



**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 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	:	Muhammad Irfan Ali
Tax Advisor	:	Sharif & Co. Advocates
Legal Advisor	:	Abbass & Atif Law Associates
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	:	www.yousufdewan.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of **Dewan Farooque Spinning Mills Limited** (“*DFSML*” or “*the Company*”) will be held on **Monday, October 26, 2020, at 12:30 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhand, 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 General Meeting of the Company held on Monday, January 27, 2020;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2020, 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, 2021, 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 28, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 19, 2020 to October 26, 2020 (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 selfevaluation 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.

Due to Covid-19 and pandemic situation, company was unable to conduct 3rd Quarter Board of Directors meeting which was later conducted on 25-Sep-2020. 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 28, 2020

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, 2020 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. During the first half of financial year 2019-20 domestic industry faced immense challenge of contractionary economic policies coupled with highest inflation rate in recent times. This situation aggravated further in the second half of current financial year due to the emergence of COVID-19 pandemic which has caused major disruptions to economic activities for the whole world including Pakistan. COVID-19 was also catastrophic for Pakistan's already ailing economy. The pandemic has eroded the Country's economic growth which demonstrated its worst performance in past 68 years, as per the provisional estimates, Pakistan's real GDP is set to contract at 0.4 per cent in FY20. The drop in domestic and global demand compounded the strain on the economy. Higher inflation and rupee devaluation continued to exert significant pressure on the overall economy in general and the manufacturing industry in particular, during FY20. The Government of Pakistan responded swiftly to this situation and accordingly the State Bank of Pakistan (SBP) slashed the policy rate by a cumulative 625 basis points. SBP launched new refinancing schemes to support employment, new investments and BMR. Together with the government's stimulus package, these measures are helping to cushion the impact of COVID-19 outbreak. Beyond their immediate positive impact, these measures are expected to support the post-COVID-19 economic recovery as well.

Operating results and performance:

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

	"Rupees"
REVENUE	431,984,100
COST OF REVENUE	(531,195,423)
GROSS LOSS	(99,211,323)
OPERATING EXPENSES	(31,373,681)
OPERATING LOSS	(130,585,004)
FINANCE COST	(79,677,635)
OTHER INCOME	-
LOSS BEFORE TAXATION	(210,262,639)
TAXATION	12,394,022
LOSS AFTER TAXATION	(197,868,617)

During the year ended 30 June, 2020, Company has achieved net revenue of Rs.431.984 million as compared to Rs.482.918 million of last year. The decline in revenue was mainly due to the lockdown of the industry and markets due to the pandemic of COVID-19. Despite of the around 20% decrease in net revenue Company has managed to suffer gross loss of Rs.99.211 million as compared to Rs.110.117 million of previous year, whereas operating expenses of the company have decreased by Rs.17.707 million. Finance Cost has increased to Rs.79.678 million as compared to Rs.66.172 million of last year because KIBOR had gone up from 9.17% to 13.75% till Mar-2020. During the year under review, production volume was also 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 closure of operations and resulting lockdown in the country in last quarter of FY20. Due to working capital constraints, the company continued the production of yarn on contract basis to keep the company operational.

During the year under review, even before the pandemic, the industrial output was depressed on account of measures undertaken for macroeconomic stabilization. Cost structures of businesses were adversely affected while consumers struggled to preserve their purchasing power. During the last quarter, the pandemic further intensified the economic woes as every sector of the industry was hampered due to lockdown of businesses.

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 Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

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 to meet working capital requirements. 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

The management is optimistic about business environment as the steps taken by the Government in the form of deferment of principal loan payments, reduction in interest rates and availability of funds at nominal cost for payment of workers' wages and salaries helped in business stability during current turbulent time of COVID-19 pandemic. Pakistan did manage to contain the economic impact through its effective lockdown strategy, and we are already witnessing signs of recovery as the global economic activity has gained some momentum after relaxation of lockdowns. As such, the situation in Pakistan has witnessed a sharp recovery in Jul 20, with exports increasing by 14.40% as compared to the corresponding period. If the situation continues to improve further and the global economy witnesses a pause in the crisis, we can hope that the economic activities will start growing.

In addition to above the biggest challenge for the industry is low production of cotton crop in the country due to which cotton has to be imported which puts the domestic products at comparative disadvantage against other producing countries. It is difficult to compete in international market, at present, due to higher cost of production, uncertainties in currency devaluation and increase in inflation. However, some further initiatives from the government are direly needed in order to make the textile industry sustainable, especially smooth supply of gas at affordable tariff.

Corporate Social Responsibilities

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and workers who are the core of our business. 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 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 Levies 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, 2020 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.

DEWAN FAROOQUE SPINNING MILLS LIMITED

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

Names	No. of Meetings attended
Dewan Abdul Baqi Farooqui	5
Mr. Aziz-ul-Haque	5
Syed Muhammad Anwar	5
Mr. Ghazanfar Baber Siddiqi	5
Mr. Muhammad Baqar Jafferi	5
Mr. Imran Ahmed Javed	5
Syed Maqbool Ali	5

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, three Audit Committee meetings were held and attendance was as follows.

Names	No. of Meetings attended
Mr. Aziz-Ul Haque - Chairman	3
Syed Muhammad Anwar	3
Mr. Ghazanfar Baber Siddiqi	3

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-Ul 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 (2.02) [2019: Rs. (2.15)]

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.

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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

Syed Maqbool Ali
Director

Date: September 28, 2020

Place: Karachi

FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019	2020
	(Rupees in Thousands)					
Sales (Net)	1,208,179	865,287	952,277	769,189	482,918	431,984
Gross (Loss)/ Profit	35,612	(145,260)	(120,074)	(247,083)	(110,117)	(99,211)
(Loss)/ Profit Before Tax	5,237	(275,958)	(238,696)	(391,807)	(225,131)	(210,263)
(Loss)/ Profit After Tax	21,066	(237,987)	(251,012)	(377,120)	(210,213)	(197,869)
Current Assets	786,567	806,722	825,028	432,652	297,930	267,439
Shareholder's Equity	1,322,017	1,084,029	1,508,725	1,139,735	936,849	739,922
Current Liabilities	483,617	797,548	1,054,713	1,000,203	978,877	1,259,456
(Loss)/ Earning per Share	0.22	(2.43)	(2.57)	(3.86)	(2.15)	(2.02)
Breakup value per share (Rs.)	13.52	11.09	15.43	11.66	9.58	7.57
current ratio (Times)	1.63	1.01	0.78	0.43	0.30	0.21
Gross (Loss)/ Profit %	2.95%	-16.79%	-12.61%	-32.12%	-22.80%	-22.97%
Net (Loss)/ profit%	1.74%	-27.50%	-26.36%	(0.49)	(0.44)	(0.46)
Debt equity ratio (Times)	0.49	0.83	0.62	0.81	0.93	1.18



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

For the Year Ended June 30, 2020

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 : 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 seven listed Companies including this Company, however, one Director is serving as Director in more than seven listed Yousuf Dewan Companies.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has 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 three 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:

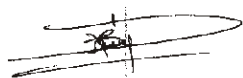
- | | | |
|----------------------------------|---|---|
| a) Audit Committee | : | 3 quarterly meetings during the financial year ended June 30, 2020 |
| b) HR and Remuneration Committee | : | 1 annual meeting held during the financial year ended June 30, 2020 |

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



Syed Maqbool Ali
Director

Date : September 28, 2020
Place : Karachi

**YD**

A YOUSUF DEWAN COMPANY

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dewan Farooque Spinning Mills Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

- a) The 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. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- 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, 2020.

Furthermore, we highlight that the company has no female director on its board and one of the Director of the company is serving as directors in more than seven listed Companies as reflected in the Paragraph 1 and 3 of the Statement of Compliance respectively.

