to the application of five – steps model for revenue recognition.</p> <p>We assist the resemblances of judgments exercised by the Company.</p> <p>We also Considered and reviewed, on a sample basis, terms of revenue contracts and evaluated the timing and amounts of revenue recognized.</p>

## DEWAN FAROOQUE SPINNING MILLS LIMITED

		In addition to above, we assessed the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.
<b>2.</b>	<b>Capital expenditures</b>	
	<p>The Company is investing significant amounts in their operations and there are a number of areas where management judgment impacts the carrying value of fixed assets and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy and the company adopting the revaluation model to measure some of them.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact of the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, fixed assets and deprecation note 5.2 to the financial statements.</li> <li>- Fixed assets note to 17 the financial statements.</li> </ul>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• We tested operating effectiveness of controls in place over the fixed assets cycle including the controls over whether costs incurred on activities is capital or operating in nature.</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>• We performed tests of details on costs capitalized.</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> <li>• Recalculation of the depreciation expense in the financial statements to assess its accuracy and appropriateness in accordance with the accounting policy:</li> <li>• Verifying on a sample basis, the addition and deletion to Property, Plant and Equipments and Checking their underlying supportive documents/evidences for sufficiency and appropriateness: and</li> </ul> <p>Engagement an external valuer listed on the penal of approved firms by the state Bank of Pakistan to evaluate the accuracy of the amounts of revaluation surplus in the financial Statements'</p>

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and Reporting standards as applicable in Pakistan and the Requirements of companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs



as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit except for the matter discussed in basis for qualified opinion section, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss and other comprehensive loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2018 (XIX of 2018) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Dated: September 27, 2019

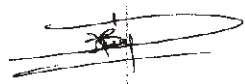
Place: Karachi

CHARTERED ACCOUNTANTS

**STATEMENT OF FINANCIAL POSITION****As at 30th June, 2019****EQUITY AND LIABILITIES****SHARE CAPITAL AND RESERVES**

	Notes	June 30, 2019	June 30, 2018
		( Rupees )	
Authorized share capital 100,000,000 (2018: 100,000,000 ) Ordinary shares of Rs.10/- each	6	<b>1,000,000,000</b>	1,000,000,000
Issued, Subscribed and Paid-up Capital	7	977,507,260	977,507,260
Revenue Reserve - Accumulated loss		(1,123,518,643)	(964,607,537)
Capital Reserve - Revaluation surplus on property, plant and equipment	8	1,082,860,608	1,126,834,919
		<b>936,849,225</b>	1,139,734,642
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	9	197,377,870	182,233,028
Deferred Taxation	10	191,553,451	219,835,713
Deferred Liability for staff gratuity	11	7,958,816	3,756,623
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	112,212,948	105,910,779
Accrued mark-up		182,647,409	146,302,764
Short term borrowings	13	214,083,000	274,477,965
Overdue portion of long term liabilities	14	463,896,977	463,896,977
Provision for taxation		6,036,481	9,614,864
		<b>978,876,815</b>	1,000,203,349
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16	-	-
		<b>2,312,616,177</b>	<b>2,545,763,355</b>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	17	1,984,914,824	2,089,034,129
Long term deposits		29,771,345	24,077,045
<b>CURRENT ASSETS</b>			
Stores & Spares	18	25,767,366	28,469,486
Stock-in-trade	19	361,003	28,188,863
Trade Debts- Unsecured, Considered Good.	20	97,566,096	168,475,529
Loans and advances- Unsecured, Considered Good.	21	32,463,411	64,608,999
Trade deposits and other receivables- Considered Good.	22	83,731,797	79,253,986
Taxes recoverable		54,557,162	55,745,041
Cash and bank balances	23	3,483,173	7,910,277
		<b>297,930,008</b>	432,652,181
		<b>2,312,616,177</b>	<b>2,545,763,355</b>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**S.M. Raza**  
Chief Financial Officer



**S.M. Anwar**  
Chairman Board of Directors



**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30TH JUNE 2019**

	Notes	2019	2018
		(Rupees)	
Sales / Revenue - Net	24	482,918,465	769,189,123
Cost of sales / revenue	25	(593,035,262)	(1,016,271,881)
Gross (loss)		(110,116,797)	(247,082,758)
<b>Operating expenses</b>			
Administrative expenses	26	(39,189,115)	(74,976,777)
Selling and distribution expenses	27	(9,891,843)	(12,035,366)
		(49,080,958)	(87,012,143)
Operating (loss)		(159,197,755)	(334,094,901)
<b>Other charges</b>			
Finance cost	28	(66,172,330)	(60,354,070)
Other income	29	238,887	2,642,162
		(65,933,443)	(57,711,908)
(Loss) before taxation		(225,131,198)	(391,806,809)
<b>Taxation</b>			
Current		(6,036,481)	(9,614,864)
Prior year		-	234,055
Deferred		20,954,406	24,067,595
		14,917,925	14,686,786
(Loss) after taxation		(210,213,273)	(377,120,023)
(Loss) per share - Basic and diluted (Rupees)	30	(2.15)	(3.86)

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

**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director

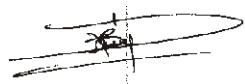
**S.M. Raza**  
Chief Financial Officer

**S.M. Anwar**  
Chairman Board of Directors

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH JUNE 2019**

	2019	2018
	(Rupees)	
(Loss) after taxation	(210,213,273)	(377,120,023)
Effect of change in tax rates on balance of revaluation on property, plant and equipment	7,327,856	8,130,110
<b>Total comprehensive loss for the period</b>	<b><u>(202,885,417)</u></b>	<b><u>(368,989,913)</u></b>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**S.M. Raza**  
Chief Financial Officer



**S.M. Anwar**  
Chairman Board of Directors



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2019

	2019	2018
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(225,131,198)	(391,806,809)
<b>Adjustments for non cash and other items:</b>		
Gain on sale of fixed assets	(231,519)	(1,012,202)
Provision for doubtful debts and advances	14,650,380	49,623,784
Provision for gratuity	5,403,439	3,756,623
Depreciation	135,347,992	142,526,486
Financial charges	66,172,330	60,354,070
Cash flow before working capital changes	(3,788,576)	(136,558,048)
<b>Working Capital changes</b>		
<i>(Increase)/ Decrease in current assets:</i>		
Stores & spares	2,702,120	(7,987,763)
Stock in trade	27,827,860	157,649,663
Trade debts	70,909,433	136,029,528
Loans & advances	17,495,208	7,343,727
Trade deposits & other receivables	(4,477,811)	4,850,163
<i>Increase/ (Decrease) in current liabilities:</i>		
Trade and other payables	6,302,169	(45,190,989)
Cash generated from /(used in) operations	116,970,403	116,136,281
Taxes paid - net of refund	(8,426,985)	13,454,663
Gratuity paid	(1,201,246)	-
Financial charges paid	(14,682,843)	(12,997,384)
	92,659,329	116,593,560
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(31,397,168)	(94,773,979)
Long term deposits	(5,694,300)	(2,365,700)
Sale proceeds on disposal of fixed assets	400,000	1,207,500
Net cash outflow from investing activities	(36,691,468)	(95,932,179)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Syndicated Long Term Loan	-	-
Net cash Inflow/(out flow) from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	55,967,861	20,661,381
Cash and Cash equivalents at the beginning of the period	(266,567,688)	(287,229,069)
<b>Cash and Cash equivalents at the end of the period</b>	<b>(210,599,827)</b>	<b>(266,567,688)</b>

Note

31

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

**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director


**S.M. Raza**  
Chief Financial Officer

**S.M. Anwar**  
Chairman Board of Directors

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2019

Issued subscribed and paid-up capital	Revenue reserve	Capital Reserve	Total	
	Accumulated loss	Revaluation surplus on property, plant & equipment		
<b>(Rupees)</b>				
<b>Balance as at July 01, 2017 - as restated</b>	<b>977,507,260</b>	<b>(643,645,234)</b>	<b>1,174,862,529</b>	<b>1,508,724,555</b>
Total comprehensive loss for the year				
(Loss) for the year	--	(377,120,023)	--	(377,120,023)
Other comprehensive income	--	--	8,130,110	8,130,110
	--	(377,120,023)	8,130,110	(368,989,913)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	56,157,720	(56,157,720)	--
<b>Balance as at June 30, 2018</b>	<b>977,507,260</b>	<b>(964,607,537)</b>	<b>1,126,834,919</b>	<b>1,139,734,642</b>
<b>Balance as at July 01, 2018</b>	<b>977,507,260</b>	<b>(964,607,537)</b>	<b>1,126,834,919</b>	<b>1,139,734,642</b>
Total comprehensive loss for the year				
(Loss) for the year	--	(210,213,273)	--	(210,213,273)
Other comprehensive income	--	--	7,327,856	7,327,856
	--	(210,213,273)	7,327,856	(202,885,417)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	51,302,167	(51,302,167)	--
<b>Balance as at June 30, 2019</b>	<b>977,507,260</b>	<b>(1,123,518,643)</b>	<b>1,082,860,608</b>	<b>936,849,225</b>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**S.M. Raza**  
Chief Financial Officer



**S.M. Anwar**  
Chairman Board of Directors



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2019**

### **1 THE COMPANY AND ITS OPERATIONS**

Dewan Farooque Spinning Mills Limited is incorporated in Pakistan on December 22, 2003 as public limited company, under the Companies Ordinance, 1984. The shares of the company are listed on Pakistan Stock Exchange Limited. The registered office of the company is located at Dewan Centre, 3-A, Lalazar Beach Hotel, Road, Karachi, Pakistan; while its manufacturing facilities are located at 54 km Multan Road, Phool Nagar By-pass District Kasur near the city of Lahore in Pakistan. The principal activity of the company is manufacturing and sale of fine quality yarn. Company also manufactures yarn on contract basis. The company has installed capacity of 28,800 spindles.

