

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 Directors	:	Syed Muhammad Anwar - Chairman, Board of Directors Mr. Imran Ahmed Javaid Mr. Ishtiaq Ahmed 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
Human Resources & Remuneration Committee	:	Mr. Aziz-ul-Haque - Chairman Mr. Imran Ahmed Javaid Dewan Abdul Baqi Farooqui - Member
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S.,
Company Secretary	:	Mr. Muhammad Hanif German
Chief Financial Officer	:	S. M. Raza
Tax Advisor	:	Abbass & Atif Law Associates
Legal Advisor	:	Sharif & Co. Advocates
Bankers	:	United Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Askari Bank Limited Allied Bank Limited Soneri Bank Limited Summit Bank Limited
Registered Office	:	Finance & Trade Centre Block-A, 7th Floor, Shahrah-e-Faisal, 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 Fifteenth Annual General Meeting of **Dewan Farooque Spinning Mills Limited** (“**DFSML**” or “**the Company**”) will be held on **Thursday, October 25, 2018, at 02:00 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:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Monday, October 30, 2017;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2018, together with the Directors’ and Auditors’ Reports thereon;
3. To appoint the Statutory Auditors’ of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By order of the Board



Muhammad Hanif German
Company Secretary

Karachi: October 01, 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 18, 2018 to October 25, 2018 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Annum Estate Building, Room No. 310 & 311, 3rd Floor, 49 Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above-said address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
 - a) For Attending Meeting:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors’ resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
 - b) For Appointing Proxies:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.



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

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 chances 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 endeavor 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.

During financial year ended June 30, 2018, four board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the board and its committee meetings. The non- executive and independent directors are equally involved in 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, 2018

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, 2018 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 contributed around 60% in Foreign Exchange earnings. However due to ongoing adverse scenario and Government's apathy thereto, the Textile Mills are closing and textile exports are continuously showing declining trend. During the year under review, textile spinning industry continued to face distressed and adverse set of circumstances which hampered the operations of several units.

Operating results and performance:

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

	"Rupees"
SALES (NET)	769,189,123
COST OF SALES	(1,016,271,881)
GROSS LOSS	(247,082,758)
OPERATING EXPENSES	(87,012,143)
OPERATING LOSS	(334,094,901)
FINANCE COST	(60,354,070)
OTHER INCOME	2,642,162
LOSS BEFORE TAXATION	(391,806,809)
TAXATION	14,686,786
LOSS AFTER TAXATION	(377,120,023)

During the year, Company has achieved net sale of Rs.769.189 million as compared to Rs. 952.278 million of last year. Company has suffered gross loss of Rs. 247.083 million as compared to Rs. 120.075 million of previous year, whereas operating expenses of the company have increased by Rs. 31.492 million. During the year under review, production volume was slightly increased despite of adverse scenario faced by the industry, but still remained below the production capacity due to lesser market demand of textile products in the country. Due to working capital constraints, the company during the year has also started production of yarn on contract basis to keep the company operational. The sponsors are also committed to provide support as and when required in shape of injecting interest free loan for working capital requirements.

Pakistan is fourth largest cotton producing country, however the consumption of Cotton is more than the production (2.35 million tonnes as compared to 1.82 million tonnes), due to which textile units have to rely on imported cotton. Thus rendering the Cotton more expensive and making the exportable goods costlier. Although the cotton observed increased production of 11.9 million bales as compared to 10.7 million bales of last year, which was still lower than the target bales.

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

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

In 2011-12, 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.69.60 million, did not accept the restructuring proposal at that time.

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.

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 as fully explained in note 8.1.2 to the financial statements. Moreover the markup outstanding up to the date of restructuring is Rs.371.60 million, which the company would be liable to pay in the event of default of terms of agreement. Since the revision in restructuring is in process therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

Future Outlook

It is difficult to compete in international market, at present, due to higher cost of production. However, some initiatives from the government are direly needed in order to make the textile industry sustainable, especially smooth supply of gas at affordable tariff. During January 2018 the withdrawal of custom duty and sales tax on imported cotton was a good step, however the same has subsequently been reimposed, which will increase production cost. Input tax paid on packing material is now claimable, by virtue of Finance Act, 2018, which will reduce the product cost.

Corporate Social Responsibilities

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

Health, Safety and Environment

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

Human Resource

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

Compliance with Code of Corporate Governance

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP). Following are the statements on Corporate and Financial Reporting Framework:

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. There are no doubts upon the company's Going Concern.
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;
12. The value of investment made by the Provident fund as per its respective accounts is Rs. 33.642 million (2017: Rs. 36.880 million)

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, 2018 consisted of the following:

Directors			Numbers
a)	Male	-	7
b)	Female	-	Exempted from current term
Composition			Numbers
a)	Independent Director	-	1
b)	Other Non-executive Directors	-	5
c)	Executive Directors	-	1

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

Names	No. of Meetings attended
Dewan Muhammad Yousuf Farooqui	2
Dewan Abdul Baqi Farooqui	3
Mr. Aziz-ul-Haque	4
Mr. Ishtiaq Ahmed	3
Syed Muhammad Anwar	4
Mr. Ghazanfar Baber Siddiqi	4
Mr. Muhammad Baqar Jafferi	4
Mr. Imran Ahmed Javed	4

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

Audit Committee

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

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

DEWAN FAROOQUE SPINNING MILLS LIMITED

Names	No. of Meetings attended
Mr. Aziz-Ul Haque - Chairman	4
Syed Muhammad Anwar	3
Mr. Ghazanfar Baber Siddiqi	4

Human Resource and Remuneration Committee

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

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

Names	No. of Meetings attended
Mr. Ghazanfar Baber Siddiqi - 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.(3.86) [2017: Rs. (2.57)]

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.

Key operating and financial data

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

Vote of Thanks & Conclusion

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

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

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

By and under Authority of the Board of Directors



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



S.M. Anwar
Chairman Board of Directors

Date: September 28, 2018

Place: Karachi

**FINANCIAL HIGHLIGHTS**

	2013	2014	2015	2016	2017	2018
	(Rupees in Thousands)					
Sales (Net)	1,301,852	1,636,370	1,208,179	865,287	952,277	769,189
Gross (Loss)/ Profit	107,846	81,884	35,612	(145,260)	(120,074)	(247,083)
(Loss)/ Profit Before Tax	9,277	(33,218)	5,237	(275,958)	(238,696)	(391,807)
(Loss)/ Profit After Tax	35,237	(53,966)	21,066	(237,987)	(251,012)	(377,120)
Current Assets	918,886	826,838	786,567	806,722	825,028	432,652
Shareholder's Equity	1,354,916	1,300,951	1,322,017	1,084,029	1,508,725	1,139,735
Current Liabilities	485,854	473,840	483,617	797,548	1,054,713	1,000,203
(Loss)/ Earning per Share	0.36	(0.55)	0.22	(2.43)	(2.57)	(3.86)
Breakup value per share (Rs.)	13.86	13.31	13.52	11.09	15.43	11.66
current ratio (Times)	1.89	1.74	1.63	1.01	0.78	0.43
Gross (Loss)/ Profit %	8.28%	5.00%	2.95%	-16.79%	-12.61%	-32.12%
Net (Loss)/ profit%	2.71%	-3.30%	1.74%	-27.50%	-26.36%	(0.49)
Debt equity ratio (Times)	0.66	0.58	0.49	0.83	0.62	0.81