CHARTERED ACCOUNTANTS
(Muhammad Tariq)

Dated: September 28, 2020
Place: Karachi

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
4-N/4, BLOCK 6, P.E.C.H.S.,
KARACHI 75400

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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, 2020, 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, 2020 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.

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 (2019: Rs.398.067) million (note 9.1 to the financial Statements) along with markup of Rs. 210.713 (2019: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 (2019:Rs. 192.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 66.60 (2019: 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.

- a) 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 16.1 and 28.1 to the financial Statements, the loss after taxation would have been higher by Rs. 280.105 (2019: Rs 271.139) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. Rs. 280.105 (2019: Rs 271.139) 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, 2020 which indicates loss after taxation of Rs. 197.869 (2019: Rs. 210.213) million and as of that date it has accumulated losses of Rs. 1,274.237 (2019: Rs. 1,123.519) million and its current liabilities exceeded its current assets by Rs. 992.016 (2019: Rs. 680.947) million, Furthermore, the company defaulted in repayments of installments of restructured liabilities and short term finance facilities which has expired and not been renewed by banks amounting to Rs. 192.10 million as discussed in Para (a) above. The Company is in litigation with its lenders as disclosed in note 16 to the financial Statements. Following Course, the company has temporarily suspended 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.

**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 be 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.	Contingencies	
	<p>The Company is subject to material litigations involving different courts pertaining to GID Cess and Recovery of Loans by Financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations.</p> <p>Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 16 to the financial statements.</p> <p>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy</p> <p>In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases.</p> <p>Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible.</p> <p>As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.</p>

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, 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 performed, we conclude that there is a material misstatement of this other information; we required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

The 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 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 income, 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, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Dated: September 28, 2020

Place: Karachi

CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION**As at 30th June, 2020****EQUITY AND LIABILITIES****SHARE CAPITAL AND RESERVES**

		June 30, 2020	June 30, 2019
	Notes	(Rupees)	
Authorized share capital 100,000,000 (2019: 100,000,000) Ordinary shares of Rs.10/- each	6	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, Subscribed and Paid-up Capital	7	977,507,260	977,507,260
Revenue Reserve - Accumulated loss		(1,274,237,669)	(1,123,518,643)
Capital Reserve - Revaluation surplus on property, plant and equipment	8	<u>1,036,652,377</u>	<u>1,082,860,608</u>
		739,921,968	936,849,225

NON-CURRENT LIABILITIES

Long term loans	9	-	197,377,870
Deferred Taxation	10	172,679,667	191,553,451
Deferred Liability for staff gratuity	11	10,498,831	7,958,816

CURRENT LIABILITIES

Trade and other payables	12	139,513,136	112,212,948
Accrued mark-up		236,701,435	182,647,409
Short term borrowings	13	412,864,355	214,083,000
Overdue portion of long term liabilities	14	463,896,977	463,896,977
Provision for taxation	15	6,479,762	6,036,481
		1,259,455,665	978,876,815

CONTINGENCIES AND COMMITMENTS

	16	-	-
		<u>2,182,556,131</u>	<u>2,312,616,177</u>

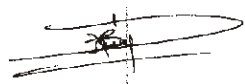
ASSETS**NON-CURRENT ASSETS**

Property, plant and equipment	17	1,830,389,532	1,984,914,824
Right of assets use	17.1	46,500,611	-
Long term deposits		38,226,745	29,771,345

CURRENT ASSETS

Stores & Spares	18	25,313,113	25,767,366
Stock-in-trade	19	361,003	361,003
Trade Debts- Unsecured, Considered Good	20	86,019,039	97,566,096
Loans and advances- Unsecured, Considered Good	21	22,310,710	32,463,411
Trade deposits and other receivables- Considered Good	22	75,759,620	83,731,797
Taxes recoverable		53,993,248	54,557,162
Cash and bank balances	23	3,682,510	3,483,173
		267,439,243	297,930,008
		<u>2,182,556,131</u>	<u>2,312,616,177</u>

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director



**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30TH JUNE 2020**

	Notes	2020	2019
		(Rupees)	
Sales / Revenue - Net	24	431,984,100	482,918,465
Cost of sales / revenue	25	(531,195,423)	(593,035,262)
Gross (loss)		(99,211,323)	(110,116,797)
Operating expenses			
Administrative expenses	26	(23,193,486)	(39,189,115)
Selling and distribution expenses	27	(8,180,195)	(9,891,843)
		(31,373,681)	(49,080,958)
Operating (loss)		(130,585,004)	(159,197,755)
Other charges			
Finance cost	28	(79,677,635)	(66,172,330)
Other income	29	-	238,887
		(79,677,635)	(65,933,443)
(Loss) before taxation		(210,262,639)	(225,131,198)
Taxation			
Current		(6,479,762)	(6,036,481)
Deferred		18,873,784	20,954,406
		12,394,022	14,917,925
(Loss) after taxation		(197,868,617)	(210,213,273)
(Loss) per share - Basic and diluted (Rupees)	30	(2.02)	(2.15)

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

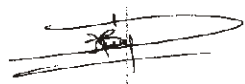
Muhammad Irfan Ali
Chief Financial Officer

Syed Maqbool Ali
Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2020

	2020	2019
	(Rupees)	
(Loss) after taxation	(197,868,617)	(210,213,273)
Other Comprehensive (loss)		
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of defined benefit liability	941,360	-
Deferred tax on remeasurement of defined benefit liability	-	-
	941,360	-
Effect of change in tax rates on balance of revaluation on property, plant and equipment	-	7,327,856
Total comprehensive loss for the year	(196,927,257)	(202,885,417)

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020**

	2020	2019
	Note	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(210,262,639)	(225,131,198)
Adjustments for non cash and other items:		
Depreciation	125,907,251	135,347,992
Gain on sale of fixed assets	-	(231,519)
Financial charges	79,677,635	66,172,330
Provision for doubtful debts and advances	-	14,650,380
Provision for gratuity	4,887,780	5,403,439
Cash flow before working capital changes	<u>210,027</u>	<u>(3,788,576)</u>
Working Capital changes		
<i>(Increase)/ Decrease in current assets:</i>		
Stores & spares	454,253	2,702,120
Stock in trade	-	27,827,860
Trade debts	11,547,057	70,909,433
Loans & advances	10,152,701	17,495,208
Trade deposits & other receivables	7,972,177	(4,477,811)
<i>Increase/ (Decrease) in current liabilities:</i>		
Trade and other payables	27,300,188	6,302,169
Cash generated from /(used in) operations	57,636,403	116,970,403
Taxes paid - net of refund	(5,472,567)	(8,426,985)
Gratuity paid	(1,406,405)	(1,201,246)
Financial charges paid	(9,220,124)	(14,682,843)
	<u>41,537,307</u>	<u>92,659,329</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(17,882,570)	(31,397,168)
Sale proceeds on disposal of fixed assets	-	400,000
Long term deposits	(8,455,400)	(5,694,300)
Net cash outflow from investing activities	<u>(26,337,970)</u>	<u>(36,691,468)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	-	-
Short Term Loan	(15,000,000)	(60,394,965)
Net cash Inflow/(out flow) from financing activities	<u>(15,000,000)</u>	<u>(60,394,965)</u>
Net increase / (decrease) in cash and cash equivalents	199,337	(4,427,104)
Cash and Cash equivalents at the beginning of the year	3,483,173	7,910,277
Cash and Cash equivalents at the end of the year	<u><u>3,682,510</u></u>	<u><u>3,483,173</u></u>

31

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

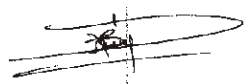
Muhammad Irfan Ali
Chief Financial Officer