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

### **2 GOING CONCERN ASSUMPTION**

The financial statements for the year ended June 30, 2019 reflect that company sustained net loss after taxation of Rs. 210.213 million (2018: Rs. 377.120 million) and as of that date its negative reserves of Rs. 1,123.519 million have eroded its equity and its current liabilities exceeded its current assets by Rs. 680.947 million (2018: 567.551). Furthermore, the short term facilities of the company have expired and not been renewed by banks and it has defaulted in repayment of restructured liabilities. Following course, the company is facing litigations with its lenders as more fully explained in note 16 to the financial statements. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

These financial statements have been prepared using going concern assumption as these conditions are temporary and would reverse in foreseeable future. The company's operating cash flows are positive and sponsors provide support as and when required in shape of short term loan to meet working capital requirements, as of June 30, 2019, sponsor loan is Rs.124.083 million. The company production have increased as compared to last year due to certain capital expenditures, which also mitigate the risks involved. Therefore the preparation of financial statements using going concern assumption is justified.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 28.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

#### **3.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except the obligation in respect of gratuity which is measured at present value and certain items of property, plant and equipment which are carried at revalued amounts.

#### **3.3 Standards, interpretations and amendments applicable to financial statements**

##### **3.3.1 Adoption of standards and amendments effective during the year**

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective during the current year:

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods and manufacturing of third party yarn. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods or manufacturing of yarn on contract basis should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together aspects of the accounting for financial instruments: classification and measurement and impairment.

***Classification and measurement***

Except for certain trade receivables, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').



At transition date to IFRS 9, the Company has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Company's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as AFS financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

#### **Impairment**

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

### **3.3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

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

<b>Standards or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 3 Definition of a Business (Amendments)	1-Jan-20
IFRS 3 Business Combinations: Previously held interests in a joint operation	1-Jan-19
IFRS 9 Prepayment Features with Negative Compensation (Amendments)	1-Jan-19
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	1-Jan-19
IFRS 16 Leases	1-Jan-19

IAS 1/IAS 8 Definition of Material (Amendments)	1-Jan-20
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	1-Jan-19
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization	1-Jan-19
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRIC 23 Uncertainty over Income Tax Treatments	1-Jan-19

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after 01 January 2019. 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.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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.

<b>Standards or Interpretation</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 Regulatory Deferral Accounts	1-Jan-16
IFRS 17 Insurance Contracts	1-Jan-21

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

#### 4 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:

##### 4.1 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 property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

##### 4.2 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.



#### 4.3 Stock-in-trade

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

#### 4.4 Trade debts

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.

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as disclosed in note 5.7 and 5.10 to these financial statements due to adoption of IFRS 9 and IFRS 15.

#### 5.1 Basis of Preparation and measurement

These financial statements are presented in Pakistani Rupees, rounded off to the nearest Rupee. The financial statements have primarily been prepared on the historical cost basis except certain Fixed Assets which are stated their revalued amounts, unless an accountings policy herein states otherwise. The financial statements, except for the cash flow statement, have been prepared under the accrual basis of accounting and staff retirement which is stated at present value.

#### 5.2 Property, plant and equipment

##### Owned

Operating assets except Freehold land are stated at cost or revalued amount less accumulated depreciation. Freehold land and capital work-in-progress are stated at cost.

Any revaluation increase arising on the revaluation of property, plant and equipment is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

##### Leased

The company accounts for property, plant and equipment 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 when chargeable. 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 to income using the reducing balance method whereby the cost or revalued amount of an asset is written off over its estimated useful life and rates applied are in no case less than the rates prescribed by Federal Board of Revenue. Depreciation is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis. The assets' residual values and useful lives are reviewed at each financial year end, and adjusted, if appropriate, at each balance sheet date. Depreciation is charged before month of disposal on proportionate basis.

##### Repairs, renewals and maintenance

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

##### Finance 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 the reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

**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. Softwares which are not an integral part of the related hardware are classified as intangible assets, and are amortized on straight line basis.

**5.3 Stores, spares and loose tools**

These are valued at moving average cost except items in transit which are valued at cost accumulated to balance sheet date. Provision is made for any slow moving and obsolete items.

**5.4 Stock-in-trade**

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.
Waste	At net realizable value.
Work-in-process	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock in transit	At cost accumulated up to the balance sheet date.
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 cost necessary to be incurred in order to make sale.

Provision for obsolete and slow moving stock is determined based on the management assessments regarding their future usability.

**5.5 Foreign currency translation.**

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 enters into forward exchange contracts. Such transactions are translated at contracted rates. The company charges all exchange differences to Statement of Profit or Loss.

**5.6 Borrowing costs**

Borrowing Costs are recognized initially in fair value net of transaction costs incurred. 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 substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

**5.7 Financial instruments**

**5.7.1 Initial measurement of financial asset**

The Company classifies its financial assets into following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

**Subsequent measurement****Debt Investments at FVOCI**

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.

**Equity Investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the statement of profit or loss account.

**Financial assets measured at amortised cost**

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

**5.7.2 Non-derivative financial assets**

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

**5.7.2.1 Trade debts, advances and other receivables**

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

**5.7.2.2 Cash and cash equivalents**

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

**5.7.3 Financial liabilities**

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

**5.7.3.1 Mark-up bearing borrowings and borrowing costs**

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

**5.7.3.2 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

**5.7.4 Derivative financial instruments - other than hedging**

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

**5.7.5 Derivative financial instruments - cash flow hedges**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss account. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

**5.7.6 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

**5.8 Impairment****a) Financial assets**

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.



Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

#### **b) Non-financial assets**

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

#### **5.9 Related party transactions**

All transactions with related parties are carried out by the company at arm's length prices.

#### **5.10 Revenue recognition**

Revenue from sales of goods and on performance of services is recognized upon passing of title to the customers, which generally coincides with physical delivery.

Revenue from Export Sales of Goods recognized when significant risks and rewards of ownership are transferred to buyer, this is, when shipped which coincides with date of Shipping Bill.

Gain on Sale of Fixed Assets is recorded when the title is transferred in favor of transferor.

#### **5.11 Provisions**

A provision is recognized in the Statement of Financial Position 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.

**5.12 Post Employment Benefits**

**Defined Contribution Plan**

The company has established a recognized provident fund for its permanent employees at head office. Equal contributions are being made in respect thereof by company and employees in accordance with the terms of the fund.

**Defined Benefit Plan**

The Company operating an unfunded Gratuity Scheme for its permanent factory staff. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method, as required by International Accounting Standards (IAS 19). Remeasurements which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Interest expense and current service cost are recognized in Statement of profit or loss.

**5.13 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 and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

**Deferred**

Deferred tax is provided using the 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 statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences, available tax losses and credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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 Statement of Financial Position.

**5.14 Dividend and appropriation to reserves**

Dividend is recognized as a liability in the period in which it is approved by the shareholders.

	2019	2018
	Rupees	
<b>6 AUTHORIZED SHARE CAPITAL</b>		
100,000,000 (2018: 100,000,000 ) Ordinary shares of Rs.10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>7 ISSUED, SUBSCRIBED AND PAID UP-CAPITAL</b>		
97,750,726 (2018: 97,750,726) Ordinary shares of Rs.10/- each fully paid in cash	<u>977,507,260</u>	<u>977,507,260</u>

**7.1** 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.

**7.2** Dewan Motors (Private) Limited, an associated company held 37,750,726 ordinary shares of Rs.10 each.



	2019	2018
	Rupees	
<b>8 REVALUATION SURPLUS ON PROPERTY PLANT AND EQUIPMENT</b>		
Opening Balance	1,346,670,632	1,426,895,947
Transferred to accumulated loss in respect of incremental depreciation for the year	(72,256,573)	(80,225,315)
	<u>1,274,414,059</u>	<u>1,346,670,632</u>
<i>Deferred tax liability</i>		
Opening Balance	219,835,713	252,033,418
Incremental Depreciation	(20,954,406)	(24,067,595)
Effect of change in tax rates	(7,327,856)	(8,130,110)
	<u>191,553,451</u>	<u>219,835,713</u>
	<u><u>1,082,860,608</u></u>	<u><u>1,126,834,919</u></u>

The assets of the Company have been revalued as on June 30, 2018. The revaluation is carried out by an independent valuer, M/s Anderson Consulting (Private) Limited on the basis of professional assessment of present market values or depreciated replacement values and resulted in a surplus on Revaluation of Property Plant and Equipment over the written down value as follows:

#### Land

Valuation of land is based on assessment of present market values from the information of current matured transactions in recent past, pertaining to immediate neighborhood and surrounding areas.

#### Building

Valuation of building has been determined by assessment of type of construction, current condition of construction and by applying current construction rates for current replacement value and taking into account depreciation involving the year of construction, physical condition, usage and maintenance.

#### Plant and Machinery

Plant and machinery valuation has been determined after making enquiries from agents, local dealers, fabricators, suppliers and manufacturers of comparable plants. Current prices of used and reconditioned plants in the local markets have also been considered. Based on above market values have been determined and depreciation has been applied as per their condition, usage, and maintenance.

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

The latest revaluation has resulted in increase in surplus by Rs.794.452 million, and forced sale value of revalued assets is Rs1,435.965 million:

	Notes	2019	2018
		Rupees	
<b>9 LONG TERM LOANS</b>			
Syndicated Long Term Loans - Secured	9.1	-	-
Sponsor Loan - unsecured	9.2	197,377,870	182,233,028
		<u>197,377,870</u>	<u>182,233,028</u>
<b>9.1 SYNDICATED LONG TERM LOANS - SECURED</b>			
Syndicated Long Term Loan - Secured		398,066,977	398,066,977
Less: Paid during the year		-	-
		<u>398,066,977</u>	<u>398,066,977</u>
Less: Transferred to overdue portion	14	398,066,977	398,066,977
		<u>-</u>	<u>-</u>

**9.1.1** The Compromise Agreement dated December 23, 2011 had been executed between the banks and the company against which consent decrees had been granted by the Honorable High Court of Sindh, Karachi. As per the terms, Company's short term and long term loans had been rescheduled in the form of long term loans of Rs.875.13 million which was to be repaid in six and half years from the date of restructuring with progressive mark up ranging from 6% to 14% over the period on outstanding principal. This loan is secured by way of mortgage charge over immovable properties and hypothecation of movable assets of the company. Moreover banks/financial institution also approved further working capital limit to the Company amounting to Rs. 192.10 million by providing syndicated cash finance against pledge of stocks in proportion to their loan amounts which has been expired on December 31, 2015 and not been renewed. In case of default by the company the entire outstanding mark up as disclosed in the agreement will remain outstanding liability of the company and all amounts in respect of its liabilities shall become payable with immediate effect as disclosed in clause 10.2 of the Compromise Agreement of the company.