** comparative figures of shareholder's equity, breakup value per share and debt equity ratio have been restated to reflect changes as per Companies Act, 2017.*

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

For the Year Ended June 30, 2018

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	:	Exempted from current term
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 Mr. Ishtiaq Ahmed Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferri
c) Executive Directors	:	Dewan Abdul Baqi Farooqui
3. Four Directors have confirmed that they are not serving as Director in more than five listed Companies including this Company, however, three Directors are serving as Director in more than five listed Yousuf Dewan Companies.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. One Director is exempted from the requirement of Director's training program and Four of the Directors are qualified under the Directors training program. During the year the board did not arrange training program for its directors. However, we will arrange the same in the next coming session.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

**YD****A YOUSUF DEWAN COMPANY**

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. Ghazanfar Baber Siddiqi | Chairman* |
| | | Mr. Imran Ahmed Javed | Member |
| | | Dewan Abdul Baqi Farooqui | Member |

* Subsequent to June 30, 2018, The Chairman of the HR and Remuneration Committee has been changed and now independent director has been appointed as Chairman of the Committee.

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

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

- | | | |
|----------------------------------|---|---|
| a) Audit Committee | : | 4 quarterly meetings during the financial year ended June 30, 2018 |
| b) HR and Remuneration Committee | : | 1 annual meeting held during the financial year ended June 30, 2018 |

15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

S.M. Anwar
Chairman Board of Directors

Date : September 28, 2018
Place : Karachi

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF DEWAN FAROOQUE SPINNING MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dewan Farooque spinning Mills Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

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

- a) The board includes one independent director, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies.
- b) The chairman of Audit committee is not an independent director due to the reason reflect in para (a) above.
- c) The chairman of HR and Remuneration Committee shall be an independent director, whereas independent director has not been appointed as the chairman of the committee.

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, 2018.

Furthermore, we highlight that three directors of the company are serving as directors in more than five listed Companies as reflected in the note 3 in the statement of compliance.



Dated: September 28, 2018
Place: Karachi

CHARTERED ACCOUNTANTS
(Mohammad Tariq)

**FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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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, 2018, 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, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, 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, 2018 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

- a) The company defaulted in repayment of installments of restructured liabilities of Financial institutions, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs.398.067 million (note 8.1 to the financial Statements) along with markup of Rs.371.60 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. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 69.60 million the company has also not provided markup on the same amount as disclosed in note 15.1 and 15.2 to the financial Statements.
- b) Had the provisions for the mark up, as discussed in preceding paragraph (a), and along with markup not booked in these financial statements as per note 15.2 and 27.1 to the financial Statements, the loss after taxation would have been higher by Rs. 377.250 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 423.595 million.

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.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Key Audit Matters

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

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>As stated in note 4.1 to the annexed financial statements, the fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these annexed financial statements.</p> <p>The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of the annual financial statements of the Company.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements which are included in notes 7,14, 16.4, 31, 32 and 34 to the annexed financial statements.</p> <p>In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter.</p>	<p>We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements. • Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.
2.	<p>Contingencies The Company is subject to material litigations involving different courts pertaining to GID Cess and purported gas charges of SNGPL, and recovery of Loans by the 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 15.3 and 15.4 to the financial statements.</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>



3.	Valuation of Trade Debts	
	<p>Refer to note 19 to the financial Statements and accounting Policy in note 3.4 to the financial statements</p> <p>The company has Significant balance of trade debts. Provision against doubtful trade debts is based on management judgment to determine the appropriate level of Provision against balances which may not ultimately be recovered.</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.</p>	<p>Our audit Procedure to assess the valuation of trade debts amongst others, include the following:</p> <p>Obtaining an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process;</p> <p>For a sample trade debts, tested the adequacy of the provision for the doubtful debts recorded against the trade debts by taking into account the aging of receivable at year end and cash receivable after year end as well as assessing the judgment made by the management in relation to the credit worthiness of the debtors.</p> <p>Testing the accuracy of the data on assembly basis extract from the company accounting systems which is used to calculate the aging of trade receivable; and</p> <p>Assessing the historical accuracy of provisions for doubtful debts recorded by examining the utilization or release of previously recorded provisions.</p>

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

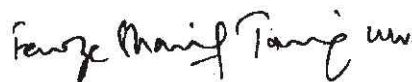
Based on our audit except for the matter discussed in basis for qualified opinion section, we further report that in our opinion:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and other comprehensive loss, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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, 2018

Place: Karachi



CHARTERED ACCOUNTANTS

**STATEMENT OF FINANCIAL POSITION****As at 30th June, 2018**

		June 30, 2018	June 30, 2017	June 30, 2016
EQUITY AND LIABILITIES				
SHAREHOLDERS' EQUITY			(Restated)	(Restated)
Share capital and reserves		Notes	(Rupees)	
Authorized share capital	5	1,000,000,000	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital	6	977,507,260	977,507,260	977,507,260
Revenue Reserve - Accumulated loss		(964,607,537)	(643,645,234)	(419,950,106)
Capital Reserve - Revaluation surplus on property, plant and equipment	7	1,126,834,919	1,174,862,529	526,472,006
		1,139,734,642	1,508,724,555	1,084,029,160
NON-CURRENT LIABILITIES				
Long term loans	8	182,233,028	168,250,254	254,102,425
Deferred Taxation	9	219,835,713	252,033,418	130,495,937
Deferred Liability for staff gratuity	10	3,756,623	-	-
CURRENT LIABILITIES				
Trade & other payables	11	105,910,779	151,101,768	68,938,828
Accrued mark-up		146,302,764	112,928,852	79,006,996
Short term borrowings	12	274,477,965	304,509,143	265,981,609
Overdue portion of long term liabilities	13	463,896,977	463,896,977	378,791,419
Provision for taxation		9,614,864	22,276,392	12,753,612
		1,000,203,349	1,054,713,132	805,472,464
Contingencies and Commitments	15	-	-	-
		2,545,763,355	2,983,721,359	2,274,099,985
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	16	2,089,034,129	2,136,981,934	1,440,666,551
Long term deposits		24,077,045	21,711,345	26,711,345
CURRENT ASSETS				
Stores & Spares	17	28,469,486	20,481,723	25,099,918
Stock-in-trade	18	28,188,863	185,838,526	118,636,669
Trade Debts- Unsecured, Considered Good.	19	168,475,529	354,128,841	399,343,880
Loans & advances- Unsecured, Considered Good.	20	64,608,999	71,952,726	92,296,766
Trade deposits & other receivables- Considered Good.	21	79,253,986	84,104,149	79,997,970
Advance income tax		55,745,041	91,242,041	80,170,490
Cash and bank balances	22	7,910,277	17,280,074	11,176,396
		432,652,181	825,028,080	806,722,089
		2,545,763,355	2,983,721,359	2,274,099,985