Syed Maqbool Ali
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2020

	Revenue reserve	Capital Reserve	Total
	Accumulated loss	Revaluation surplus on property, plant & equipment	
Issued subscribed and paid-up capital			
(Rupees)			
Balance as at July 01, 2018	977,507,260	(964,607,537)	1,126,834,919
Total comprehensive loss for the year			
(Loss) for the year	--	(210,213,273)	--
Other comprehensive income	--	--	7,327,856
	--	(210,213,273)	7,327,856
Transfer to accumulated loss			
in respect of incremental depreciation - net of tax	--	51,302,167	(51,302,167)
	--	51,302,167	(51,302,167)
Balance as at June 30, 2019	977,507,260	(1,123,518,643)	1,082,860,608
Balance as at July 01, 2019	977,507,260	(1,123,518,643)	1,082,860,608
Total comprehensive loss for the year			
(Loss) for the year	--	(197,868,617)	--
Other comprehensive income	--	941,360	--
	--	(196,927,257)	--
Transfer to accumulated loss			
in respect of incremental depreciation - net of tax	--	46,208,231	(46,208,231)
	--	46,208,231	(46,208,231)
Balance as at June 30, 2020	977,507,260	(1,274,237,669)	1,036,652,377

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2020

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, 2020 reflect that company sustained net loss after taxation of Rs. 197.869 million (2019: Rs. 210.213 million) and as of that date its negative reserves of Rs. 1,274.238 million have eroded its equity and its current liabilities exceeded its current assets by Rs. 992.016 million (2019: 680.947). 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. 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 New or Amendments / Interpretations to Existing Standards, Interpretations

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 1 July 2019 other than those disclosed in note 5.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

3.3.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2021; and



- there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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

Except as described below, the significant accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

5.1 Changes in significant accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

IFRS 16 'Leases'

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach the Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.



The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented as separate line item in the statement of financial position.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the financial statements of the Company except the reclassification of leased assets as Right-of-use assets (refer note 17.1).

Policy applicable after 1 July 2019

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

5.2 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.

5.3 Property, plant and equipment

Owned

Operating assets except Freehold land are stated at cost or revalued amount less accumulated depreciation. Freehold hold 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.

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.

5.4 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life . The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The Company has no new leases this year and the Leases of the Company are overdue as disclosed in note 17.1 to the financial Statements and the company defaulted in repayments, therefore the Depreciation has been charge as per Previous policy of the company.

5.5 Leases**Policy applicable before July 1, 2019**

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.

Policy applicable after 1 July 2019

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life . The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any. The Company has no new leases this year and the Leases of the Company are overdue and the company defaulted in repayments, therefore the Depreciation has been charge as per Previous policy of the company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

5.6 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.

5.7 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.

**5.8 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.

5.9 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.

5.10 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.

5.11 Financial instruments**5.11.1 Initial measurement of financial asset**

The financial assets of the Company mainly include trade debts, loans, deposits, long-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortized cost using the effective interest rate method less an allowance for expected credit losses, if any.

5.11.2 Non-derivative financial assets

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

5.11.3 Impairment of financial assets - allowance for expected credit losses

Impairment of financial assets - allowance for expected credit losses 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. 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.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. 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 financial assets and the economic environment.

5.11.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

5.11.5 Derivative financial instruments - cash flow hedges

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

5.12 Related party transactions

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

5.13 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.

5.14 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.

5.15 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.

5.16 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.

5.17 Dividend and appropriation to reserves

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

	2020	2019
	Rupees	
6 AUTHORIZED SHARE CAPITAL		
100,000,000 (2019: 100,000,000) Ordinary shares of Rs.10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
7 ISSUED, SUBSCRIBED AND PAID UP-CAPITAL		
97,750,726 (2019: 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.

8 REVALUATION SURPLUS ON PROPERTY PLANT AND EQUIPMENT

Opening Balance	1,274,414,059	1,346,670,632
Transferred to accumulated loss in respect of incremental depreciation for the year	<u>(65,082,015)</u>	<u>(72,256,573)</u>
	1,209,332,044	1,274,414,059
<i>Deferred tax liability</i>		
Opening Balance	191,553,451	219,835,713
Incremental Depreciation	(18,873,784)	(20,954,406)
Effect of change in tax rates	-	(7,327,856)
	<u>172,679,667</u>	<u>191,553,451</u>
	<u>1,036,652,377</u>	<u>1,082,860,608</u>

DEWAN FAROOQUE SPINNING MILLS LIMITED

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	2020	2019
		Rupees	
9 LONG TERM LOANS			
Syndicated Long Term Loans - Secured	9.1	-	-
Sponsor Loan - unsecured	9.2	-	197,377,870
		-	197,377,870
9.1 SYNDICATED LONG TERM LOANS - SECURED			
Syndicated Long Term Loan - Secured		398,066,977	398,066,977
Less: Paid during the year		-	-
		398,066,977	398,066,977
Less: Transferred to overdue portion	14	398,066,977	398,066,977
		-	-

9.1.1The 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.

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



	Notes	2020 Rupees	2019
9.2 Sponsor Loan - unsecured			
Sponsor Loan- Unsecured	9.2.1	213,781,355	213,781,355
Unwinding interest		16,403,485	15,144,842
Present value adjustment		(16,403,485)	(31,548,327)
Present Value of Sponsor loan		213,781,355	197,377,870
Less: Transfer to Short term loan from Sponsors		213,781,355	-
		-	197,377,870

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	117,297,836	124,702,699
- revaluation - Net of related depreciation	172,679,667	191,553,451

Debit balance arising due to

- finance lease transactions	4,906,977	6,405,330
- staff gratuity	(3,044,661)	(2,308,057)
- carried over losses	(295,344,355)	(266,699,844)
	(3,504,536)	53,653,579

Deferred tax asset not recognized

	176,184,203	137,899,872
	172,679,667	191,553,451

10.1 Movement of deferred tax liabilities

Balance as at beginning of the year	191,553,451	219,835,713
Tax charge recognized in statement of profit or loss	(18,873,784)	(20,954,406)
Tax charge recognized in other comprehensive income	-	(7,327,856)
Balance as at end of the year	172,679,667	191,553,451

11 DEFERRED LIABILITY FOR STAFF GRATUITY

Opening balance		7,958,816	3,756,623
Provision for the year	11.1	4,887,780	5,403,439
Payments during the year		(1,406,405)	(1,201,246)
Actuarial Gain		(941,360)	-
	11.2	10,498,831	7,958,816

11.1 Provision for the year

Current service cost	4,287,439	5,128,748
Interest cost on defined benefit obligation	600,341	274,691

11.2 Balance sheet liability

Present value of defined benefit obligation	10,498,831	7,958,816
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DEWAN FAROOQUE SPINNING MILLS LIMITED