**9.1.2** The company approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon.

<b>9.2 Sponsor Loan - unsecured</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>Rupees</b>	
Sponsor Loan- Unsecured	<b>9.2.1</b>	<b>213,781,355</b>	213,781,355
Unwinding interest		<b>15,144,842</b>	13,982,774
Present value adjustment		<b>(31,548,327)</b>	(45,531,101)
Present Value of Sponsor loan		<b><u>197,377,870</u></b>	<u>182,233,028</u>

**9.2.1** This represents unsecured interest free loan payable to sponsor against liabilities of a bank assumed by the sponsor. The Sponsor loan has been measured at amortized cost in accordance with International Financial Reporting Standard 9, Financial Instruments, and has been discounted using the weighted average interest rate of 8.01% per annum. This interest free loan is payable till 31st July 2020.

## **10 DEFERRED TAXATION**

Credit balance arising due to:

- accelerated tax depreciation	<b>124,702,699</b>	138,235,762
- revaluation - Net of related depreciation	<b>191,553,451</b>	219,835,713

Debit balance arising due to

- finance lease transactions	<b>6,405,330</b>	8,626,730
- staff gratuity	<b>(2,308,057)</b>	(1,164,553)
- carried over losses	<b>(266,699,844)</b>	(259,520,636)
	<b>53,653,579</b>	106,013,016

Deferred tax asset not recognized

<b>137,899,872</b>	113,822,697
<b><u>191,553,451</u></b>	<u>219,835,713</u>

### **10.1 Movement of deferred tax liabilities**

Balance as at beginning of the year	<b>219,835,713</b>	252,033,418
Tax charge recognised in statement of profit or loss	<b>(20,954,406)</b>	(24,067,595)
Tax charge recognised in other comprehensive income	<b>(7,327,856)</b>	(8,130,110)
Balance as at end of the year	<b><u>191,553,451</u></b>	<u>219,835,713</u>

## **11 DEFERRED LIABILITY FOR STAFF GRATUITY**

Opening balance		<b>3,756,623</b>	-
Provision for the year	<b>11.1</b>	<b>5,403,439</b>	3,756,623
Payments during the year		<b>(1,201,246)</b>	-
	<b>11.2</b>	<b><u>7,958,816</u></b>	<u>3,756,623</u>



	Notes	2019	2018
		Rupees	
<b>11.1 Provision for the year</b>			
Current service cost		5,128,748	3,756,623
Interest cost on defined benefit obligation		274,691	-
		<u>5,403,439</u>	<u>3,756,623</u>
<b>11.2 Balance sheet liability</b>			
Present value of defined benefit obligation		<u>7,958,816</u>	<u>3,756,623</u>
<b>11.3 Changes in Present Value of Defined Benefit Obligations</b>			
Present value of defined benefit obligation		3,756,623	-
Current service cost		5,128,748	3,756,623
Interest cost on defined benefit obligation		274,691	-
Benefits paid during the year		(1,201,246)	-
		<u>7,958,816</u>	<u>3,756,623</u>
<b>11.4 Significant Actuarial Assumptions</b>			
Discount rate used for Interest Cost in P&L Charge		9.00%	9.00%
Discount rate used for year end obligation		9.00%	9.00%
Salary increase used for year end obligation		8.00%	8.00%
Next Salary increased at		July 01, 2019	July 01, 2018
Mortality Rates		SLIC 2001 - 2005	SLIC 2001 - 2005
		Setback 1 Year	Setback 1 Year
Withdrawal Rates		Age based	Age based
Retirement Assumption Age		60 Years	60 Years
<b>11.5 Year End Sensitivity Analysis on Defined Benefit Obligation</b>			
Discount Rate + 100 bps		7,540,098	3,558,985
Discount Rate - 100 bps		8,441,785	3,984,588
Salary Increase + 100 bps		8,471,195	3,998,470
Salary Increase - 100 bps		7,505,194	3,542,510
<b>12 TRADE AND OTHER PAYABLES</b>			
Creditors		57,077,098	70,925,573
Accrued expenses		54,999,544	34,843,904
Employees Provident Fund	12.1	136,306	141,302
		<u>112,212,948</u>	<u>105,910,779</u>
<b>12.1</b>			
Investments of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.			
<b>13 SHORT TERM BORROWING</b>			
Short term finances from banks	13.1 to 13.2	90,000,000	150,394,965
Sponsors loan	13.3	124,083,000	124,083,000
		<u>214,083,000</u>	<u>274,477,965</u>

**13.1** One of the Banks provided running finance of Rs 30 million .The facility is secured by way hypothecation charge on the current assets of the company. The markup rate for this facility is three month KIBOR plus 2%.

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**13.2** One of the Banks provided short term finance of Rs 150 million The facility is secured by way hypothecation charge & mortgages against assets of the company. The markup rate for this facility is three month KIBOR plus 3%.

**13.3** This represents unsecured interest free loan for the purpose of working capital requirements and is payable on demand. The interest free and unsecured loan has been provided by sponsor considering financial crunch being faced by the company.

<b>14 OVERDUE PORTION OF LONG TERM LIABILITIES</b>	Notes	2019	2018
		Rupees	
Liabilities against assets subject to finance lease		<b>29,580,000</b>	29,580,000
Redeemable capital - PPTFCs	<b>14.1</b>	<b>36,250,000</b>	36,250,000
Over due portion of Syndicated Long term loans		<b>398,066,977</b>	398,066,977
		<b>463,896,977</b>	463,896,977

**14.1** This represents remaining amount payable in respect of 29,000 PPTFCs which were not converted into long term loan. Total number of PPTFCs were 130,000 out of which 101,000 were converted into long term loan in accordance with the consent decrees passed by Honorable High Court of Sindh as detailed in note 9.1.1.

### **15 PROVISION FOR TAXATION**

Balance at the beginning of the year	<b>9,614,864</b>	22,276,392
Provision made during the year	<b>6,036,481</b>	9,614,864
	<b>15,651,345</b>	31,891,256
Payment/ Adjusted during the year	<b>9,614,864</b>	22,276,392
	<b>6,036,481</b>	9,614,864

Income tax returns of the company have been filed up to tax year 2018 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001.

### **15.1 Relationship between income tax expense and accounting profit**

Accounting (loss) as per profit and loss account	<b>(225,131,198)</b>	(391,806,809)
Applicable tax rate	<b>29%</b>	30%
Tax on accounting (loss)	<b>(65,288,047)</b>	(117,542,043)
Tax effect of timing difference on depreciation	<b>26,421,045</b>	22,555,804
Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account	<b>9,792,110</b>	19,037,420
Effect of Loss carried / (brought) forward	<b>29,074,892</b>	75,948,819
	<b>-</b>	-
Minimum tax payable under Income Tax Ordinance, 2001	<b>6,036,481</b>	9,614,864

### **16 CONTINGENCIES AND COMMITMENTS**

**16.1** In respect of liabilities towards banks / financial institutions disclosed in note 9 to the financial statements, during the year ended 2012, certain lenders have entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs.549.161 million and markup thereon of Rs.208.532 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honourable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.



- 16.2** Company has been facing litigations with two of its lenders who had filed suits for recovery of Rs. 66.60 million which are pending in Honorable High Court of Sindh, Karachi. The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome.
- 16.3** The Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014 to circumvent the earlier decision of Honorable Supreme Court wherein GIDC Act of 2011 was declared unconstitutional and ultra vires. The Government enacted GIDC Act, 2015 which has been challenged by the Company through writ petition before the Honorable Lahore High Court, which granted the stay against collection of GIDC arrears. In addition Company has also filed writ petition in Islamabad High Court against GIDC being currently charged in its bills, which is pending and management expects favorable outcome of the same. Since this issue is being faced by industry at large and matter is also pending in Supreme Court of Pakistan, management is of the view that decision of the case will be in its favour and there is no need to maintain any provision against this liability.
- 16.4** The company alongwith other textile mills has filed writ petition in Honorable Lahore High Court against Sui Northern Gas Pipelines Limited (SNGPL) and others against purported gas charges. The Honorable court has granted stay against said gas charges and company expects favorable outcome hence no provision amounting to Rs.22.805 million (2018:Rs.17.008 million) has been made in these financial statements.
- 16.5** The company alongwith other textile mills has filed writ petition in Honorable Lahore High Court against Sui Northern Gas Pipelines Limited (SNGPL) and others in respect of gas bill raised over and above 6.5\$ per MMBTU (the rate fixed by Government for zero rating sector) on account delay in release of subsidy from the Government and late payment charges thereon. The Honorable Court granted stay directing to collect the bills using the rate of 6.5\$ per MMBTU and for differential amount post dated cheques to be given to respondent. Accordingly company has given post dated cheque of Rs.40.220 million and no provision there against has been made in these financial statements.
- 16.6** There are no commitments as of balance sheet date which need to be disclosed in the financial statements.