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

S.M. Raza
Chief Financial Officer

S.M. Anwar
Chairman Board of Directors

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30TH JUNE 2018

	Notes	2018	2017
		(Rupees)	
SALES - NET	23	769,189,123	952,277,991
COST OF SALES	24	(1,016,271,881)	(1,072,352,948)
GROSS (LOSS)		(247,082,758)	(120,074,957)
OPERATING EXPENSES			
Administrative expenses	25	(68,946,709)	(37,824,722)
Selling and distribution expenses	26	(18,065,434)	(17,695,273)
		(87,012,143)	(55,519,995)
OPERATING (LOSS)		(334,094,901)	(175,594,952)
OTHER CHARGES			
Finance cost	27	(60,354,070)	(64,970,116)
Other Income	28	2,642,162	1,868,755
		(57,711,908)	(63,101,361)
(LOSS) BEFORE TAXATION		(391,806,809)	(238,696,313)
TAXATION			
Current		(9,614,864)	(9,522,780)
Prior year		234,055	-
Deferred		24,067,595	(2,793,650)
		14,686,786	(12,316,430)
(LOSS) AFTER TAXATION		(377,120,023)	(251,012,743)
(Loss) per share - Basic and diluted (Rupees)	29	(3.86)	(2.57)

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



S.M. Raza
Chief Financial Officer



S.M. Anwar
Chairman Board of Directors



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2018

	2018	2017 (Restated)
	(Rupees)	
(LOSS) AFTER TAXATION	(377,120,023)	(251,012,743)
OTHER COMPREHENSIVE INCOME		
Revaluation during the year	-	794,451,969
Related deferred tax	-	(137,888,610)
	-	656,563,359
Effect of change in tax rates on balance of revaluation on property, plant and equipment	8,130,110	19,144,779
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(368,989,913)	424,695,395

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

S.M. Raza
Chief Financial Officer

S.M. Anwar
Chairman Board of Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2018

	Note	2018 (Rupees)	2017
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(391,806,809)	(238,696,313)
Adjustments for non cash and other items:			
Gain on sale of fixed assets		(1,012,202)	-
Provision for doubtful debts		49,623,784	21,445,614
Provision for staff gratuity		3,756,623	-
Depreciation		142,526,486	103,299,836
Financial charges		60,354,070	64,970,116
Cash flow before working capital changes		(136,558,048)	(48,980,747)
Working Capital changes			
(Increase)/ Decrease in assets:			
Stores & spares		(7,987,763)	4,618,195
Stock in trade		157,649,663	(67,201,857)
Trade debts		136,029,528	23,769,425
Loans & advances		7,343,727	20,344,040
Trade deposits & other receivables		4,850,163	(13,375,130)
Increase/ (Decrease) in liabilities:			
Trade creditors, other payables and borrowings		(45,190,989)	82,162,940
Cash generated from /(used in) operations		116,136,281	1,336,866
Taxes paid / refund received		13,454,663	(11,071,551)
Financial charges paid		(12,997,384)	(17,525,921)
		116,593,560	(27,260,606)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(94,773,979)	(5,163,250)
Long term deposits		(2,365,700)	-
Sale proceeds on disposal of fixed assets		1,207,500	-
Net cash outflow from investing activities		(95,932,179)	(5,163,250)
CASH FLOW FROM FINANCING ACTIVITIES			
Syndicated Long Term Loan		-	-
Net cash Inflow/(out flow) from financing activities		-	-
Net decrease in cash and cash equivalents		20,661,381	(32,423,856)
Cash and Cash equivalents at the beginning of the year		(287,229,069)	(254,805,213)
Cash and Cash equivalents at the end of the year	30	(266,567,688)	(287,229,069)

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



S.M. Raza
Chief Financial Officer



S.M. Anwar
Chairman Board of Directors



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2018

	Issued, Subscribed and Paidup Capital	Revenue reserve Accumulated loss	Capital Reserve Revaluation surplus on property, plant & equipment	Total
	(Rupees)			
Balance as at July 01, 2016 - as reported	977,507,260	(419,950,106)	-	557,557,154
Effect of change in accounting policy (note 4.1)	-	-	526,472,006	526,472,006
Balance as on July 01, 2016 - as restated	977,507,260	(419,950,106)	526,472,006	1,084,029,160
Total comprehensive income for the year				
(Loss) for the year	-	(251,012,743)	-	(251,012,743)
Other comprehensive income - net of tax	-	-	675,708,138	675,708,138
	-	(251,012,743)	675,708,138	424,695,395
Transfer to accumulated loss in respect of incremental depreciation - net of tax	-	27,317,615	(27,317,615)	-
Balance as at June 30, 2017 - restated	977,507,260	(643,645,234)	1,174,862,529	1,508,724,555
Balance as at July 01, 2017 - restated	977,507,260	(643,645,234)	1,174,862,529	1,508,724,555
Total comprehensive loss for the year				
(Loss) for the year	-	(377,120,023)	-	(377,120,023)
Other comprehensive income	-	-	8,130,110	8,130,110
	-	(377,120,023)	8,130,110	(368,989,913)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	-	56,157,720	(56,157,720)	-
Balance as at June 30, 2018	977,507,260	(964,607,537)	1,126,834,919	1,139,734,642

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

S.M. Raza
Chief Financial Officer

S.M. Anwar
Chairman Board of Directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2018

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 Finance & Trade Centre, Block "A" 7th floor, Shara-e-Faisal, 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. During the year company has also commenced manufacturing of 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 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 27.1 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.

2.2 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.

2.3 Standards, interpretations and amendments applicable to financial statements

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

2.3.1 New standards, interpretations and amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- IAS 7 - Statement of Cash Flows- Disclosure Initiative - (Amendment)
 - IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
- The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

2.3.2 Amendments to approved accounting standards and interpretations which are effective during the year ended 30 June 2018

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (note 16.4), treatment of surplus on revaluation of fixed assets (note 7), management assessment of sufficiency of tax provision in the financial statements (note 14), change in threshold for identification of executives (note 31), additional disclosure requirements for related parties (note 32) etc.



The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended 30 June 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

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

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

Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 2 - Share Based Payments- Classification and Measurement of Share Based Payment Transactions (Amendments)	1 January 2018
IFRS 9- Financial Instruments	1 July 2018
IFRS 9- Prepayment Features with Negative Compensation - (Amendments)	1 January 2018
IFRS 10- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
Standard or interpretation	Effective date (annual periods beginning on or after)
IFRS 15- Revenue from Contracts with Customers	1 July 2018
IFRS 16- Leases	1 January 2019
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments)	1 January 2018
IAS 40- Investment Property: Transfers of Investment Property (Amendments)	1 January 2018
IAS 19- Plan Amendment, Curtailment or Settlement (Amendments)	1 January 2019
IAS 28- Long-term Interests in Associates and Joint Ventures - (Amendments)	1 January 2019
IFRIC 22- Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23- Uncertainty over Income Tax Treatments	1 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application except for IFRS 15 - Revenue from contracts with customers. The Company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14- Regulatory Deferral Accounts	1 January 2016
IFRS 17- Insurance Contracts	1 January 2021

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTION

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

3.1 Property, plant and equipment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

3.2 Taxation

In making the estimates for income taxes payable by the Company, the management considers applicable tax laws and the decisions of appellate authorities on certain cases issued in past. Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.3 Stock-in-trade

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

3.4 Provision for doubtful receivables

A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. These estimates and underlying assumptions are reviewed on an ongoing basis.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes as described in note 4.1 below, the accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Change in accounting policy of surplus on revaluation of property, plant and equipment

Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance 1984. Further, the revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance 1984.