	Notes	2020	2019
		Rupees	
11.3 Changes in Present Value of Defined Benefit Obligations			
Present value of defined benefit obligation		7,958,816	3,756,623
Current service cost		4,287,439	5,128,748
Interest cost on defined benefit obligation		600,341	274,691
Benefits paid during the year		(1,406,405)	(1,201,246)
Remeasurements chargeable in other comprehensive income		(941,360)	-
		<u>10,498,831</u>	<u>7,958,816</u>
11.4 Significant Actuarial Assumptions			
Discount rate used for Interest Cost in P&L Charge		9.00%	9.00%
Discount rate used for year end obligation		8.50%	9.00%
Salary increase used for year end obligation		7.50%	8.00%
Next Salary increased at		July 01, 2020	July 01, 2019
Mortality Rates		SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Withdrawal Rates		Age based	Age based
Retirement Assumption Age		60 Years	60 Years
11.5 Year End Sensitivity Analysis on Defined Benefit Obligation			
Discount Rate + 100 bps		8,785,135	7,540,098
Discount Rate - 100 bps		9,954,755	8,441,785
Salary Increase + 100 bps		9,986,618	8,471,195
Salary Increase - 100 bps		8,745,856	7,505,194
12 TRADE AND OTHER PAYABLES			
Creditors		57,279,556	57,077,098
Accrued Expenses		77,267,630	54,999,544
Employees Provident Fund	12.1	116,266	136,306
Sales Tax Payable		4,826,035	-
		<u>139,489,487</u>	<u>112,212,948</u>
12.1 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.			
13 SHORT TERM BORROWING			
Short term finances from banks	13.1 to 13.2	75,000,000	90,000,000
Sponsors loan	13.3	337,864,355	124,083,000
		<u>412,864,355</u>	<u>214,083,000</u>
13.1 One of the Banks provided running finance of Rs 30 million .The facility is secured by way of hypothecation charge on the current assets of the company. The markup rate for this facility is three month KIBOR plus 2%.			
13.2 One of the Banks provided short term finance of Rs 150 million The facility is secured by way of hypothecation charge & mortgages against assets of the company. The markup rate for this facility is three month KIBOR plus 3%.			



	Notes	2020	2019
		Rupees	
13.3 SPONSORS LOAN			
Opening Balance		124,083,000	124,083,000
Add: Transfer from Long term Loan from Sponsor (note . 9.2)		213,781,355	-
		<u>337,864,355</u>	<u>124,083,000</u>

13.4 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.

14 OVERDUE PORTION OF LONG TERM LIABILITIES

Liabilities against assets subject to finance lease	14.1	29,580,000	29,580,000
Redeemable capital - PPTFCs	14.2	36,250,000	36,250,000
Over due portion of Syndicated Long term loans		398,066,977	398,066,977
		<u>463,896,977</u>	<u>463,896,977</u>

14.1 The above represents finance leases of Alfalah Bank Limited for Plant and Machinery of the Company shown under Right of use of Assets (previously Leased assets) total amount of Lease amounting to Rs. 50 million which was payable between September 2007 to September 2012 the Company Deflated in repayment of Lease Liability therefore, the Bank filled ligation to recover the remain amounts as disclosed in note 16.4 to the financial Statements

14.2 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		6,036,481	9,614,864
Provision made during the year		6,479,762	6,036,481
		<u>12,516,243</u>	<u>15,651,345</u>
Payment/ Adjusted during the year		6,036,481	9,614,864
		<u>6,479,762</u>	<u>6,036,481</u>

Income tax returns of the company have been filed up to tax year 2019 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001.

15.1 Relationship between income tax expense and accounting profit

Accounting (loss) as per profit and loss account	(210,238,990)	(225,131,198)
Applicable tax rate	29%	29%
Tax on accounting (loss)	(60,969,307)	(65,288,047)
Tax effect of timing difference on depreciation	25,916,775	26,421,045
Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account	5,766,609	9,792,110
Effect of Loss carried / (brought) forward	29,285,923	29,074,892
	-	-
Minimum tax payable under Income Tax Ordinance, 2001	6,479,762	6,036,481

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.555.411 million and markup thereon of Rs.210.713 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 Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

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 also been challenged by the Company through writ petition before the Honorable Lahore High Court, which granted the stay against collection of GIDC arrears. Later on in Jul-2020 The Supreme Court of Pakistan has decided the case in favour of SNGPL with directions to recover the arrears under GIDC Act 2015 from the consumers in 24 equal installments from the applicability of GIDC Act 2015 onwards. Further Company has also filed writ petition before the Honorable Lahore High Court for suspension of the bills issued for collection of GIDC Arrears by applying the Captive Power GIDC Rate or without excluding the GIDC amount not collected as required under GIDC Act 2015, stay for the same has been granted by Lahore High Court. In accordance with the stay order granted provision amounting to Rs.12.308 million has been made in these financial statements against subjected 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 has been made in these financial statements.

16.5 There are no commitments as of balance sheet date which need to be disclosed in the financial statements.

17 PROPERTY, PLANT AND EQUIPMENT	Notes	2020	2019
		Rupees	
Operating fixed assets	17.1	1,830,389,532	1,984,914,824
Capital work in progress	17.5	-	-
		<u>1,830,389,532</u>	<u>1,984,914,824</u>



	2020										Total	Right of Use Assets (note 5.1) Plant and Machinery (Leased)
	Owned									Intangible Assets		
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Software Development		
Cost / Revalued Amount												
Cost As at 01 July 2019	699,300,000	303,920,605	140,515,320	2,209,483,377	65,076,005	8,795,459	26,595,062	5,717,906	1,192,944	3,000,000	3,463,596,678	-
Addition/ Transfer from CWIP	-	-	-	17,882,570	-	-	-	-	-	-	17,882,570	-
Transfers/ Deletion	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to right of use Assets	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
As at June 30, 2020	699,300,000	303,920,605	140,515,320	2,227,365,947	65,076,005	8,795,459	26,595,062	5,717,906	1,192,944	3,000,000	3,481,479,248	-
Accumulated Depreciation												
As at 01 July 2019	-	157,566,270	49,720,325	1,227,853,367	56,370,370	6,636,147	24,309,258	5,384,367	748,354	1,760,742	1,530,349,200	-
Transferred to right of use Assets	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	51,667,346
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	51,667,346
Opening net Book Value	699,300,000	146,354,335	90,794,995	999,512,580	8,705,635	2,159,312	2,285,804	333,539	444,590	1,239,258	1,951,130,048	51,667,346
Charge for the year	-	14,635,434	4,539,750	99,132,059	1,305,845	215,931	457,161	100,062	44,459	309,815	120,740,516	5,166,735
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Dep As at June 30, 2020	-	172,201,704	54,260,075	1,326,985,426	57,676,215	6,852,078	24,766,419	5,484,429	792,813	2,070,557	1,651,089,716	5,166,735
Net book value												
As at June 30, 2020	699,300,000	131,718,901	86,255,245	900,380,521	7,399,790	1,943,381	1,828,643	233,477	400,131	929,443	1,830,389,532	46,500,611
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	25		10

	2019										Total	Right of Use Assets (note 5.1) Plant and Machinery (Leased)	
	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 / Revalued Amount													
Cost As at 01 July 2019	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)	
As at 30th June 2019	699,300,000	303,920,605	140,515,320	2,209,483,377	65,076,005	8,795,459	26,595,062	5,717,906	1,192,944	200,449,275	3,000,000	3,664,045,953	
Accumulated Depreciation													
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)	
As at 30th June 2019	-	157,566,270	49,720,325	1,227,853,367	56,370,370	6,636,147	24,309,258	5,384,367	748,354	148,781,929	1,760,742	1,679,131,129	
Net book value													
As at June 30, 2019	699,300,000	146,354,335	90,794,995	981,630,010	8,705,635	2,159,312	2,285,804	333,539	444,590	51,667,346	1,239,258	1,984,914,824	
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10			

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	2020 Rupees	2019 Rupees
Free hold land		85,415,080	85,415,080
Factory Building on Free hold land		116,059,036	128,954,485
Non Factory Building		67,808,179	71,377,031
Plant and Machinery		339,040,329	357,918,686
		608,322,624	643,665,282

17.3 Allocation of Depreciation

Depreciation / amortization for the year has been allocated as follows :

Cost of Goods Manufactured	124,775,626	134,131,516
Administrative Expenses	1,131,625	1,216,476
	125,907,251	135,347,992

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17.4 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.