	Notes	2019	2018
		Rupees	
<b>17 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	17.1	1,984,914,824	2,068,556,003
Capital work in progress	17.5	-	20,478,126
		<u>1,984,914,824</u>	<u>2,089,034,129</u>

### 17.1 Operating Fixed Assets

Cost / Revalued Amount	2019											Total
	Owned									Leased	Intangible Assets	
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)	Software Development	
Cost As at 01 July 2018	699,300,000	290,755,270	131,540,140	2,179,943,598	65,076,005	8,795,459	27,344,062	5,570,906	1,144,944	200,449,275	3,000,000	3,612,919,659
Addition/ Transfer from CWIP	-	13,165,335	8,975,180	29,539,779	-	-	-	147,000	48,000	-	-	51,875,294
Transfers/ Deletion	-	-	-	-	-	-	(749,000)	-	-	-	-	(749,000)
<b>As at June 30, 2019</b>	<b>699,300,000</b>	<b>303,920,605</b>	<b>140,515,320</b>	<b>2,209,483,377</b>	<b>65,076,005</b>	<b>8,795,459</b>	<b>26,595,062</b>	<b>5,717,906</b>	<b>1,192,944</b>	<b>200,449,275</b>	<b>3,000,000</b>	<b>3,664,045,953</b>
<b>Accumulated Depreciation</b>												
As at 01 July 2018	-	142,279,887	45,256,560	1,120,929,449	54,834,082	6,396,223	24,292,754	5,283,421	702,511	143,041,113	1,347,656	1,544,363,656
Charge for the year	-	15,286,383	4,463,765	106,923,918	1,536,288	239,924	597,023	100,946	45,843	5,740,816	413,086	135,347,992
Adjustments	-	-	-	-	-	-	(580,519)	-	-	-	-	(580,519)
<b>As at June 30, 2019</b>	<b>-</b>	<b>157,566,270</b>	<b>49,720,325</b>	<b>1,227,853,367</b>	<b>56,370,370</b>	<b>6,636,147</b>	<b>24,309,258</b>	<b>5,384,367</b>	<b>748,354</b>	<b>148,781,929</b>	<b>1,760,742</b>	<b>1,679,131,129</b>
<b>Net book value</b>												
<b>As at June 30, 2019</b>	<b>699,300,000</b>	<b>146,354,335</b>	<b>90,794,995</b>	<b>981,630,010</b>	<b>8,705,635</b>	<b>2,159,312</b>	<b>2,285,804</b>	<b>333,539</b>	<b>444,590</b>	<b>51,667,346</b>	<b>1,239,258</b>	<b>1,984,914,824</b>
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25	

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	2018										Total	
	Owned									Leased		Intangible Assets
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)		Software Development
<b>Cost / Revalued Amount</b>												
Cost As at 01 July 2018	699,300,000	279,300,070	126,780,629	2,121,927,956	65,076,005	8,772,959	29,711,062	5,570,906	1,101,944	200,449,275	3,000,000	3,540,990,806
Addition/ Transfer from CWIP	-	11,455,200	4,759,511	58,015,642	-	22,500	-	-	43,000	-	-	74,295,853
Transfers/ Deletion	-	-	-	-	-	-	(2,367,000)	-	-	-	-	(2,367,000)
<b>As at 30th June 2018</b>	<b>699,300,000</b>	<b>290,755,270</b>	<b>131,540,140</b>	<b>2,179,943,598</b>	<b>65,076,005</b>	<b>8,795,459</b>	<b>27,344,062</b>	<b>5,570,906</b>	<b>1,144,944</b>	<b>200,449,275</b>	<b>3,000,000</b>	<b>3,612,919,659</b>
<b>Accumulated Depreciation</b>												
As at 01 July 2017	-	126,949,355	40,944,944	1,008,032,576	53,026,684	6,129,641	25,652,804	5,160,213	653,352	136,662,428	796,875	1,404,008,872
Charge for the year	-	15,330,532	4,311,616	112,896,873	1,807,398	266,582	811,652	123,208	49,159	6,378,685	550,781	142,526,486
Adjustments	-	-	-	-	-	-	(2,171,702)	-	-	-	-	(2,171,702)
<b>As at 30th June 2018</b>	<b>-</b>	<b>142,279,887</b>	<b>45,256,560</b>	<b>1,120,929,449</b>	<b>54,834,082</b>	<b>6,396,223</b>	<b>24,292,754</b>	<b>5,283,421</b>	<b>702,511</b>	<b>143,041,113</b>	<b>1,347,656</b>	<b>1,544,363,656</b>
Net book value												
<b>As at June 30, 2018</b>	<b>699,300,000</b>	<b>148,475,383</b>	<b>86,283,580</b>	<b>1,059,014,149</b>	<b>10,241,923</b>	<b>2,399,236</b>	<b>3,051,308</b>	<b>287,485</b>	<b>442,433</b>	<b>57,408,162</b>	<b>1,652,344</b>	<b>2,068,556,003</b>
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25	

17.2 Had there been no revaluation the related figures of land, building and plant & machinery at June 30 would have been as follows:

	Notes	2019 Rupees	2018 Rupees
Free hold land		<b>85,415,080</b>	85,415,080
Factory Building on Free hold land		<b>128,954,485</b>	129,142,216
Non Factory Building		<b>71,377,031</b>	65,843,618
Plant and Machinery		<b>357,918,686</b>	366,001,567
		<b>643,665,282</b>	<b>646,402,481</b>
<b>17.3 Allocation of Depreciation</b>			
Depreciation / amortization for the year has been allocated as follows :			
Cost of Goods Manufactured		<b>134,131,516</b>	141,245,491
Administrative Expenses		<b>1,216,476</b>	1,280,995
		<b>135,347,992</b>	<b>142,526,486</b>
<b>17.4</b> The company's freehold land is located in 54-Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab, Area of Land is 70 Acres.			
<b>17.5 Capital Work in progress</b>			
Civil Works		-	20,478,126
		-	20,478,126
<b>Capital Work in progress - movement</b>			
Opening		<b>20,478,126</b>	-
Additions during the year		<b>1,662,389</b>	36,692,836
Less: Capitalized during the year		<b>(22,140,515)</b>	(16,214,710)
		-	20,478,126
<b>18 STORES &amp; SPARES</b>			
Packing material		<b>2,025,260</b>	2,233,545
Store & spares		<b>23,742,106</b>	26,235,941
		<b>25,767,366</b>	28,469,486
<b>19 STOCK IN TRADE</b>			
Raw material		-	27,742,024
Finished goods		<b>361,003</b>	446,839
		<b>361,003</b>	28,188,863



	Notes	2019	2018
		Rupees	
<b>20 TRADE DEBTORS - Unsecured</b>			
Trade debts - local - Considered Good		97,566,096	168,475,529
- Considered Doubtful		103,283,710	103,283,710
		<u>200,849,806</u>	<u>271,759,239</u>
Provision for doubtful debts		(103,283,710)	(103,283,710)
		<u>97,566,096</u>	<u>168,475,529</u>
<b>20.1 Provision for doubtful debts</b>			
Opening balance		103,283,710	53,659,926
Provision during the year		-	49,623,784
		<u>103,283,710</u>	<u>103,283,710</u>
<b>20.2 The aging of debtors at the reporting date:</b>			
Up to one month		26,679,550	28,514,850
1 to 6 months		22,156,880	60,575,268
More than 6 months		48,729,666	79,385,411
		<u>97,566,096</u>	<u>168,475,529</u>
<b>21 LOANS AND ADVANCES - Unsecured, Considered Good</b>			
Advances to Suppliers of goods & services		44,809,956	62,468,911
Advances to Employees	21.1	669,918	698,826
Others		1,633,917	1,441,262
Provision for doubtful advances		(14,650,380)	-
		<u>32,463,411</u>	<u>64,608,999</u>
<b>21.1</b>			
Advance to Employees includes Rs. 0.293 million (2018: Rs. Nil) due from the executive of the company.			
<b>22 TRADE DEPOSITS AND OTHER RECEIVABLES-CONSIDERED GOOD</b>			
Trade deposits		2,717,287	2,717,287
Prepayments		337,386	-
Sales tax		80,677,124	76,536,699
		<u>83,731,797</u>	<u>79,253,986</u>
<b>23 CASH AND BANK BALANCES</b>			
In hand - Cash		28,280	51,254
At banks - Current Accounts		2,003,033	6,407,165
At banks - Saving Account		1,451,860	1,451,858
		<u>3,483,173</u>	<u>7,910,277</u>
<b>24 SALES / REVENUE - NET</b>			
Local sales		-	594,595,362
Spinning Charges		465,511,985	174,752,304
Raw Material sale		17,406,480	-
		<u>482,918,465</u>	<u>769,347,666</u>
Sales Tax		-	(158,543)
		<u>482,918,465</u>	<u>769,189,123</u>
<b>25 COST OF SALES / REVENUE</b>			
Opening stock of finished goods		446,839	134,901,912
Cost of goods manufactured	25.1	592,949,426	881,816,808
		<u>593,396,265</u>	<u>1,016,718,720</u>
Less: closing stock of finished goods		361,003	446,839
		<u>593,035,262</u>	<u>1,016,271,881</u>

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	Notes	2019	2018
		Rupees	
<b>25.1 Cost of goods manufactured</b>			
Raw material consumed / sold	25.1.1	27,742,024	332,454,486
Stores and spares consumed		31,865,963	27,151,762
Packing material consumed		13,660,818	14,782,672
Salaries, wages & other benefits	25.1.2	133,672,770	125,257,131
Insurance		2,810,447	3,464,710
Repair & maintenance		4,456,619	4,087,020
Fuel & power		240,194,614	210,196,822
Vehicle running & maintenance		1,536,412	1,259,601
Communication		802,982	731,686
Rent, rates & taxes		942,096	997,625
Entertainment		431,730	518,679
Travelling & conveyance		283,230	198,738
Other manufacturing expenses		418,205	235,207
Depreciation	17.3	134,131,516	141,245,491
		<u>592,949,426</u>	<u>862,581,630</u>
Work-in-process - Opening		-	19,235,178
Work-in-process - Closing		-	-
Cost of Goods Manufactured		<u>592,949,426</u>	<u>881,816,808</u>
<b>25.1.1 Raw Material Consumed / sold</b>			
Opening Stock		27,742,024	31,701,436
Add: Purchases inclusive of direct expenses		-	328,495,074
		<u>27,742,024</u>	<u>360,196,510</u>
Less: Closing Stock		-	27,742,024
		<u>27,742,024</u>	<u>332,454,486</u>

**25.1.2** Salaries and benefits include Rs.5.403 million (2018: Rs. 3.757 million) in respect of post employment benefits.