However, in the Companies Act 2017 the above mentioned specific accounting and presentation requirements of surplus on revaluation of property, plant and equipment have not been carried forward. This change has impacted the accounting policy of the company related to surplus on revaluation of property, plant and equipment, and now the Company is following the accounting treatment and presentation of surplus on revaluation of property, plant and equipment, prescribed in IAS-16 'Property, plant and equipment' as follows:



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.

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the shareholders' equity would have been lower by Rs.1,126.835 million (2017:Rs.1,174.863 million and as of July 01, 2016: Rs. 526.472 million) and comprehensive income for the last year would have been lower by Rs.656.563 million.

4.2 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.

4.3 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.

Leased

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

Depreciation

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

Repairs, renewals and maintenance

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets and are included in the income currently.

Finance Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and the reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Intangible assets

Computer software costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the costs of the respective assets. Softwares which are not an integral part of the related hardware are classified as intangible assets, and are amortized on straight line basis.

4.4 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.

4.5 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.

4.6 Long term loans / Borrowings

Long term loans/ borrowings are initially recognized at cost. After initial recognition same are measured at original recorded amount less principal repayments thereof.

4.7 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.8 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 Profit and Loss Account.

4.9 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.

4.10 Financial instruments

Recognition

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

Off Setting

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

**Derivatives**

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.11 Cash and cash equivalents.

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, with banks on current and saving accounts, term deposits with maturities of three months or less and short term running finance.

4.12 Related party transactions

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

4.12 Revenue recognition

Revenue from sales is recognized on dispatch of goods and on performance of services.

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.

Interest Income is recognized on a time proportioned basis using the effective rate of return.

Income from scrap is recorded on dispatch of scrap to the customers.

Rebate on export is recognized after finalization of export documents.

4.13 Trade debts & other receivables

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

4.14 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made for the amount of this obligation.

4.15 Impairment of assets

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down and that impairment losses are recognized in the profit and loss account.

4.16 Loans, advances and other receivables

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

4.17 Short term and long term loans

Short Term and Long Term Loans are recognized initially at cost and subsequently measured at amortized cost.

4.18 Post Employment Benefits***Defined Contribution Plan***

The company up to June 30, 2010 was operating an un-funded gratuity scheme for its employees. Provision was made accordingly in the financial statements to cover obligations under the scheme and the Company had fully provided for the liability under the gratuity scheme as of June 30, 2010. Effective from July 01, 2010, the company has, in place of gratuity scheme, established a recognized provident fund for its permanent employees. Equal contributions are being made in respect thereof by company and employees in accordance with the terms of the fund. However, effective from July 01, 2017 the provident fund scheme is applicable to managerial employees in head office only.

Defined Benefit Plan

Effective from July 01, 2017, 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 profit and loss account.

4.19 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 balance sheet date.

4.20 Dividend and appropriation to reserves

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

	2018	2017
	Rupees	
5 AUTHORIZED SHARE CAPITAL		
100,000,000 (2017: 100,000,000) Ordinary shares of Rs.10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
6 ISSUED, SUBSCRIBED AND PAID UP-CAPITAL		
97,750,726 (2017: 97,750,726) Ordinary shares of Rs.10/- each fully paid in cash	<u>977,507,260</u>	<u>977,507,260</u>
6.1 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.		
6.2 Dewan Motors (Private) Limited, an associated company held 37,750,726 ordinary shares of Rs.10 each.		
7 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT		
Opening Balance	1,174,862,529	526,472,006
Surplus arising on revaluation during the year	-	794,451,969
Related deferred tax liability	-	(137,888,610)
Effect of change in tax rate	8,130,110	19,144,779
Transferred to unappropriated profit:	<u>1,182,992,639</u>	<u>1,202,180,144</u>
- Surplus relating to incremental depreciation - net of deferred tax	<u>(56,157,720)</u>	<u>(27,317,615)</u>
	<u>1,126,834,919</u>	<u>1,174,862,529</u>



The assets of the Company have been revalued as on June 30, 2017. 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:

		2018	2017
	Notes	Rupees	
8 LONG TERM LOANS			
Syndicated Long Term Loans - Secured	8.1	-	-
Sponsor Loan - Unsecured	8.2	182,233,028	168,250,254
		<u>182,233,028</u>	<u>168,250,254</u>
8.1 SYNDICATED LONG TERM LOANS - SECURED			
Syndicated Long Term Loan - Secured		398,066,977	398,066,977
Less: Paid during the year		-	-
		<u>398,066,977</u>	<u>398,066,977</u>
Less: Transferred over due portion	13	398,066,977	398,066,977
		<u>-</u>	<u>-</u>

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

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

	Notes	2018	2017
		Rupees	
8.2 Sponsor Loan			
Sponsor Loan- Unsecured	8.2.1	213,781,355	213,781,355
Unwinding interest		13,982,774	13,522,338
Present value adjustment		(45,531,101)	(59,053,439)
Present Value of Sponsor loan		182,233,028	168,250,254

8.2.1 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 Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of 8.01% per annum. This interest free loan is payable till 30th June 2020.

9 DEFERRED TAXATION

Credit balance arising due to:

- accelerated tax depreciation	138,235,762	127,954,510
- revaluation - Net of related depreciation	219,835,713	252,033,418

Debit balance arising due to

- finance lease transactions	8,626,730	10,604,123
- staff gratuity	(1,164,553)	(2,456,695)
- carried over losses	(259,520,636)	(207,591,127)
	106,013,016	180,544,229

Deferred tax asset not recognized

	113,822,697	71,489,189
	219,835,713	252,033,418

10 DEFERRED LIABILITY FOR STAFF GRATUITY

Deferred liability for staff gratuity (representing charge for the year)

	3,756,623	-
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10.1 Balance sheet liability

Present value of defined benefit obligation

	3,756,623	-
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10.2 Changes in Present Value of Defined Benefit Obligations

Current service cost (Charged as expense)

	3,756,623	-
	3,756,623	-

10.3 Significant Actuarial Assumptions

Discount rate used for Interest Cost in P&L Charge	9.00%
Discount rate used for year end obligation	9.00%
Salary increase used for year end obligation	8.00%
Next Salary increased at	July 01, 2018
Mortality Rates	SLIC 2001 - 2005
	Setback 1 Year
Withdrawal Rates	Age based
Retirement Assumption Age	60 Years

**10.4 Year End Sensitivity Analysis on Defined Benefit Obligation**

Discount Rate + 100 bps	3,558,985
Discount Rate - 100 bps	3,984,588
Salary Increase + 100 bps	3,998,470
Salary Increase - 100 bps	3,542,510

	Notes	2018	2017
		Rupees	
11 TRADE AND OTHER PAYABLES			
Creditors		70,925,573	116,008,302
Accrued expenses		34,843,904	34,321,281
Employees Provident Fund	11.1	141,302	690,720
Sales tax payable		-	81,465
		<u>105,910,779</u>	<u>151,101,768</u>

11.1 Employees Provident Fund**General Disclosures**

	2018	2017
	----- (Unaudited) -----	
Size of the fund	45,607,885	45,918,872
Cost of investments	33,641,640	36,879,819
Fair value of investments	36,419,530	37,294,043
Percentage of investments	74%	80%

The breakup of investments is as follows:

Term Deposit Receipts	10.40%	3,500,000	-
Bank balance	89.60%	30,141,640	100% 36,879,819

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.