	Notes	2020	2019
		Rupees	
17.5 Capital Work in progress			
Civil Works		-	-
		-	-
Capital Work in progress - movement			
Opening		-	20,478,126
Additions during the year		-	1,662,389
Less: Capitalized during the year		-	(22,140,515)
		-	-
18 STORES & SPARES			
Packing material		1,370,501	2,025,260
Store & spares		23,942,612	23,742,106
		25,313,113	25,767,366
19 STOCK IN TRADE			
Raw material		-	-
Finished goods		361,003	361,003
		361,003	361,003
20 TRADE DEBTORS - USECURED			
Trade debts - local - Considered Good		86,019,039	97,566,096
- Considered Doubtful		103,283,710	103,283,710
		189,302,749	200,849,806
Provision for doubtful debts		(103,283,710)	(103,283,710)
		86,019,039	97,566,096
20.1 Provision for doubtful debts			
Opening balance		103,283,710	103,283,710
Provision during the year		-	-
		103,283,710	103,283,710
20.2 The aging of debtors at the reporting date:			
Up to one month		-	-
1 to 6 months		-	-
More than 6 months		86,019,039	97,566,096
		86,019,039	97,566,096
21 LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD			
Advances to Suppliers of goods & services		30,799,156	44,809,956
Advances to Employees	21.1	4,167,766	669,918
Others		1,994,168	1,633,917
Provision for doubtful advances		(14,650,380)	(14,650,380)
		22,310,710	32,463,411
21.1 Advance to Employees includes Rs. 1.300 million (2019: Rs. 0.293) due from the executive of the company.			
22 TRADE DEPOSITS AND OTHER RECEIVABLES - CONSIDERED GOOD			
Trade deposits		2,677,287	2,717,287
Prepayments		-	337,386
Sales tax		73,082,333	80,677,124
		75,759,620	83,731,797



	Notes	2020 Rupees	2019
23 CASH AND BANK BALANCES			
In hand - Cash		124,458	28,280
At banks - Current Accounts		2,106,188	2,003,033
At banks - Saving Account		1,451,864	1,451,860
		<u>3,682,510</u>	<u>3,483,173</u>
24 SALES / REVENUE - NET			
Local sales		-	-
Spinning Charges		505,421,397	465,511,985
Raw Material sale		-	17,406,480
		<u>505,421,397</u>	<u>482,918,465</u>
Sales Tax		(73,437,297)	-
		<u>431,984,100</u>	<u>482,918,465</u>
25 COST OF SALES / REVENUE			
Opening stock of finished goods		361,003	446,839
Cost of goods manufactured	25.1	531,195,423	592,949,426
		<u>531,556,426</u>	<u>593,396,265</u>
Less: closing stock of finished goods		361,003	361,003
		<u>531,195,423</u>	<u>593,035,262</u>
25.1 Cost of goods manufactured			
Raw material consumed / sold	25.1.1	-	27,742,024
Stores and spares consumed		28,792,935	31,865,963
Packing material consumed		13,997,863	13,660,818
Salaries, wages & other benefits	25.1.2	132,258,058	133,672,770
Insurance		1,327,085	2,810,447
Repair & maintenance		5,334,369	4,456,619
Fuel & power		219,659,797	240,194,614
Vehicle running & maintenance		1,743,136	1,536,412
Communication		824,944	802,982
Rent, rates & taxes		592,773	942,096
Entertainment		315,406	431,730
Travelling & conveyance		99,111	283,230
Other manufacturing expenses		1,474,320	418,205
Depreciation	17.3	124,775,626	134,131,516
		<u>531,195,423</u>	<u>592,949,426</u>
Work-in-process - Opening		-	-
Work-in-process - Closing		-	-
Cost of Goods Manufactured		<u>531,195,423</u>	<u>592,949,426</u>
25.1.1 Raw Material Consumed / sold			
Opening Stock		-	27,742,024
Add: Purchases inclusive of direct expenses		-	-
		-	<u>27,742,024</u>
Less: Closing Stock		-	-
		-	<u>27,742,024</u>

25.1.2 Salaries and benefits include Rs.4.888 million (2019: Rs. 5.403 million) in respect of post employment benefits.

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	Notes	2020	2019
26 ADMINISTRATIVE EXPENSES		Rupees	
Salaries and benefits	26.1	17,185,829	17,401,611
Travelling & conveyance		452,675	1,410,189
Printing & stationary		790,532	833,072
Legal & professional		136,500	130,000
Auditors remuneration	26.2	500,000	500,000
Vehicle running expenses		1,016,562	1,108,097
Communication		252,570	454,325
Fees & subscription		901,352	881,678
Rent, Rate & Taxes		388,902	184,694
Donations	26.3	-	12,472
Depreciation / Amortization	17.3	1,131,625	1,216,476
Provision for doubtful debts and advances		-	14,650,380
Other expenses		436,939	406,121
		<u>23,193,486</u>	<u>39,189,115</u>

26.1 Salaries and benefits include Rs.0.393 million (2019: Rs.0.485 million) in respect of post employment benefits.

26.2 Audit Fee	350,000	350,000
Half yearly review	75,000	75,000
Code of Corporate Governance	50,000	50,000
Reimbursable expenses	25,000	25,000
	<u>500,000</u>	<u>500,000</u>

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

27 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	27.1	7,226,716	7,484,185
Travelling & conveyance		215,290	430,580
Vehicle running expenses		590,340	985,680
Communication		147,849	-
Miscellaneous expenses		-	991,398
		<u>8,180,195</u>	<u>9,891,843</u>

27.1 Salaries and benefits include Rs.0.334 million (2019: Rs.0.329 million) in respect of post employment benefits.

28 FINANCE COST			
Markup on :			
Syndicate Long Term Loans		51,482,711	37,263,977
Short term syndicate Loan		11,536,190	13,379,859
Bank & other charges		255,249	383,652
Unwinding interest		16,403,485	15,144,842
		<u>79,677,635</u>	<u>66,172,330</u>



28.1 The Company has not made the provision of markup for the year amounting to Rs.8.966 million (up to June 30, 2019: Rs.60.426 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 would have been higher by Rs.8.966 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.69.392 million.

	Notes	2020 Rupees	2019
29 OTHER INCOME			
Scrap sales		-	7,368
Gain on disposal of fixed assets		-	231,519
		-	238,887
30 (LOSS) PER SHARE - Basic and diluted			
(Loss) after taxation		(197,844,968)	(210,213,273)
Weighted average number of ordinary shares		97,750,726	97,750,726
(Loss) per share - Basic and diluted		(2.02)	(2.15)

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	3,682,510	3,483,173
	3,682,510	3,483,173

32 REMUNERATION OF DIRECTORS & EXECUTIVES

	2020			2019		
	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES
Managerial remuneration	-	-	7,445,007	-	-	10,477,383
Staff retirement gratuity	-	-	-	-	-	250,000
Provident fund	-	-	590,990	-	-	590,928
House rent allowance	-	-	1,700,514	-	-	2,393,296
Utilities allowance	-	-	1,133,752	-	-	1,595,531
Conveyance	-	-	138,434	-	-	231,352
Others	-	-	328,820	-	-	416,756
	-	-	11,337,517	-	-	15,955,246
Number of persons	-	-	3	-	-	3

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.1.455 million (2019: Rs.1.628 million), during the year Long term Sponsor Loan transferred to short term sponsor Loan due to the maturity date of the Loan in next year amounting to Rs. 213.781 million note 9.2

34 PLANT CAPACITY AND PRODUCTION

Installed capacity after conversion into 20's (Kgs)	11,130,330	11,130,330
Actual production after conversion into 20's (Kgs)	8,386,933	9,653,207
Total number of spindles installed	28,800	28,800
Average number of spindles worked	22,724	24,895
Number of shifts worked per day	3	3
Total days worked	288	316

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	380	390
Average number of employees during the year	340	395

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.