**26 ADMINISTRATIVE EXPENSES**

Salaries and benefits	26.1	17,401,611	16,194,676
Travelling & conveyance		1,410,189	1,579,976
Printing & stationary		833,072	792,415
Legal & professional		130,000	697,000
Auditors remuneration	26.2	500,000	500,000
Vehicle running expenses		1,108,097	1,253,215
Communication		454,325	552,999
Fees & subscription		881,678	834,545
Rent, Rate & Taxes		184,694	272,936
Donations	26.3	12,472	55,840
Depreciation / Amortization	17.3	1,216,476	1,280,995
Provision for doubtful debts and advances		14,650,380	49,623,784
Other expenses		406,121	1,338,396
		<u>39,189,115</u>	<u>74,976,777</u>



**26.1** Salaries and benefits include Rs.0.485 million (2018: Rs.0.536 million) in respect of post employment benefits.

	Notes	2019	2018
		Rupees	
<b>26.2</b> Audit Fee		<b>350,000</b>	350,000
Half yearly review		<b>75,000</b>	75,000
Code of Corporate Governance		<b>50,000</b>	50,000
Reimbursable expenses		<b>25,000</b>	25,000
		<b>500,000</b>	<b>500,000</b>

**26.3** None of the directors had any interest in the donee's fund.

## 27 SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	<b>27.1</b>	<b>7,484,185</b>	7,125,200
Travelling & conveyance		<b>430,580</b>	505,272
Vehicle running expenses		<b>985,680</b>	1,066,941
Miscellaneous expenses		<b>991,398</b>	1,403,110
Commission on sales		-	1,934,843
		<b>9,891,843</b>	<b>12,035,366</b>

**27.1** Salaries and benefits include Rs.0.329 million (2018: Rs.0.324 million) in respect of post employment benefits.

## 28 FINANCE COST

Markup on :

Syndicate Long Term Loans		<b>37,263,977</b>	30,487,895
Short term syndicate Loan		<b>13,379,859</b>	15,485,380
Bank & other charges		<b>383,652</b>	398,021
Unwinding interest		<b>15,144,842</b>	13,982,774
		<b>66,172,330</b>	<b>60,354,070</b>

**28.1** The Company has not made the provision of markup for the year amounting to Rs.8.431 million (up to June 30, 2018: Rs.51.995 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the year and accrued markup would have been higher by Rs.60.426 million and shareholders' equity would have been lower by Rs.60.426 million.

## 29 OTHER INCOME

Scrap sales		<b>7,368</b>	1,629,960
Gain on disposal of fixed assets		<b>231,519</b>	1,012,202
		<b>238,887</b>	<b>2,642,162</b>

## 30 (LOSS) PER SHARE - Basic and diluted

(Loss) after taxation		<b>(210,213,273)</b>	<b>(377,120,023)</b>
Weighted average number of ordinary shares		<b>97,750,726</b>	<b>97,750,726</b>
(Loss) per share - Basic and diluted		<b>(2.15)</b>	<b>(3.86)</b>

No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per share when exercised.

## 31 CASH AND CASH EQUIVALENTS

Cash and Bank Balances		<b>3,483,173</b>	7,910,277
Short term Borrowings		<b>(214,083,000)</b>	(274,477,965)
		<b>(210,599,827)</b>	<b>(266,567,688)</b>

**32 REMUNERATION OF DIRECTORS & EXECUTIVES**

	2019			2018		
	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES
Managerial remuneration	-	-	10,477,383	-	-	9,271,056
Staff retirement gratuity	-	-	250,000	-	-	-
Provident fund	-	-	590,990	-	-	590,928
House rent allowance	-	-	2,393,296	-	-	2,107,058
Utilities allowance	-	-	1,595,531	-	-	1,404,705
Conveyance	-	-	231,352	-	-	204,968
Others	-	-	416,756	-	-	468,339
	-	-	<b>15,955,308</b>	-	-	<b>14,047,054</b>
Number of persons	-	-	<b>3</b>	-	-	<b>3</b>

Executives are also provided with Company maintained car.

**33 TRANSACTIONS WITH RELATED PARTIES**

Related parties include associated group companies, directors, executives and key management personnel. The remuneration paid to executives has been mentioned in Note 32. During the year aggregate transactions undertaken by the company with the related parties contribution of provident fund amounting to Rs.1.628 million (2018: Rs.1.722 million).

**34 PLANT CAPACITY AND PRODUCTION**

Installed capacity after conversion into 20's (Kgs)	<b>11,130,330</b>	11,130,330
Actual production after conversion into 20's (Kgs)	<b>9,653,207</b>	8,077,538
Total number of spindles installed	<b>28,800</b>	28,800
Average number of spindles worked	<b>24,895</b>	22,801
Number of shifts worked per day	<b>3</b>	3
Total days worked	<b>316</b>	289

The production of the Company represents manufacturing of yarn on contract basis.

**35 Number of employees**

Total number of employees as at end of the year	<b>390</b>	348
Average number of employees during the year	<b>395</b>	378

**36 Financial Instruments**

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has 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.

	2019	2018
	Rupees	
<b>36.1 Credit risk</b>		
Trade Debts - Considered Good	<b>97,566,096</b>	168,475,529
Loans and Advances - Unsecured - Considered good	<b>2,303,835</b>	2,140,088
Trade deposits & other receivable - Considered Good.	<b>3,054,673</b>	2,717,287
Cash and bank balances	<b>3,483,173</b>	7,910,277
	<b>106,407,777</b>	181,243,181



Based on past experience the management believes that no further impairment allowance is necessary in respect of trade debts due to subsequent recoveries and for the rest of the receivables management believes that the same will be recovered / adjusted in short course of time. The credit quality of the company's receivable can be measured with their past performance of no default. The dealing banks possess good credit ratings.

### 36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark-up accrued.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward
Financial liabilities	Rupees				
Long term loan	661,274,847	708,502,638	494,721,283	-	213,781,355
Trade and other payables	112,212,948	105,910,779	105,910,779	-	-
Short term Borrowings	214,083,000	221,119,500	221,119,500	-	-
Mark-up payable	182,647,409	146,302,764	146,302,764	-	-
	<b>1,170,218,204</b>	<b>1,181,835,681</b>	<b>968,054,326</b>	-	<b>213,781,355</b>

	2018				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two year
Financial liabilities	Rupees				
Syndicated long term loan	646,130,005	694,492,950	480,711,595	-	213,781,355
Trade and other payables	105,910,779	105,910,779	105,910,779	-	-
Short term Borrowings	274,477,965	281,380,500	281,380,500	-	-
Mark-up payable	146,302,764	146,302,764	146,302,764	-	-
	<b>1,172,821,513</b>	<b>1,228,086,993</b>	<b>1,014,305,638</b>	-	<b>213,781,355</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2019. The rates of markup have been disclosed in relevant notes to the financial statements.

### 36.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market prices due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

### 36.4 Currency risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

### 36.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits and deposits in profit and loss sharing accounts with banks. At the balance sheet date the interest rate profile of the company's interest-bearing financial instruments are:

## DEWAN FAROOQUE SPINNING MILLS LIMITED

	2019	2018
	Rupees	
Fixed rate instruments	-	-
Variable rate instruments	-	-
Financial liabilities	<u>553,896,977</u>	<u>614,291,942</u>
	<u>553,896,977</u>	<u>614,291,942</u>

### 36.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

### 36.7 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

Total Borrowings	<u>553,896,977</u>	614,291,942
Less Cash and Bank Balances	<u>3,483,173</u>	<u>7,910,277</u>
Net debt	<u>550,413,804</u>	606,381,665
Total equity	<u>936,849,225</u>	1,139,734,642
Total Capital	<u>1,487,263,029</u>	<u>1,746,116,307</u>
Gearing ratio	<u>0.37</u>	<u>0.35</u>

### 36.8 Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

### 37 Date of Authorization

These financial statements have been authorized for issue on September 27, 2019 by the Board of Directors of the company.

### 38 General

**38.1** Comparative figures has been rearranged and re-classified wherever necessary for the purpose of better presentation and comparison. However, there were no significant reclassifications and restatements except for salaries of Rs.6.030 million have been reclassified from distribution expenses to administrative expenses for better presentation.

**38.2** Figures have been rounded off to the nearest rupees.

**38.3** Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani rupees, which is the Company's functional and Presentational currency.



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**S.M. Raza**  
Chief Financial Officer



**S.M. Anwar**  
Chairman Board of Directors



**PATTERN OF SHAREHOLDING UNDER REGULATION 37 (XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2019**

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	<b>Associated Companies</b>	1	37,750,726	38.62%
2.	<b>NIT and ICP</b>	-	-	0.00%
3.	<b>Directors, CEO, their Spouses &amp; Minor Children</b>	8	5,125,727	5.24%
4.	<b>Executives</b>	-	-	0.00%
5.	<b>Public Sector Companies &amp; Corporations</b>	14	986,527	1.01%
6.	<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas &amp; Mutual Funds</b>	-	-	0.00%
7.	<b>Individuals</b>	2,409	53,887,746	55.13%
	<b>TOTAL</b>	<b>2,432</b>	<b>97,750,726</b>	<b>100.00%</b>

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	<b><u>Associated Companies</u></b>			
	Dewan Motors (Pvt.) Limited	1	37,750,726	38.62%
2.	<b><u>NIT and ICP</u></b>			
		-	-	0.00%
3.	<b><u>Directors, CEO, their Spouses &amp; Minor Children</u></b>			
	<b><u>Directors and CEO</u></b>			
3.1	Dewan Abdul Baqui Farooqui	1	4,072,727	4.17%
3.2	Mr. Muhammad Baqar Jafferri	1	500	0.00%
3.3	Mr. Aziz ul Haque	1	500	0.00%
3.4	Mr. Syed Muhammad Anwar	1	500	0.00%
3.5	Mr. Syed Maqbool Ali	1	500	0.00%
3.6	Mr. Imran Ahmed Javed	1	500	0.00%
3.7	Mr. Ghazanfar Babar Siddiqui	1	500	0.00%
		<b>7</b>	<b>4,075,727</b>	<b>4.17%</b>
	<b><u>Spouses of Directors and CEO</u></b>			
3.8	Mrs. Nada Jabri	1	1,050,000	1.07%
		<b>1</b>	<b>1,050,000</b>	<b>1.07%</b>
	<b><u>Minor Children of Directors and CEO</u></b>			
		-	-	0.00%