12 SHORT TERM BORROWING

Short term finances from banks - secured	12.1 to 12.2	150,394,965	180,426,143
Sponsor loan - unsecured	12.3	124,083,000	124,083,000
		<u>274,477,965</u>	<u>304,509,143</u>

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

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

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

13 OVERDUE PORTION OF LONG TERM LIABILITIES

Liabilities against assets subject to finance lease		29,580,000	29,580,000
Redeemable capital - PPTFCs	13.1	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>

13.1 This represents remaining amount payable in respect of 29,000 PPTFCs which were not converted into long term loan. Total number of PPTFCs were 130,000 out of which 101,000 were converted into long term loan in accordance with the consent decrees passed by Honorable High Court of Sindh as detailed in note 8.1.1.

14 PROVISION FOR TAXATION

	2018	2017
Balance at the beginning of the year	22,276,392	12,753,612
Provision made during the year	9,614,864	9,522,780
	<u>31,891,256</u>	<u>22,276,392</u>
Payment/ Adjusted during the year	22,276,392	-
	<u>9,614,864</u>	<u>22,276,392</u>

Income tax returns of the company have been filed up to tax year 2017 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001.

Tax provision made in these financial statements is sufficient to cover the tax obligation for the year, the comparison of tax provision as per accounts viz a viz tax assessments for last three years is as follows:

	Provision	Deemed Assessment
Tax Year 2017	9,522,780	9,522,780
Tax Year 2016	-	-
Tax Year 2015	12,081,794	12,084,154

14.1 Relationship between income tax expense and accounting profit

Accounting (loss) as per profit and loss account	(391,806,809)	(238,696,313)
Applicable tax rate	30%	31%
Tax on accounting (loss)	(117,542,043)	(73,995,857)
Tax effect of timing difference on depreciation	22,555,804	22,555,804
Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account	19,037,420	4,194,832
Effect of Loss carried / (brought) forward	75,948,819	47,245,221
	<u>-</u>	<u>-</u>
Minimum tax payable under Income Tax Ordinance, 2001	9,614,864	9,522,780

15 Contingencies and Commitments

15.1 Company has been facing litigations with two of its lenders who had filed suits for recovery of Rs. 69.60 million which are pending in Honorable High Court of Sindh, Karachi . The company expects that the settlement / restructuring of liabilities with these lenders will also be reached in the same manner as has been done with majority of the lenders. Furthermore, the company has not provided mark up on the loan since December 2009 amounting to Rs.51.995 million and impact for the year has been disclosed in note 27.1 to the financial statements.

15.2 As per the terms of the restructuring (refer to note no. 8.1.1) the markup outstanding up to the date of Restructuring is Rs.371.60 million, which the company would be liable to pay in the event of default of the term of agreement. The Company has defaulted in repayment of liability, however has approached the lenders for further restructuring as detailed in note 8.1.2 to the financial statements. Since the restructuring is in process therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.



15.3 The Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014 to circumvent the earlier decision of Honorable Supreme Court wherein GIDC Act of 2011 was declared unconstitutional and ultra vires. The Government enacted GIDC Act, 2015 which has been challenged by the Company through writ petition before the Honorable Lahore High Court, which granted the stay against collection of GIDC arrears and matter is presently pending with Special Committee of Sui Northern Gas Pipelines Limited in accordance with the Order of Honorable Lahore High Court. In addition Company has also filed writ petition in Islamabad High Court against GIDC being currently charged in its bills, which is pending and management expects favorable outcome of the same. Accordingly the Company has not made provision of GIDC amounting to Rs.23.546 million (2017:Rs.19.311 million).

15.4 The company alongwith other textile mills has filed writ petition in Honorable Lahore High Court against Sui Northern Gas Pipelines Limited (SNGPL) and others against purported gas charges. The Honorable court has granted stay against said gas charges and company expects favorable outcome hence no provision amounting to Rs.17.008 million (2017:Rs.6.703 million) has been made in these financial statements.

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

	Notes	2018 Rupees	2017 Rupees
16 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	16.1	2,068,556,003	2,136,981,934
Capital work in progress	16.5	20,478,126	-
		<u>2,089,034,129</u>	<u>2,136,981,934</u>

	2018										Intangible Assets	Total
	Owned									Leased		
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)		
Cost / Revalued Amount												
Cost As at 01 July 2017	699,300,000	279,300,070	126,780,629	2,121,927,956	65,076,005	8,772,959	29,711,062	5,570,906	1,101,944	200,449,275	3,000,000	3,540,990,806
Addition/ Transfer from CWIP	-	11,455,200	4,759,511	58,015,642	-	22,500	-	-	43,000	-	-	74,295,853
Transfers/ Deletion	-	-	-	-	-	-	(2,367,000)	-	-	-	-	(2,367,000)
Surplus on Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
As at June 30, 2018	699,300,000	290,755,270	131,540,140	2,179,943,598	65,076,005	8,795,459	27,344,062	5,570,906	1,144,944	200,449,275	3,000,000	3,612,919,659
Accumulated Depreciation												
As at 01 July 2017	-	126,949,355	40,944,944	1,008,032,576	53,026,684	6,129,641	25,652,804	5,160,213	653,352	136,662,428	796,875	1,404,008,872
Charge for the year	-	15,330,532	4,311,616	112,896,873	1,807,398	266,582	811,652	123,208	49,159	6,378,685	550,781	142,526,486
Adjustments	-	-	-	-	-	-	(2,171,702)	-	-	-	-	(2,171,702)
As at June 30, 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
Net book value												
As at June 30, 2018	699,300,000	148,475,383	86,283,580	1,059,014,149	10,241,923	2,399,236	3,051,308	287,485	442,433	57,408,162	1,652,344	2,068,556,003
As at June 30, 2017	699,300,000	152,350,715	85,835,685	1,113,895,380	12,049,321	2,643,318	4,058,258	410,693	448,592	63,786,847	2,203,125	2,136,981,934
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25	

	2017										Intangible Assets	Total
	Owned									Leased		
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)		
Cost / Revalued Amount												
Cost As at 01 July 2016	349,650,000	233,148,700	121,155,790	1,686,998,781	65,076,005	8,772,959	29,711,062	5,570,906	1,101,944	200,449,275	3,000,000	2,704,635,422
Addition/ Transfer from CWIP	-	35,198,870	6,704,545	-	-	-	-	-	-	-	-	41,903,415
Transfers/ Deletion	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation	349,650,000	10,952,500	(1,079,706)	434,929,175	-	-	-	-	-	-	-	794,451,969
As at 30th June 2017	699,300,000	279,300,070	126,780,629	2,121,927,956	65,076,005	8,772,959	29,711,062	5,570,906	1,101,944	200,449,275	3,000,000	3,540,990,806
Accumulated Depreciation												
As at 01 July 2016	-	114,823,512	36,693,915	932,591,887	50,900,333	5,835,939	24,638,239	4,984,202	603,508	129,575,001	62,500	1,300,709,036
Charge for the year	-	12,125,843	4,251,029	75,440,689	2,126,351	293,702	1,014,565	176,011	49,844	7,087,427	734,375	103,299,836
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 2017	-	126,949,355	40,944,944	1,008,032,576	53,026,684	6,129,641	25,652,804	5,160,213	653,352	136,662,428	796,875	1,404,008,872
Net book value												
As at June 30, 2017	699,300,000	152,350,715	85,835,685	1,113,895,380	12,049,321	2,643,318	4,058,258	410,693	448,592	63,786,847	2,203,125	2,136,981,934
As at June 30, 2016	349,650,000	118,325,188	84,461,875	754,406,894	14,175,672	2,937,020	5,072,823	586,704	498,436	70,874,274	2,937,500	1,403,926,386
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10		