	2020	2019
	Rupees	
36.1 Credit risk		
Trade Debts - Considered Good	86,019,039	97,566,096
Loans and Advances - Unsecured - Considered good	6,161,934	2,303,835
Trade deposits & other receivable - Considered Good.	2,677,287	3,054,673
Cash and bank balances	3,682,510	3,483,173
	<u>98,540,770</u>	<u>106,407,777</u>

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:

	2020				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward
	Rupees				
Financial liabilities					
Long term loan	463,896,977	760,593,851	760,593,851	-	-
Trade and other payables	139,489,487	139,706,671	139,706,671	-	-
Short term Borrowings	412,864,355	417,408,877	417,408,877	-	-
Mark-up payable	236,701,435	236,701,435	236,701,435	-	-
	<u>1,252,952,254</u>	<u>1,554,410,834</u>	<u>1,554,410,834</u>	-	-

	2019				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two year
	Rupees				
Financial liabilities					
Syndicated long term loan	661,274,847	889,477,023	692,099,153	-	197,377,870
Trade and other payables	112,212,948	112,212,948	112,212,948	-	-
Short term Borrowings	214,083,000	221,119,500	221,119,500	-	-
Mark-up payable	182,647,409	182,647,409	182,647,409	-	-
	<u>1,170,218,204</u>	<u>1,405,456,880</u>	<u>1,208,079,010</u>	-	<u>197,377,870</u>



The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2020. 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:

	2020	2019
	Rupees	
Fixed rate instruments	-	-
Variable rate instruments	-	-
Financial liabilities	<u>538,896,977</u>	<u>553,896,977</u>
	<u>538,896,977</u>	<u>553,896,977</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	538,896,977	553,896,977
Less Cash and Bank Balances	<u>3,682,510</u>	<u>3,483,173</u>
Net debt	535,214,467	550,413,804
Total equity	739,945,617	936,849,225
Total Capital	<u>1,275,160,084</u>	<u>1,487,263,029</u>
Gearing ratio	0.42	0.37

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** The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from the month of March. At that difficult time, our focus was to safeguard the well-being of everyone including our associates and those within the dealer & the supply chain network. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.

The revenue of the Company was impacted by COVID-19 in the period of lockdown and in addition, the Company had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, Covid-19 being one of the major factors which contributed towards overall decrease in revenues by approximately 20% along with the corresponding variable cost and variable overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. Due to this, the management has assessed the accounting implications arising out of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of Inventory under IAS 2, "Inventories"

Based on the assessment, there is no significant accounting implication arising out of the effects of COVID-19 in these financial statements except for the decrease in revenue and corresponding variable cost and variable overheads as stated above.

38 Date of Authorization

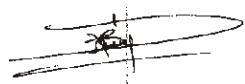
These financial statements have been authorized for issue on September 28, 2020 by the Board of Directors of the company.

39 General

39.1 Comparative figures has been rearranged and re-classified wherever necessary for the purpose of better presentation and comparison.

39.2 Figures have been rounded off to the nearest rupees.

39.3 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



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director



**PATTERN OF SHAREHOLDING UNDER REGULATION 37
(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2020**

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	37,750,726	38.62%
2.	NIT and ICP	-	-	0.00%
3.	Directors, CEO, their Spouses & Minor Children	8	5,125,727	5.24%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	14	1,106,027	1.13%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	-	-	0.00%
7.	Individuals	2,267	53,768,246	55.01%
	TOTAL	2,290	97,750,726	100.00%

DETAILS OF CATEGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	<u>Associated Companies</u>			
	Dewan Motors (Pvt.) Limited	1	37,750,726	38.62%
2.	<u>NIT and ICP</u>			
		-	-	0.00%
3.	<u>Directors, CEO, their Spouses & Minor Children</u>			
	<u>Directors and CEO</u>			
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%
		7	4,075,727	4.17%
	<u>Spouses of Directors and CEO</u>			
3.8	Mrs. Nada Jabri	1	1,050,000	1.07%
		1	1,050,000	1.07%
	<u>Minor Children of Directors and CEO</u>			
		-	-	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 2 0

Number of Shareholders	Shareholdings			Total Shares held
74	1	-	100 Shares	932
765	101	-	500 Shares	380,801
296	501	-	1,000 Shares	294,891
504	1,001	-	5,000 Shares	1,531,392
200	5,001	-	10,000 Shares	1,712,433
153	10,001	-	20,000 Shares	2,390,051
88	20,001	-	30,000 Shares	2,276,117
33	30,001	-	40,000 Shares	1,177,786
39	40,001	-	50,000 Shares	1,840,000
27	50,001	-	60,000 Shares	1,502,293
13	60,001	-	70,000 Shares	856,500
12	70,001	-	80,000 Shares	922,000
6	80,001	-	90,000 Shares	526,500
15	90,001	-	100,000 Shares	1,486,956
19	100,001	-	150,000 Shares	2,300,000
9	150,001	-	200,000 Shares	1,664,227
6	200,001	-	250,000 Shares	1,334,489
4	250,001	-	300,000 Shares	1,102,000
5	300,001	-	350,000 Shares	1,595,000
1	350,001	-	400,000 Shares	400,000
4	400,001	-	450,000 Shares	1,650,500
2	450,001	-	500,000 Shares	994,000
2	500,001	-	600,000 Shares	1,085,727
1	600,001	-	700,000 Shares	601,000
1	700,001	-	800,000 Shares	726,000
4	800,001	-	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
2290	TOTAL			97,750,726



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	53,768,246	55.01%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	1,106,027	1.13%

ہیومن ریسورس اور اجرتی کمیٹی:

ہیومن ریسورس اور اجرتی کمیٹی کی تشکیل بورڈ نے کی تھی تاکہ ہیومن ریسورس کی پالیسیوں پر میعادوی جائزے سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کر سکیں۔ اس کے علاوہ انتخاب، تجزیہ، 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 (2.02) (2019-مبلغ (2.15)) 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۔

شیئر ہولڈنگ کا پیٹرن:

کینیڈا ایکٹ 2017ء کے تحت اسٹاک ریگولیشن، کوڈ آف کارپوریٹ گورننس کے تحت مقررہ شیئر 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 از واقعات:

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں نہیں کی گئیں۔

اظہار تشکر اور نتیجہ:

بورڈ کی جانب سے میں تمام ایگزیکٹو، اسٹاف ممبران اور ورکرز کا کمپنی کیلئے ان کی بہترین خدمات پر شکریہ ادا کرتا ہوں۔

نتیجہ کے حوالے سے میں اللہ تعالیٰ رحمن و رحیم سے دعا کرتا ہوں کہ وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین حمد آمین۔

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


سید مقبول علی
ڈائریکٹر


دیوان عبدالباقی فاروقی
چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر

کراچی:

تاریخ: 28 ستمبر 2020

**YD**

A YOUSUF DEWAN COMPANY

بورڈ:

بورڈ آف ڈائریکٹرز متشوع 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 2020 تک بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل تھے:

ڈائریکٹرز	ممبرز
☆ مرد	7
☆ عورت	کوئی نہیں*
تفکیلیں	ممبرز
☆ آزاد ڈائریکٹر	1
☆ دیگر غیر ایگزیکٹو ڈائریکٹرز	5
☆ ایگزیکٹو ڈائریکٹرز	1

* کمپنی کے بورڈ میں خواتین کی نمائندگی کی ضرورت کو بورڈ کی تنظیم نو کے بعد پورا کیا جائے گا۔

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

میٹنگ میں شرکت کنندہ کی تعداد

نام:

5	دیوان عبدالہادی فاروقی
5	جناب عزیز الحق
5	سید محمد انوار
5	جناب غنفر بابر صدیقی
5	جناب محمد باقر جعفری
5	جناب عمران احمد
5	سید مقبول علی

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

آڈٹ کمیٹی:

بورڈ 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 ڈائریکٹر پر مشتمل ہے۔
سال کے دوران آڈٹ کمیٹی کی تین میٹنگوں کا انعقاد کیا گیا تھا جس میں درج ذیل نے شرکت کی تھی:

میٹنگ میں شرکت کنندہ کی تعداد

نام:

3	جناب عزیز الحق - چیئرمین
3	سید محمد انوار
3	جناب غنفر بابر صدیقی

کارپوریٹ معاشرتی ذمہ داریاں:

ہم کارپوریٹ معاشرتی ذمہ داریوں (CSR) 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۔ کمپنی تمام اسٹیک ہولڈرز، خاص طور پر جس معاشرے میں ہم رہتے ہیں اور ایسے ورکرز جو ہمارے کاروبار کا محور ہیں، کے مفادات پر غور اور توازن پیدا کرنے کیلئے شعوری طور پر کوشش کرنے کیلئے پرعزم ہیں۔ 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۔

صحت، حفاظت اور ماحول:

کمپنی کی انتظامیہ اپنی ذمہ داری سے آگاہ ہے جس کے تحت 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 کام کے 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 مرعاتی اسکیمیں فراہم کرتے ہیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد:

آپ کی کمپنی بہتر کارپوریٹ گورننس کیلئے پرعزم ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے سلسلے میں اپنی ذمہ داری بخوبی سمجھتا ہے اور ڈائریکٹرز اس بات کی تصدیق کرتے ہیں:

- ۱- کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ۲- کھاتے مناسب طریقہ سے مرتب کئے جاتے ہیں۔
- ۳- اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ۴- مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، اور باقاعدہ طور پر اس کا لحاظ رکھا جاتا 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 ماسوائے وہ جس کا انکشاف مالیاتی حسابات میں کیا گیا ہے۔
- ۱۰- ٹیکسز، ڈیوٹیز اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- ۱۱- کوڈ آف کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کا پیٹرن

(۲) متعلقین اور دیگر افراد کے شیئرز



زیر جائزہ سال کے دوران کوورونا وباء سے پہلے ہی معاشی استحکام کے لئے اٹھائے گئے اقدامات کے باعث صنعتی پیداوار افسردگی کا شکار تھی۔ کاروباری لاگت کو بری طرح متاثر کیا گیا جبکہ صارفین اپنی وقت خرید کو برقرار رکھنے کیلئے جدوجہد کر رہے ہیں۔ آخری سہ ماہی کے دوران کوورونا وباء نے معاشی پریشانیوں کو اور تیز کر دیا کیونکہ کاروبار کے لاک ڈاؤن کے باعث صنعت کا ہر شعبہ رکاوٹ کا شکار رہا۔

سال 2011-12 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۔ تاہم کچھ قرض دہندگان نے جن کا مبلغ 66.60 ملین روپے کا سوٹ ہے، نے تنظیم نو کی تجویز کو قبول نہیں کیا۔ مصالحتی معاہدہ کے مطابق قرض دہندگان نے قرضہ جات کی دوبارہ تنظیم نو کی دوبارہ ادائیگی میں کوتاہی کیلئے ایگزیکوشن ڈکری دائر کی۔ کمپنی نے محترم ہائی کورٹ آف سندھ کراچی میں مقدمہ دائر کیا جس میں اس کا سخت مقابلہ کیا گیا کہ ایگزیکوشن دائر کرنا غیر منصفانہ اور قانون کے منافی ہے۔ کمپنی کی انتظامیہ کو آنے والے دنوں میں اچھے نتائج کی توقع ہے۔

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں قرضہ جات کی اقساط کی واپسی میں کوتاہی پر اپنی ماہرانہ رائے کا اظہار کیا ہے اور مارک اپ ریکارڈ نہ کرنے پر بھی تحفظات 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 ہر امید ہے کہ جلد از جلد اسے مکمل کر دیا جائے گا اس کے علاوہ دوبارہ ترتیب کردہ تاریخ تک مبلغ 210.713 ملین روپے واجب الادا مارک اپ پر لازم ہونگے اور کمپنی معاہدہ کی شرائط میں کوتاہی کی صورت میں یہ ادائیگی کرنے کی ذمہ دار ہوگی۔ چونکہ دوبارہ ترتیب کا عمل زیر غور ہے لہذا انتظامیہ کو یقین ہے کہ یہ رقم واجب الادا نہیں ہوگی۔ اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

یہ مالیاتی حسابات تشویش کے مفروضے کو استعمال کرتے ہوئے تیار کئے گئے ہیں کیونکہ نوٹ 2 میں مذکورہ شرائط عارضی ہیں اور مستقبل میں بھی مد نظر رکھی جائیں گی۔ کمپنی کا آپریٹنگ کیش فلو مثبت ہے اور اسپانسر ضرورت کے وقت ورکنگ کپٹل کی ضروریات کو پورا کرنے میں مدد کریں گے۔ گذشتہ سال کے مقابلے میں کمپنی کی پیداوار میں اضافہ ہوا جو کہ منسلکہ خطرات میں بھی کمی کرتا ہے۔ لہذا تشویش کے مفروضے کا استعمال کرتے ہوئے مالیاتی حسابات کی تیاری جائز ہے۔

مستقبل کا نظریہ:

انتظامیہ کاروباری ماحول سے متعلق پر امید ہے کیونکہ Covid-19 کی وباء کی حالت میں حکومت کی جانب سے قرضوں کی اصل ادائیگی کو موخر کرنے، سود کی شرح میں کمی اور مزدوروں کی اجرتوں کی ادائیگی کیلئے معمولی قیمت پر قوم کی دستیابی کے باعث کاروباری استحکام میں مدد ملی۔ پاکستان نے اپنی لاک ڈاؤن حکمت عملی کے ذریعے معاشی اثرات پر قابو پایا اور ہم پہلے ہی بحالی کے آثار دیکھ رہے ہیں کیونکہ عالمی اقتصادی سرگرمیوں نے لاک ڈاؤن میں نرمی کے بعد کچھ زور پکڑا ہے۔ اسی طرح جولائی 2020ء میں پاکستان کی صورتحال میں تیزی سے بحالی دیکھنے میں آئی ہے۔ اسی عرصے کے مقابلے میں برآمدات میں 14.40 اضافہ ہوا ہے۔ اگر صورتحال مزید بہتر ہوتی رہی اور عالمی معیشت بحران میں رکاوٹ کا مشاہدہ کرتی ہے تو ہم امید کر سکتے ہیں کہ معاشی سرگرمیوں میں مزید اضافہ ہوگا۔

مزید یہ کہ اس ملک میں سب سے بڑا چیلنج کپاس کی فصل کی کم پیداوار ہے جس کے باعث کپاس کو درآمد کرنا پڑتا ہے جس کی وجہ سے ملکی مصنوعات کو دوسرے پیداواری ممالک کے مقابلے میں نسبتاً نقصان ہوتا ہے۔ ملکی محاز پر پاکستانی روپے کی قدر میں کمی، خام تیل کی عالمی قیمتوں میں ریکوری سے افراط زر متاثر ہو سکتا ہے جس سے مستحکم معاشی نقطہ نظر کو خطرہ لاحق ہو سکتا ہے۔ ان تمام عوامل کو مد نظر رکھنے کے بعد، آپ کی کمپنی کی انتظامیہ کو توقع ہے کہ ملکی مارکیٹ میں معاشی سرگرمیوں میں بتدریج بہتری کی امید ہے۔ ٹیکسٹائل کی صنعت کو مستحکم بنانے کیلئے حکومت کی جانب سے مزید اقدامات، خاص طور پر سستے نرخوں پر گیس کی فراہمی کی اشد ضرورت ہے۔