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Motors (Pvt.) Limited	1	37,750,726	38.62%
2	Dewan Muhammad Yousuf Farooqui	2	7,052,951	7.22%
3	Dewan Zia-ur-Rehman Farooqui	2	8,622,727	8.82%

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

*During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.*

# DEWAN FAROOQUE SPINNING MILLS LIMITED

**FORM 34**

## THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

### PATTERN OF SHAREHOLDING

1. Incorporation Number 0046530
2. Name of the Company DEWAN FAROOQUE SPINNING MILLS LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 6 2 0 1 9

4.	Number of Shareholders	Shareholdings			Total Shares held
	71	1	-	100 Shares	945
	785	101	-	500 Shares	390,712
	316	501	-	1,000 Shares	314,396
	557	1,001	-	5,000 Shares	1,684,342
	229	5,001	-	10,000 Shares	1,943,949
	160	10,001	-	20,000 Shares	2,447,247
	94	20,001	-	30,000 Shares	2,407,603
	39	30,001	-	40,000 Shares	1,371,159
	46	40,001	-	50,000 Shares	2,178,000
	27	50,001	-	60,000 Shares	1,511,293
	14	60,001	-	70,000 Shares	936,500
	14	70,001	-	80,000 Shares	1,048,550
	4	80,001	-	90,000 Shares	350,500
	13	90,001	-	100,000 Shares	1,288,956
	17	100,001	-	150,000 Shares	2,126,000
	7	150,001	-	200,000 Shares	1,287,727
	9	200,001	-	250,000 Shares	2,074,989
	8	250,001	-	300,000 Shares	2,208,000
	3	300,001	-	350,000 Shares	931,000
	1	350,001	-	400,000 Shares	400,000
	3	400,001	-	450,000 Shares	1,282,000
	2	450,001	-	500,000 Shares	994,000
	1	500,001	-	600,000 Shares	572,727
	1	600,001	-	700,000 Shares	601,000
	4	700,001	-	1,100,000 Shares	4,200,000
	1	1,100,001	-	2,500,000 Shares	2,200,000
	1	2,500,001	-	3,500,000 Shares	3,500,000
	1	3,500,001	-	4,000,000 Shares	3,552,951
	2	4,000,001	-	4,100,000 Shares	8,145,454
	1	4,100,001	-	8,100,000 Shares	8,050,000
	1	8,100,001	-	38,000,000 Shares	37,750,726
	<b>2432</b>	<b>TOTAL</b>			<b>97,750,726</b>



5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	5,125,727	5.24%
5.2	Associated Companies, undertakings and related parties	37,750,726	38.62%
5.3	NIT and ICP	-	0.00%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	-	0.00%
5.5	Insurance Companies	-	0.00%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 5%	53,426,404	54.66%
5.8	<u>General Public</u>		0.00%
	a. Local	53,887,746	55.13%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	986,527	1.01%

ہیومن ریسورس اور اجرتی کمیٹی:

ہیومن ریسورس اور اجرتی کمیٹی کی تشکیل بورڈ نے کی تھی تاکہ ہیومن ریسورس کی پالیسیوں پر میعادى جائزے سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کر سکیں۔ اس کے علاوہ انتخاب، تخمینہ، معاوضہ اور انتظامیہ کی اہم کامیابی کی منصوبہ بندی بورڈ کے ساتھ تعاون کر سکے۔

یہ کمیٹی تین ممبران پر مشتمل ہے، دوران سال ہیومن ریسورس اور اجرتی کمیٹی کی ایک میٹنگ منعقد کی گئی تھی جس میں درج ذیل نے شرکت کی:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق۔ چیئر مین	1
جناب عمران احمد جاوید	1
دیوان عبدالباقی فاروقی	1

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (2.15) (2018): مبلغ (3.86) (روپے فی شیئر خسارہ پایا گیا۔)

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں انہوں نے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارشات کی بنیاد پر مجوزہ میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کی آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز کی ہے۔

شیئرز ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ، 2017ء، اسٹنگ ریگولیشن اور کوڈ آف کارپوریشن گورننس کے تحت مقررہ شیئرز ہولڈنگ کی معلومات مرتب کی گئی ہیں جو کہ اس رپورٹ کے ساتھ منسلک ہیں۔

اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

بعد کے واقعات:

مالی سال ختم ہونے کے بعد سے اس رپورٹ کی تاریخ تک کوئی ایسے قابل ذکر واقعات نہیں ہیں جن سے کمپنی کی مالی حالت اثر انداز ہو۔

اظہار تشکر اور دعائیہ کلمات:

بورڈ کی جانب سے ہم تمام ایگزیکٹو، اسٹاف ممبران اور ورکرز کا کمپنی کیلئے ان کی خدمات پر شکر یہ ادا کرتے ہیں۔ آخر میں ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں کہ وہ اپنے حبیب حضرت محمد ﷺ کے فضل اور فیض و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک و قوم پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم لہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین حمہ آمین۔

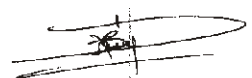


ایس۔ ایم انور  
چیئر مین بورڈ آف ڈائریکٹرز

کراچی:

تاریخ: 27 ستمبر 2019

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)  
بورڈ آف ڈائریکٹرز کی جانب سے



دیوان عبدالباقی فاروقی  
چیف ایگزیکٹو



## پورڈ:

پورڈ آف ڈائریکٹرز متنوع علم کے حامل افراد اور ماہرین پر مشتمل ہے جو کہ اپنی بہترین مہارت کے تحت کمپنی کے مقاصد پر عملدرآمد کرتے ہیں۔  
30 جون 2019ء کو پورڈ آف ڈائریکٹرز کی تفصیلات مندرجہ ذیل ہیں:

تعداد	ڈائریکٹرز
7	مرد (الف)
	خواتین (ب)
	کوئی نہیں (خواتین کو پورڈ کی تشکیل نو پر پورڈ میں شامل کیا جائے گا)
تعداد	ساخت
1	آزاد ڈائریکٹر (الف)
5	دیگر غیر انتظامی ڈائریکٹر (ب)
1	انتظامی ڈائریکٹر (ج)

اس سال کے دوران پورڈ کی چار میٹنگوں کا انعقاد ہوا جس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
دیوان عبدالباقی فاروقی	4
جناب عزیز الحق	4
جناب اشتیاق احمد	1
سید محمد انوار	4
جناب غضنفر بابر صدیقی	4
جناب محمد باقر جعفری	4
جناب عمران احمد جاوید	4
سید مقبول علی	2

وہ ڈائریکٹرز جو میٹنگ میں شرکت نہیں کر سکے ان ڈائریکٹرز کو غیر حاضری پر چھٹی عنایت کر دی گئی تھی۔

## آڈٹ کمیٹی:

پورڈ نے اپنے ڈائریکٹرز کو کارپوریٹ گورننس، مالیاتی رپورٹنگ اور کارپوریٹ کنٹرول کیلئے ان کی ذمہ داریوں کی تکمیل میں تعاون کیلئے آڈٹ کمیٹی تشکیل دی تھی۔ یہ کمیٹی تین ممبران پر مشتمل ہے، ممبران کی اکثریت بشمول کمیٹی کے چیئرمین اور غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

سال کے دوران آڈٹ کمیٹی کی چار میٹنگوں کا انعقاد کیا گیا تھا جس میں درج ذیل نے شرکت کی تھی:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق - چیئرمین	4
سید محمد انوار	4
جناب غضنفر بابر صدیقی	4

### صحت، حفاظت اور ماحول:

کمپنی کی انتظامیہ اپنی ذمہ داری سے آگاہ ہے جس کے تحت ہمیں ہمارے متعلقین کو محفوظ اور صحت مندانہ ماحول فراہم کرنا ہے۔ ہماری حفاظتی ثقافت کا مقصد یہ ہے کہ ہر طرح کے مسائل سے محفوظ رہا جائے۔ ملازمین کیلئے محفوظ، صحت مندانہ اور پرسکون امور کی حالات پیدا کرنے کیلئے مستقل جدوجہد کرتے ہیں۔ ہم تمام تر حادثات وغیرہ کی صورت میں مکمل تفتیش کرتے ہیں اور اس کا سبب معلوم کرتے ہیں۔ ہمیں یقین ہے کہ تحفظ اور صحت مندانہ عمل بہتری کیلئے مستقل اصلاح کا راستہ ہے۔ ہم اپنے اور اپنے متعلقین کیلئے مستقل بنیاد پر

تحفظ اور صحت مندانہ امور کی اصلاح کیلئے اقدامات کرتے رہتے ہیں۔

### انسانی ذرائع (ہیومن ریسورس):

کمپنی کی انتظامیہ اس بات پر واضح یقین رکھتی ہے کہ بہترین پیداواری صلاحیت کیلئے انسانی ذرائع اور مستحکم قیادت بے حد اہم ہے۔ لہذا کمپنی کی انتظامیہ انسانی ذرائع کے استعمال کو بے حد اہمیت دیتی ہے، اس سلسلے میں ملازمین کیلئے مناسب تربیت، ہدایات اور وقتاً فوقتاً مراعاتی اسکیمیں فراہم کرتے ہیں۔

### کارپوریٹ اور مالی رپورٹنگ:

آپ کی کمپنی کے ڈائریکٹرز بہترین کارپوریٹ گورننس کے لئے پرعزم ہیں۔ بورڈ کارپوریٹ اور فنانشل رپورٹنگ سے متعلق اپنی ذمہ داری سے بخوبی آگاہ ہے۔ ڈائریکٹرز تصدیق کرتے ہیں کہ:

- ۱- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور حصص میں ردوبدل کی شفاف عکاسی کرتے ہیں۔
- ۲- کمپنی کے کھاتے مناسب طریقہ سے مرتب کئے جاتے ہیں۔
- ۳- اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں یقینی بنایا گیا ہے، جن پالیسیوں میں تبدیلی کی گئی ہے ان کے مالی اثرات مناسب طریقے سے بتایا گیا ہے، تخمینوں کے اندازے لگانے میں ماہرانہ احتیاط برتی جاتی ہے۔
- ۴- مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، باقاعدہ طور پر اس کا لحاظ رکھا جاتا ہے اور اگر ان سے کوئی انحراف ہو تو اسے موثر طریقے سے بیان کیا گیا ہے۔
- ۵- اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ۶- کارپوریٹ گورننس پر عملدرآمد کے حوالے سے کوئی بھی انحراف نہیں کیا گیا سوائے ان کے جن کا ذکر آڈیٹرز کی جائزہ رپورٹ میں ہے۔
- ۷- کمپنی نے اپنے بورڈ کے غیر ایگزیکٹو ممبران میں سے ایک آڈٹ کمیٹی تشکیل دی ہے۔
- ۸- بورڈ نے اپنے ممبران اور کمپنی کے ملازمین میں سے اسٹیٹمنٹ برائے اصول اور کاروباری عمل کیلئے مرتب کر کے جاری کیا ہے۔
- ۹- آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ۱۰- میکسر، ڈیویڈنڈ اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- ۱۱- کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کی تفصیلات

(۲) متعلقین اور منسلک کمپنیوں کے شیئرز کی تفصیلات



زیر جائزہ سال کے دوران کمپنی نے حکومت کی جانب سے عائد کردہ ٹیکسز کی ادائیگی کی ہے جس میں دودھ ہولڈنگ میکسر، سیلز ٹیکس، سروسز پریسیڈنٹس، کسٹم ڈیوٹیز، کاشن سیس، ٹیکسٹائل سیس، سوشل سکیورٹی، ایگ ٹیکس، ای او بی آئی، ایجوکیشن ڈیوٹی، ریونیو اسٹامپ شامل ہیں۔

سال 2012 میں کمپنی نے اپنے قرض خواہوں کے ساتھ مصالحتی معاہدہ کے ذریعہ تصفیہ کر لیا تھا جس کے تحت محترم ہائی کورٹ آف سندھ کراچی نے ڈکری پاس کی تھی، کمپنی کے مختصر مدتی اور طویل مدتی قرضوں کو طویل مدتی قرضہ جات کی شکل میں دوبارہ مرتب کیا گیا، جبکہ کچھ قرض خواہوں جن کے مقدمات کی رقم مبلغ 66.60 ملین روپے تھی، انہوں نے اس وقت اس ری اسٹریکچر کو قبول نہیں کیا تھا۔ قرضہ جات کی اقساط کی واپسی میں کوتاہی کی وجہ سے قرض خواہوں نے ڈکری پر عملدرآمد کے لئے کورٹ سے رابطہ کیا ہے۔ کمپنی نے ہائی کورٹ میں مقدمہ دائر کیا ہے جس میں اس بات پر زور دیا گیا ہے کہ ڈکری پر عملدرآمد کی درخواست نا انصافی پر مبنی اور قانون کے خلاف ہے۔ انتظامیہ پر امید ہے کہ فیصلہ اس کے حق میں ہوگا۔

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں قرضہ جات کی اقساط کی واپسی میں کوتاہی کو بیان کیا ہے اور اس کے علاوہ اپنی رپورٹ میں مارک اپ ریکارڈ نہ کرنے پر بھی تہنکات کا اظہار کیا ہے۔ انہوں نے اپنی رپورٹ میں کمپنی کے چلنے کی اہلیت پر بھی شکوک کا اظہار کیا ہے۔

کمپنی نے اپنے قرضہ جات کو دوبارہ مرتب کرنے کے لئے اپنے قرض خواہوں سے رابطہ کیا ہے جو کہ زیر غور ہے۔ انتظامیہ پر امید ہے کہ اسے جلد مکمل کر لیا جائے گا۔ اس کے علاوہ تنظیم نو کی تاریخ تک مبلغ 210.713 ملین روپے کا مارک اپ ہے جو کہ معاہدہ کی شرائط میں کوتاہی کی صورت میں واجب الادا ہوگا۔ چونکہ انتظامیہ کو یقین ہے قرضوں کی تنظیم نو کے بعد کہ یہ رقم واجب الادا نہیں ہوگی۔ اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

کمپنی نے اپنے مالیاتی حسابات کے گوشواروں کو چلتی ہوئی کمپنی کے طور پر مرتب کیا ہے، کیونکہ نوٹ نمبر ۲ میں بیان کئے گئے حالات عارضی ہیں، جن میں مستقبل قریب میں بہتری آئے گی۔ کمپنی کے آپریٹنگ کیش فلوز مثبت ہیں اور مالکان کی طرف سے جب بھی ضرورت ہو کمپنی کو کام چلانے کے لئے سرمایہ مہیا کیا جاتا ہے۔ 30 جون 2019 تک مالکان کی طرف سے دیئے گئے سرمائے کی رقم مبلغ 124.083 روپے تھی۔ اس سال سرمایہ کاری کی وجہ سے کمپنی کی پیداوار میں بھی اضافہ دیکھنے کو ملا جو کہ خطرات کی تخفیف کرتا ہے۔ لہذا مالیاتی حسابات کے گوشواروں کو چلتی ہوئی کمپنی کے طور پر مرتب کرنا جائز ہے۔

### مستقبل پر ایک نظر:

ٹیکسٹائل کی صنعت کاروباری لاگت میں اضافے کی وجہ سے مشکلات کا شکار ہے جس کی وجہ پاکستانی روپے کی قدر اور اسٹیٹ بینک آف پاکستان کے شرح سود کی غیر یقینی صورتحال ہے، اسی لئے پاکستان کی برآمدات عالمی مارکیٹ میں مقابلہ کرنے سے قاصر ہے۔ فنانس ایکٹ 2019 کے ذریعے سرمایہ کاری پر انکم ٹیکس آرڈیننس 2001 کے سیکشن 65B کے تحت ٹیکس کریڈٹ کو ٹیکس سال 2020 سے ختم کر دیا گیا ہے اور 2019 کے لیے اس کی شرح کو 10 فیصد سے گٹا کر 5 فیصد کر دیا گیا ہے۔ ٹیکسٹائل کی صنعت مجموعی طور پر چیلنجز سے ہمکنار ہے جس کی وجہ سے سیلز ٹیکس کی زیرو ریٹنگ کے خاتمے، روپے کی قدر میں عدم استحکام کی وجہ سے گیس اور بجلی کی قیمتوں میں اضافے، بڑھتے ہوئے KIBOR اور ٹرن اوور ٹیکس مجموعی کاروباری لاگت میں اضافے کا باعث ہیں، جن کی وجہ سے کاروباری سرمائے کی ضرورت میں خاطر خواہ اضافہ ہو گیا ہے۔

ہم البتہ امید کرتے ہیں کہ حکومت ضروری ایسے اقدامات متعارف کروائے گی جس سے ٹیکسٹائل کی صنعت کے حالات میں بہتری آئے، جن میں ٹیکس ریفرنڈ کی ادائیگیاں، GIDC کے مسئلے کا حل، گیس کے \$6.55 فی MMBTU کے حساب سے ادائیگیوں کا طریقہ کار وضع کرنا اور لیٹ مینٹ چارجز کا اسی ریٹ کی بنیاد پر عدم ادائیگی پر وصولی شامل ہیں۔

حکومت ملک کے طویل مدتی معاشی استحکام کے لئے معیشت کو ڈاکومنٹ کرنے کے لئے کچھ جارحانہ اقدامات کر رہی ہے، جس سے معیشت وقتی طور پر سست روی کا شکار ہوگی۔

### کارپوریٹ معاشرتی ذمہ داریاں:

ہم کارپوریٹ معاشرتی ذمہ داریوں کے حوالے سے اس بات کا بھی عہد کرتے ہیں کہ ہم اپنی معمول کے مطابق کاروباری سرگرمیوں کے عمل کو مضبوط کرنا چاہتے ہیں۔ ہم کیا ہیں اور کیسے عوامل چاہتے ہیں، CSR اس چیز کا ایک اہم حصہ ہے۔ ہم نے اپنی کامیابی کو نہ صرف مالیاتی سرگرمیوں کیلئے وقف کیا ہے بلکہ ہم اپنے صارفین کا اطمینان بھی چاہتے ہیں اور ان تمام برادریوں کو بھی سپورٹ کرنا چاہتے ہیں جن کی ہم خدمت کرتے ہیں۔

## ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2019ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات بح آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ جائزہ:

پاکستان میں ٹیکسٹائل کی صنعت ایک وسیع پیداواری اور دوسرا بڑا روزگار فراہم کرنے والا اہم شعبہ ہے اور ملک کی زرمبادلہ کی آمدن میں بڑا حصہ دار ہے، مگر جاری نامساعد حالات اور غیر یقینی صورتحال جو کہ پاکستانی کرنسی کی قدر میں کمی اور اسٹیٹ بینک آف پاکستان کی طرف سے شرح سود میں مسلسل اضافے کی وجہ سے درپیش ہے، ان کی وجہ سے کاروبار کرنے کی لاگت میں مسلسل اضافے کا سامنا رہا۔

مالیاتی نتائج اور کارکردگی:

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

روپے	
482,918,465	فروخت (صافی)
(593,035,262)	فروخت کی لاگت
<b>(110,116,797)</b>	خام خسارہ
(49,080,958)	آپریٹنگ اخراجات
<b>(159,197,755)</b>	آپریٹنگ خسارہ
(66,172,330)	مالیاتی لاگت
238,887	دیگر آمدنی
<b>(225,131,198)</b>	قبل از ٹیکس خسارہ
14,917,925	محصولات
<b>(210,213,273)</b>	بعد از ٹیکس خسارہ