DEWAN FAROOQUE SPINNING MILLS LIMITED

	2018	2017
	Rupees	
16.2 Had there been no revaluation the related figures of land, building and plant & machinery at June 30 would have been as follows:		
Free hold land	85,415,080	85,415,080
Factory Building on Free hold land	129,142,216	130,869,418
Non Factory Building	65,843,618	64,319,936
Plant and Machinery	366,001,567	343,881,400
	<u>646,402,481</u>	<u>624,485,834</u>
16.3 Allocation of Depreciation		
Depreciation / amortization for the year has been allocated as follows :		
Cost of Goods Manufactured	141,245,491	102,371,401
Administrative Expenses	1,280,995	928,435
	<u>142,526,486</u>	<u>103,299,836</u>
16.4 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.		
16.5 Capital Work in progress		
Civil Works	20,478,126	-
	<u>20,478,126</u>	<u>-</u>
Capital Work in progress - movement		
Additions during the year	36,692,836	
Less: Capitalized during the year	(16,214,710)	
	<u>20,478,126</u>	<u>-</u>
17 STORES & SPARES		
Packing material	2,233,545	3,541,146
Store & spares	26,235,941	16,940,577
	<u>28,469,486</u>	<u>20,481,723</u>
18 STOCK IN TRADE		
Raw material	27,742,024	31,701,436
Work-in-process	-	19,235,178
Finished goods	446,839	134,901,912
	<u>28,188,863</u>	<u>185,838,526</u>
19 TRADE DEBTORS - Unsecured		
Trade debts - local - Considered Good	168,475,529	354,128,841
- Considered Doubtful	103,283,710	53,659,926
	<u>271,759,239</u>	<u>407,788,767</u>
Provision for doubtful debts	(103,283,710)	(53,659,926)
	<u>168,475,529</u>	<u>354,128,841</u>
19.1 Provision for doubtful debts		
Opening balance	53,659,926	32,214,312
Provision during the year	49,623,784	21,445,614
	<u>103,283,710</u>	<u>53,659,926</u>
19.2 The aging of debtors at the reporting date:		
Up to one month	28,514,850	98,363,646
1 to 6 months	60,575,268	126,228,423
More than 6 months	79,385,411	129,536,772
	<u>168,475,529</u>	<u>354,128,841</u>



	Notes	2018 Rupees	2017
20 LOANS AND ADVANCES - Unsecured, Considered Good			
Advances to Suppliers of goods & services		62,468,911	69,315,131
Advances to Employees	20.1	698,826	973,678
Others		1,441,262	1,663,917
		<u>64,608,999</u>	<u>71,952,726</u>
20.1 Advance to Employees includes Rs. Nil (2016: Rs. Nil) due from the executives of the company.			
21 TRADE DEPOSITS AND OTHER RECEIVABLES			
Trade deposits		2,717,287	9,449,655
Sales tax		76,536,699	74,654,494
		<u>79,253,986</u>	<u>84,104,149</u>
22 CASH AND BANK BALANCES			
In hand- Cash		51,254	27,004
At banks- Current Accounts		6,407,165	15,801,214
At banks- Saving Account		1,451,858	1,451,856
		<u>7,910,277</u>	<u>17,280,074</u>
23 SALES - NET			
Local sales		535,354,516	886,971,372
Waste sales		59,240,846	59,608,752
Spinning Charges		174,752,304	6,139,300
		769,347,666	952,719,424
Sales Tax		(158,543)	(441,433)
		<u>769,189,123</u>	<u>952,277,991</u>
24 COST OF SALES			
Opening stock of finished goods		134,901,912	59,845,410
Cost of goods manufactured	24.1	881,816,808	1,147,409,450
		1,016,718,720	1,207,254,860
Less: closing stock of finished goods		446,839	134,901,912
		<u>1,016,271,881</u>	<u>1,072,352,948</u>
24.1 Cost of goods manufactured			
Raw material consumed	24.1.1	332,454,486	686,624,817
Stores and spares consumed		27,151,762	31,806,485
Packing material consumed		14,782,672	15,953,659
Salaries, wages & other benefits	24.1.2	125,257,131	117,162,834
Insurance		3,464,710	2,894,083
Repair & maintenance		4,087,020	3,385,577
Fuel & power		210,196,822	194,424,254
Vehicle running & maintenance		1,259,601	1,282,009
Communication		731,686	458,463
Rent, rates & taxes		997,625	981,799
Entertainment		518,679	495,579
Travelling & conveyance		198,738	132,486
Other manufacturing expenses		235,207	334,591
Depreciation	16.3	141,245,491	102,371,401
		<u>862,581,630</u>	<u>1,158,308,037</u>
Work-in-process - Opening		19,235,178	8,336,591
Work-in-process - Closing		-	19,235,178
Cost of Goods Manufactured		<u>881,816,808</u>	<u>1,147,409,450</u>

DEWAN FAROOQUE SPINNING MILLS LIMITED

	Notes	2018 Rupees	2017
24.1.1 Raw Material Consumed			
Opening Stock		31,701,436	4,004,445
Add: Purchases inclusive of direct expenses		328,495,074	714,321,808
		<u>360,196,510</u>	<u>718,326,253</u>
Less: Closing Stock		27,742,024	31,701,436
		<u>332,454,486</u>	<u>686,624,817</u>
24.1.2 Salaries and benefits include Rs.3.757 million (2017: Rs. 3.133 million) in respect of post employment benefits.			
25 ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	10,164,608	8,605,540
Travelling & conveyance		1,579,976	1,473,300
Printing & stationary		792,415	709,832
Legal & professional		697,000	160,000
Auditors remuneration	25.2	500,000	500,000
Vehicle running expenses		1,253,215	311,537
Communication		552,999	366,813
Fees & subscription		834,545	691,202
Rent, Rate & Taxes		272,936	1,196,928
Donations	25.3	55,840	108,460
Depreciation / Amortization	16.3	1,280,995	928,435
Provision for doubtful debts		49,623,784	21,445,614
Other expenses		1,338,396	1,327,061
		<u>68,946,709</u>	<u>37,824,722</u>
25.1 Salaries and benefits include Rs.0.375 million (2017: Rs.0.365 million) in respect of post employment benefits.			
25.2 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>
25.3 None of the directors had any interest in the donee's fund.			
26 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits		13,155,268	12,037,742
Travelling & conveyance		505,272	649,147
Vehicle running expenses		1,066,941	1,149,521
Commission on sales		1,934,843	2,845,410
Miscellaneous expenses		1,403,110	1,013,453
		<u>18,065,434</u>	<u>17,695,273</u>
26.1 Salaries and benefits include Rs.0.485 million (2017: Rs.0.511 million) in respect of post employment benefits.			
27 FINANCE COST			
Markup on :			
Syndicate Long Term Loans		30,487,895	34,928,002
Short term syndicate Loan		15,485,380	16,081,729
Bank & other charges		398,021	438,047
Unwinding interest		13,982,774	13,522,338
		<u>60,354,070</u>	<u>64,970,116</u>



27.1 The Company has not made the provision of markup for the year amounting to Rs.5.652 million (up to June 30, 2017: Rs.46.343 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the year and accrued markup would have been higher by Rs.51.995 million and shareholders' equity would have been lower by Rs.51.995 million.