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2020ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات بمع 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 شعبہ ہے اور غیر ملکی زرمبادلہ کی آمدنی میں اہم شراکت دار ہے۔ زیر جائزہ مالیاتی سال 2019-20 کی پہلی ششماہی کے دوران ملکی صنعت کو حالیہ دنوں میں افراط زر کی شرح کے ساتھ ساتھ معاہداتی معاشی پالیسیوں کے چیلنجز کا سامنا کرنا پڑا۔ Covid-19 کی وباء کے باعث موجودہ مالی سال کی دوسری ششماہی میں اس صورتحال میں مزید اضافہ ہوا جس نے پاکستان سمیت دنیا بھر کی معاشی سرگرمیوں میں رکاوٹیں پیدا کر دیں۔ Covid-19 کی وباء پاکستان کی کمزور معیشت کیلئے بھی تباہ کن تھی۔ اس وباء نے ملک کی معاشی نمو ختم کر دی جس نے گذشتہ 68 سالوں میں بدترین کارکردگی کا مظاہرہ کیا، عارضی تخمینے کے مطابق مالیاتی سال 2020ء میں پاکستان کی GDP 0.4 فیصد پر طے پائی ہے۔ ملکی اور عالمی طلب میں کمی نے معیشت پر تباہ کن اثرات پیدا کیے۔ مالیاتی سال 2020ء کے دوران مہنگائی اور روپے کی قدر میں کمی نے عام طور پر مجموعی معیشت اور خاص طور پر مینوفیکچرنگ انڈسٹری پر نمایاں دباؤ ڈالا ہے۔

حکومت پاکستان نے اس صورتحال کا فوری جواب دیا اور اس کے مطابق اسٹیٹ بینک آف پاکستان (SBP) نے مجموعی طور پر بنیادی پوائنٹس 625 سے پالیسی کی شرح میں کمی کر دی۔ اسٹیٹ بینک نے روزگار، نئی سرمایہ کاری اور BMR کی مدد کیلئے نئی ری فنانسنگ اسکیموں کا آغاز کیا۔ حکومت کے اس پیکج کے ساتھ ان اقدامات سے Covid-19 کی وباء کے اثرات کو پھیلنے سے روکنے میں مدد مل رہی ہے۔ ان مثبت اثرات سے ہٹ کر، ان اقدامات سے Covid-19 کے بعد کی معاشی استحکام کی بھی توقع کی جارہی ہے۔

مالیاتی نتائج اور کارکردگی:

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

(روپے)	
431,984,100	آمدنی
(531,195,423)	فروخت کی لاگت
(99,211,323)	کل خسارہ
(31,373,681)	آپریٹنگ اخراجات
(130,585,004)	آپریٹنگ خسارہ
(79,677,635)	مالیاتی لاگت
--	دیگر آمدنی
(210,262,639)	قبل از ٹیکس خسارہ
12,394,022	ٹیکسیشن
(197,868,617)	بعد از ٹیکس خسارہ

30 جون 2020ء کو ختم ہونے والے سال کے دوران کمپنی نے مبلغ 431.984 ملین روپے کی آمدنی حاصل کی جس کا موازنہ گذشتہ سال کی اسی مدت کی آمدنی مبلغ 482.918 ملین روپے سے کیا جاسکتا ہے۔ آمدنی میں کمی بنیادی طور پر Covid-19 کی وباء کے باعث صنعت اور مارکیٹ میں لاک ڈاؤن کے باعث ہوئی۔ خالص آمدنی میں تقریباً 20 فیصد کمی کے باوجود کمپنی کو مبلغ 99.211 ملین روپے کا مجموعی خسارہ ہوا جس کا موازنہ گذشتہ سال کے مبلغ 110.117 ملین روپے سے کیا جاسکتا ہے جبکہ کمپنی کے آپریٹنگ اخراجات میں 17.707 ملین روپے کی کمی واقع ہوئی۔ مالیاتی لاگت مبلغ 79.678 ملین روپے ہو گئی جس کا موازنہ گذشتہ سال کے مبلغ 66.172 ملین روپے سے کیا جاسکتا ہے کیونکہ مارچ 2020 تک KIBOR میں 9.17 فیصد سے 13.75 فیصد تک کا اضافہ ہو چکا ہے۔ زیر جائزہ سال کے دوران پیداوار کے حجم میں بھی گذشتہ سال کے مقابلہ میں اضافہ کیا گیا جو کہ دوران سال پیداوار کے معیار اور مقدار کو بہتر بنانے کیلئے ٹیکس کے باعث ہوا، لیکن مالیاتی سال 2020ء کے آخر میں آپریشن بند ہونے اور اس کے نتیجے میں ملک میں لاک ڈاؤن کے نتیجے میں اب بھی پیداواری صلاحیت سے کم رہا۔ ورکنگ کپٹل کی رکاوٹوں کے باعث، کمپنی نے کام کو جاری رکھنے کے لئے معاہدے کی بنیاد پر سوت کی تیاری جاری رکھی۔



(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 شیئرز رجسٹرار کو فراہم کریں۔

(6) شیئرز ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میگزیم 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 5 اپریل 2013ء کے ذریعہ تمام سٹیٹ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میگزیم 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 ریکورڈنگ سروسٹ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

دیوان فاروق اسپننگ ملز لمیٹڈ سالانہ اجلاس عام

ہذا مطلع کیا جاتا ہے کہ دیوان مشتاق نیکسٹل ملز لمیٹڈ (ڈی ایم ٹی ایم ایل یا کمپنی) کا سترواں (17) سالانہ اجلاس عام پیر 26 اکتوبر 2020ء کو صبح 12:30 بجے دیوان سینٹ لمیٹڈ فیکٹری سائٹ واقع دیہہ ڈھنڈو دھانجی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

عمومی امور

- (1) کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ پیر 27 جنوری 2020ء کی کارروائی کی توثیق۔
- (2) 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں مع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2021ء 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۔

بحکم بورڈ



محمد حنیف جومان
کمپنی سیکریٹری

کراچی 28 ستمبر 2020ء

نوٹ:

- (1) کمپنی کی منتقلی حصص کی کتب 19 اکتوبر 2020ء تا 26 اکتوبر 2020ء (دونوں دن شامل) بند رہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیوٹ) لمیٹڈ واقع انہم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل کراچی پاکستان کو مطلع کرنے کی درخواست ہے۔
- (3) اجلاس ہذا میں شرکت اور رائے دی کا اہل ممبر اپنی جانب سے شرکت اور رائے دی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس ہذا کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی سی ممبران کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر I-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 انفرادی 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 انٹسٹیٹی 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 انفرادی 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 انٹسٹیٹی 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

17th 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 17th Annual General

Meeting of the Company to be held on **Monday, October 26, 2020, at 12:30 p.m.** And any

adjournment thereof.

Signed this _____ day of _____ 2020.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Witness: _____

Signature

Name: _____

Name: _____

Address: _____

Address: _____

پراکسی فارم ۱۷واں 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 فولیو 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 ۱۷واں سالانہ اجلاس عام جو کہ بروز پیر، ۲۶ اکتوبر ۲۰۲۰ کو دوپہر ۳:۳۰ بجے، ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز _____ بتاریخ _____ ۲۰۲۰ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____

نام: _____

مکمل پتہ: _____

گواہ: _____

نام: _____

مکمل پتہ: _____