سال کے دوران کمپنی کی صافی فروخت مبلغ 482.918 ملین روپے رہی، جس کا موازنہ گزشتہ سال میں مبلغ 769.189 ملین روپے سے کیا جاسکتا ہے۔ اس سال فروخت میں کمی کی وجہ ٹھیکے کی بنیاد پر دھاگے کی پیداوار ہے۔ کمپنی کو مبلغ 110.117 ملین روپے کا کل خسارہ برداشت کرنا پڑا جس کا موازنہ گزشتہ سال کے مبلغ 247.083 ملین روپے سے کیا جاسکتا ہے جبکہ کمپنی کے آپریٹنگ اخراجات میں مبلغ 37.931 ملین روپے کی کمی ہوئی۔ زیر جائزہ سال کے دوران مشینوں پر سرمایہ کاری کی وجہ سے پیداواری حجم میں اضافہ ہوا اور دھاگے کی کواٹی میں بھی بہتری رہی۔ چونکہ کمپنی مالی مشکلات کا شکار ہے اس لئے اس سال اس نے دھاگے کی پیداوار ٹھیکے کی بنیاد پر جاری رکھی تاکہ کمپنی چلتی رہے۔

پاکستان کپاس پیدا کرنے والا چوتھا بڑا ملک ہے اس کے باوجود کپاس کی طلب پیداوار کے مقابلہ میں زیادہ بچھکے سبب ٹیکسٹائل یونٹس کو کپاس کی درآمدات پر اٹھنا پڑتا ہے، جس کی وجہ سے کپاس کی لاگت زیادہ ہو جاتی ہے اور برآمداتی اشیاء کو مہنگا کر دیتی ہے۔ روپے کی قدر میں کمی نے پیداواری لاگت بڑھانے میں اہم کردار ادا کیا۔

علاقائی ممالک یعنی ویتنام، سری لنکا، بنگلہ دیش اور انڈیا کا موازنہ پاکستان سے کیا جائے تو اندازہ ہوگا کہ مزدوری اور پمپلیٹی کے حوالہ سے پاکستان بے حد مہنگا ملک ہے کیونکہ پاکستان میں کم سے کم ماہانہ جرت اور پمپلیٹی کے اخراجات کا تناسب ان ممالک کے مقابلہ میں بہت زیادہ ہے اور زیادہ پیداواری لاگت کے سبب اس صنعت کے لئے مقامی اور عالمی مارکیٹ کا مقابلہ کرنا بہت مشکل ہے۔ اس سال روپے کی قدر میں کافی گراؤ واقع ہوئی جسکی وجہ سے پاور (RLNG) اور بجلی کی لاگت بڑھ گئی نتیجتاً کل کاروباری لاگت میں اضافہ ہوا۔



### (5) تاحال سی این آئی سی فراہم نہ کرنے والے شیئرز ہولڈرز کو نوٹس

سکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 831(1)/2012 مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارنٹس وغیرہ کے اجراء کے لیے سی این آئی سی لازمی ہے جس کی عدم موجودگی میں ڈیویڈنڈ کی ادائیگی ایس ای سی پی کی مندرجہ بالا ہدایات کے مطابق روکی جاسکتی ہے لہذا جن حصص یافتگان نے تاحال اپنے سی این آئی سی فراہم نہیں کیے ہیں ان کو ایک بار پھر ہدایت کی جاتی ہے کہ اپنے سی این آئی سی کی تصدیق شدہ کاپی بلا تاخیر براہ راست ہمارے شیئر رجسٹرار کو فراہم کر دیں۔

### (6) شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میکنزم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرونکلی وصول کر سکتے ہیں اس طریقہ سے ڈیویڈنڈ ان کے بینک اکاؤنٹ میں منتقل ہو جائے گا اور بذریعہ ڈاک گمشدگی، عدم وصولی اور غلط پتے پر وصولی وغیرہ کے خدشات نہیں ہوں گے، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹس نمبر 8(4) ایس ایم/سی ڈی سی 2008ء مورخہ 15 اپریل 2013ء کے ذریعہ تمام لسٹڈ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکنزم کو اختیار کرنے کی ہدایات جاری کی گئی ہیں، مندرجہ بالا کے پیش نظر آپ کو ڈیویڈنڈ مینڈیٹ فارم پر اور دستخط کے ہمراہ جمع کرا کے ڈیویڈنڈ مینڈیٹ فراہم کیا جا رہا ہے۔

### (7) مالی گوشواروں وغیرہ کی الیکٹرونکلی منتقلی

ایس ای سی پی نے اپنے اعلامیہ نمبر ایس آر او 787(1)/2014 مورخہ 8 ستمبر 2014ء کمپنیوں کو سالانہ آڈٹ شدہ مالی گوشواروں مع سالانہ اجلاس کے نوٹس ڈاک کی بجائے بذریعہ ای میل ان ممبران کو ارسال کرنے کی اجازت دی ہے جو اس سہولت سے استفادہ حاصل کرنے کے متعلق ہیں مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنے کے خواہشمند ممبران سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ <http://www.yousufdewan.com/DFSML/index.html> اسٹینڈرڈ ریکولسٹ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

## دیوان فاروق اسپننگ ملز لمیٹڈ سالانہ اجلاس عام


مطلع کیا جاتا ہے کہ دیوان فاروق اسپننگ ملز لمیٹڈ (ڈی ایف ایس ایم ایل یا کمپنی) کا سالانہ اجلاس عام جمعرات 24 اکتوبر 2019 کو دن کے 12:30 بجے دیوان سینٹ لمیٹڈ۔ ٹیکسٹائل سائٹ واقع دیہڑ ہنڈو دھائی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت قرآن پاک سے ہوگا۔

### عمومی امور

- (1) کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ جمعرات 25 اکتوبر 2018 کی کارروائی کی توثیق۔
- (2) 30 جون 2019 کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں مع آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2020 کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہیرہ کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

کراچی

27 ستمبر 2019ء

  
محمد حنیف جرمن  
کمپنی سیکریٹری

### نوٹ:

- (1) کمپنی کی منتقلی حصص کی کتب 17 اکتوبر 2019 تا 24 اکتوبر 2019 (دونوں دن شامل) بند رہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے سیکرٹری جنرل ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع انیم اسٹیٹ بلڈنگ کرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست کی جاتی ہے۔
- (3) اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم اڑتالیس 48 گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکل نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایت پر عمل کرنا ہوگا۔

### الف) برائے اجلاس میں شرکت

- (i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈ ہوں اپنی شناخت کے لیے اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اجلاس میں شرکت کے موقع پر پیش کرنا ہوگا۔
- (ii) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوگا۔

### ب) پروکسی کی تقرری

- (i) انفرادی اکاؤنٹ ہولڈر یا سب ہولڈر اور یا افراد کی صورت میں جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ ہوں پروکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- (ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم سے منسلک کرنی ہوں گی۔
- (iv) پروکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ انٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) پروکسی فارم ہمراہ کمپنی کو پیش کرنے ہوں گے۔








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**DEWAN FAROOQUE SPINNING MILLS LIMITED**

**16th ANNUAL GENERAL MEETING**

**PROXY FORM**

**IMPORTANT**

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

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member

of **Dewan Farooque Spinning Mills Limited** and holder of \_\_\_\_\_

\_\_\_\_\_ Ordinary shares as per Registered Folio No./CDC

Participant's ID and Account No \_\_\_\_\_ hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ who is also

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

and Account No. \_\_\_\_\_ my/our proxy to vote for me/our behalf at the 16th Annual General

Meeting of the Company to be held on **Thursday, October 24, 2019, at 12:30 p.m.** And any

adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Affix  
Revenue  
Stamp  
Rs. 5/-

Signature \_\_\_\_\_

Witness: \_\_\_\_\_

**Signature**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Witness: \_\_\_\_\_

**Signature**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

# پراکسی فارم ۱۶واں سالانہ اجلاس عام

## اہم اعلان

یہ پراکسی فارم مکمل پر کر کے ہمارے رجسٹرار شیئر ٹرانسفر ایجنٹ، بی ایم ایف کنسلٹنٹ (پرائیویٹ) لمیٹڈ، انعم اسٹیٹ بلڈنگ، روم نمبر 310 اور 311، تیسری منزل، 49، دارالمان سوسائٹی، شاہراہ فیصل، ملحقہ بلوچ کالونی پل، کراچی۔ 75350، پاکستان۔ کے آفس میں، میٹنگ کے انعقاد سے اڑتالیس گھنٹے پہلے یہ فارم ضرور جمع کروادیں، کسی بھی پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

میں / ہم \_\_\_\_\_ کا (مکمل پتہ)

\_\_\_\_\_ بحیثیت ممبر

دیوان فاروق اسپیننگ ملز لمیٹڈ کے \_\_\_\_\_ حصص کے مالک، رجسٹرڈ فوئیو نمبر /

سی ڈی سی آئی ڈی اور کھاتہ نمبر \_\_\_\_\_ میں

بطور پراکسی تقرر کرتا / کرتی ہوں \_\_\_\_\_ کا (مکمل پتہ)

جو بذات خود بھی \_\_\_\_\_

\_\_\_\_\_ دیوان فاروق اسپیننگ ملز لمیٹڈ

\_\_\_\_\_ سی ڈی سی آئی ڈی اور کھاتہ نمبر

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۱۶واں سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۳ اکتوبر ۲۰۱۹ کو دوپہر ۳:۳۰ بجے، ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ ۲۰۱۹ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix  
Revenue  
Stamp  
Rs. 5/-

دستخط \_\_\_\_\_

گواہ: \_\_\_\_\_

نام: \_\_\_\_\_

مکمل پتہ: \_\_\_\_\_

گواہ: \_\_\_\_\_

نام: \_\_\_\_\_

مکمل پتہ: \_\_\_\_\_