	2018	2017
	Rupees	
28 OTHER INCOME		
Scrap sales	1,629,960	1,868,755
Gain on disposal of fixed assets	1,012,202	-
	<u>2,642,162</u>	<u>1,868,755</u>
29 (LOSS) PER SHARE - Basic and diluted		
(Loss) after taxation	(377,120,023)	(251,012,743)
Weighted average number of ordinary shares	97,750,726	97,750,726
(Loss) per share - Basic and diluted	(3.86)	(2.57)

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.

30 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	7,910,277	17,280,074
Short term Borrowings	(274,477,965)	(304,509,143)
	<u>(266,567,688)</u>	<u>(287,229,069)</u>

31 REMUNERATION OF DIRECTORS & EXECUTIVES

	2018			2017		
	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES
Managerial remuneration	-	-	9,271,056	-	-	8,666,205
Bonus / Commission	-	-	-	-	-	-
Staff retirement gratuity	-	-	-	-	-	-
Provident fund	-	-	590,928	-	-	590,928
House rent allowance	-	-	2,107,058	-	-	1,969,592
Utilities allowance	-	-	1,404,705	-	-	1,313,061
Conveyance	-	-	204,968	-	-	122,488
Others	-	-	468,339	-	-	468,339
	-	-	<u>14,047,054</u>	-	-	<u>13,130,613</u>
Number of persons	-	-	<u>3</u>	-	-	<u>3</u>

Comparative figures of remuneration to executives have been amended to reflect changes in the definition of executive as per the companies Act, 2017. Executives are also provided with Company maintained car.

32 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 31. During the year aggregate transactions undertaken by the company with the related parties are as follows :

Purchases	32.1	-	82,809,700
Provident Fund		1,721,534	8,017,172

32.1 Name of the associated company with which company entered into transactions is Dewan Textile Mills Limited, basis of relationship is common directorship and their percentage of shareholding in the Company is 0.00%.

	2018	2017
	Rupees	
33 PLANT CAPACITY AND PRODUCTION		
Installed capacity after conversion into 20's (lbs)	11,130,330	11,130,330
Actual production after conversion into 20's (lbs)	8,077,538	7,688,374
Total number of spindles installed	28,800	28,800
Average number of spindles worked	22,801	20,593
Number of shifts worked per day	3	3
Total days worked	289	261

The production remained below due to working capital constraints being faced by the Company.

34 Number of employees		
Total number of employees as at end of the year	348	427
Average number of employees during the year	378	414
Number of factory employees as at end of year	337	405
Average number of factory employees during the year	367	393

35 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.

35.1 Credit risk

The maximum exposure to credit risk at the reporting date is:

Trade Debts - Considered Good	168,475,529	354,128,841
Loans and Advances - Unsecured - Considered good	2,140,088	2,637,595
Trade deposits & other receivable - Considered Good.	2,717,287	9,449,655
Cash and bank balances	7,910,277	17,280,074
	<u>181,243,181</u>	<u>383,496,165</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.

35.2 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:



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

2017					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward
	Rupees				
Financial liabilities					
Syndicated long term loan	632,147,231	713,504,360	445,564,031	54,158,974	213,781,355
Trade and other payables	151,101,768	151,101,768	151,101,768	-	-
Short term Borrowings	180,426,143	196,754,709	196,754,709	-	-
Mark-up payable	112,928,852	112,928,852	112,928,852	-	-
	1,076,603,994	1,174,289,689	906,349,360	54,158,974	213,781,355

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2018. The rates of markup have been disclosed in relevant notes to the financial statements.

35.3 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.

35.4 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.

35.5 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:

	2018	2017
	Carrying amounts	
Fixed rate instruments	-	-
Variable rate instruments	-	-
Financial liabilities	614,291,942	644,323,120
	614,291,942	644,323,120

35.6 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.

35.7 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'.

	2018	2017
	Rupees	
Total Borrowings	614,291,942	644,323,120
Less Cash and Bank Balances	7,910,277	17,280,074
Net debt	606,381,665	627,043,046
Total equity	1,139,734,642	1,508,724,555
Total Capital	1,746,116,307	2,135,767,601
Gearing ratio	0.35	0.29

35.8 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.

36 Date of Authorization

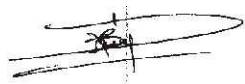
These financial statements have been authorized for issue on September 28, 2018 by the Board of Directors of the company.

37 General

37.1 Comparative figures has been rearranged and re-classified wherever necessary for the purpose of better presentation and comparison. Significant reclassifications and restatements are mentioned in note 4.1 to the financial statements.

37.2 Figures have been rounded off to the nearest rupees.

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



S.M. Raza
Chief Financial Officer



S.M. Anwar
Chairman Board of Directors



PATTERN OF SHAREHOLDING UNDER REGULATION 37 (XX)(I) OF THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2018

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	18	1,456,027	1.49%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	-	-	0.00%
7.	Individuals	2,580	53,418,246	54.658%
	TOTAL	2,607	97,750,726	100.00%

DETAILS OF CATAGORIES 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 Baqi Farooqui	1	4,072,727	4.17%
3.2	Mr. Muhammad Baqar Jafferi	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. Ishtiaq Ahmed	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** **1** **8**

4.	Number of Shareholders	Shareholdings				Total Shares held
	72	1	-	100	Shares	1,017
	796	101	-	500	Shares	396,632
	363	501	-	1,000	Shares	362,055
	632	1,001	-	5,000	Shares	1,935,127
	259	5,001	-	10,000	Shares	2,215,203
	193	10,001	-	20,000	Shares	3,039,403
	90	20,001	-	30,000	Shares	2,324,095
	39	30,001	-	40,000	Shares	1,400,249
	38	40,001	-	50,000	Shares	1,784,000
	16	50,001	-	60,000	Shares	898,000
	11	60,001	-	70,000	Shares	732,500
	13	70,001	-	80,000	Shares	992,050
	10	80,001	-	90,000	Shares	852,500
	14	90,001	-	100,000	Shares	1,379,956
	21	100,001	-	150,000	Shares	2,525,500
	7	150,001	-	200,000	Shares	1,289,227
	5	200,001	-	250,000	Shares	1,159,489
	6	250,001	-	300,000	Shares	1,742,365
	4	300,001	-	350,000	Shares	1,249,000
	1	350,001	-	400,000	Shares	400,000
	1	400,001	-	450,000	Shares	410,000
	2	450,001	-	500,000	Shares	985,000
	1	500,001	-	600,000	Shares	572,727
	1	600,001	-	700,000	Shares	601,000
	4	700,001	-	1,100,000	Shares	4,200,000
	1	1,100,001	-	2,000,000	Shares	1,104,500
	1	2,000,001	-	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
	2607	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	53,418,246	54.65%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	1,456,027	1.49%

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۔

شیر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ، 2018ء، سسٹم ریگولیشن اور کوڈ آف کارپوریٹ گورننس کے تحت مقررہ شیر 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۔

اظہار تشکر اور دعائے کلمات:

بورڈ کی جانب سے ہم تمام ایگزیکٹو، اسٹاف ممبران اور ورکرز کا کمپنی کیلئے ان کی خدمات پر شکریہ ادا کرتے ہیں۔

آخر میں ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں 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 و قوم 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



ایس۔ ایم انور
چیئر مین بورڈ آف ڈائریکٹرز



دیوان عبدالباقی فاروقی
چیف ایگزیکٹو

کراچی؛
تاریخ: 28 ستمبر 2018ء

**YD****A YOUSUF DEWAN COMPANY**

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

نام:	میٹنگ میں شرکت کنندہ کی تعداد
دیوان محمد یوسف فاروقی	2
دیوان عبدالباقی فاروقی	3
جناب عزیز الحق	4
جناب اشتیاق احمد	3
سید محمد انوار	4
جناب غففر بابر صدیقی	4
جناب محمد باقر جعفری	4
جناب عمران احمد جاوید	4

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

آڈٹ کمیٹی:

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

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

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

ہیومن ریسورس اور اجرتی کمیٹی:

ہیومن ریسورس اور اجرتی کمیٹی کی تشکیل بورڈ نے کی تھی تاکہ ہیومن ریسورس کی پالیسیوں پر مبنی جاذبیت سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کر سکیں۔ اس کے علاوہ انتخاب، تنجینہ، 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 غففر بابر صدیقی	1
جناب عمران احمد جاوید	1
دیوان عبدالباقی فاروقی	1

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (3.86) (2017: مبلغ (2.57)) روپے فی شیئر خسارہ پایا گیا۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد:
آپ کی کمپنی کے ڈائریکٹرز نے سکیورٹی اینڈ ایکنج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تمام قوانین پر عملدرآمد یقینی بنایا ہے۔ اس سے متعلق کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر مندرجہ ذیل بیانات ہیں:

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

(۱) شیئر ہولڈنگ کی تفصیلات

(۲) متعلقین اور منسلک کمپنیز کے شیئرز کی تفصیلات

۱۲- پروویڈنٹ فنڈ کی سرمایہ کاری کی دلیلیوں کے متعلقہ اکاؤنٹس کے مطابق مبلغ 33.642 ملین ہے۔ (2017: مبلغ 36.880 ملین روپے)۔

بورڈ:

بورڈ آف ڈائریکٹرز متنوع علم کے حامل افراد اور ماہرین پر مشتمل ہے جو کہ اپنی بہترین مہارت کے تحت کمپنی کے مقاصد پر عملدرآمد کرتے ہیں۔

30 جون 2018ء کو بورڈ آف ڈائریکٹرز کی تفصیلات مندرجہ ذیل ہیں:

تعداد	ڈائریکٹرز
7	الف) مرد
کوئی نہیں	ب) خواتین
تعداد	ساخت
1	الف) آزاد ڈائریکٹر
5	ب) دیگر غیر انتظامی ڈائریکٹر
1	ج) انتظامی ڈائریکٹر

**YD**

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زیر جائزہ سال کے دوران کمپنی نے حکومت کی جانب سے عائد کردہ ٹیکسز کی ادائیگی کی ہے جس میں ودھ ہولڈنگ ٹیکس، سٹیکس، سروسز پریسٹنکس، کسٹم ڈیوٹیز، کاٹن سیس، ٹیکسٹائل سیس، سوشل سکیورٹی، انکم ٹیکس، ای او بی آئی، ایجوکیشن ڈیوٹی، ریونیو اسٹامپ شامل ہیں۔

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، جبکہ کچھ قرض خواہوں جن کے مقدمات کی رقم مبلغ 69.60 ملین روپے تھی، انہوں نے اس وقت اس ری اسٹرکچنگ کو قبول نہیں کیا تھا۔

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں قرضہ جات کی اقساط کی واپسی میں کوتاہی کو بیان کیا ہے اور اس کے علاوہ اپنی رپورٹ میں مارک اپ ریکارڈ نہ کرنے پر بھی 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 یہ امید ہے کہ مالیاتی حسابات کے نوٹ 8.1.2 میں مکمل طور پر وضاحت کردہ طریقہ کار کے تحت جلد از جلد اسے مکمل کر دیا جائے گا اس کے علاوہ دوبارہ ترتیب کردہ تاریخ تک مبلغ 371.60 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۔

مستقبل پر ایک نظر:

پاکستان کی معیشت اقتصادی طور پر کئی ایک چیلنجز سے دوچار ہے جو کہ اقتصادی سرگرمیوں اور ملکی ترقی کو متاثر کر رہی ہے۔ ٹیکسٹائل کی صنعت توانائی، گیس، بجلی کے چار بڑے اجزاء میں اضافہ کی وجہ سے مشکلات کا شکار ہے اسی لئے پاکستان کی برآمدات عالمی مارکیٹ میں مقابلہ کرنے سے قاصر ہے۔ اس سلسلے میں حکومت کی جانب سے براہ راست اقدامات کی ضرورت ہے تاکہ ٹیکسٹائل کی صنعت کو جاری و ساری رکھا جاسکے بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی سپلائی کو موثر بنانے کیلئے اقدامات کرنے ہونگے۔ جنوری 2018 میں درآمدی کپاس پر سے کسٹم ڈیوٹی اور سٹیکس ختم کرنا ایک مثبت قدم تھا، مگر اسے بعد میں دوبارہ لگا دیا گیا جس سے کاروباری لاگت بڑھے گی۔ فاس ایکٹ 2018 کے ذریعے پیکنگ میٹیریل پر سٹیکس کو بھی کلیم کیا جاسکے گا جس سے لاگت میں کمی واقع ہوگی۔

کارپوریٹ معاشرتی ذمہ داریاں:

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

صحت، حفاظت اور ماحول:

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

انسانی ذرائع (ہیومن ریسورس):

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

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2018ء 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 اہم شعبہ ہے اور اس کا تقریباً 60 فیصد حصہ زر مبادلہ کی آمدن میں شامل ہے، مگر جاری نامساعد حالات اور حکومت کی جانب سے عدم تعاون کے سبب ٹیکسٹائل ملز بند ہو رہی ہیں اور ٹیکسٹائل کی برآمدات بھی مستقل طور پر زوال پذیر ہیں۔ زیر جائزہ سال کے دوران ٹیکسٹائل اسپننگ کی صنعت مستقل دباؤ کا شکار رہی اور درپیش مخالف حالات نے مختلف پونٹس کے امور میں رخنہ کا باعث رہی۔

مالیاتی نتائج اور کارکردگی:

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

روپے	فروخت (صافی)
769,189,123	فروخت کی لاگت
(1,016,271,881)	خام خسارہ
(247,082,758)	آپریٹنگ اخراجات
(87,012,143)	آپریٹنگ خسارہ
(334,094,901)	مالیاتی لاگت
(60,354,070)	دیگر آمدنی
2,642,162	قبل از ٹیکس خسارہ
(391,806,809)	محصولات
14,686,786	بعد از ٹیکس خسارہ
(377,120,023)	

سال کے دوران کمپنی کی صافی فروخت مبلغ 769.189 ملین روپے رہی جس کا موازنہ گزشتہ سال میں مبلغ 952.278 ملین روپے سے کیا جاسکتا ہے۔ کمپنی کو مبلغ 247.083 ملین روپے کا کل خسارہ برداشت کرنا پڑا جس کا موازنہ گزشتہ سال کے مبلغ 120.075 ملین روپے سے کیا جاسکتا ہے جبکہ کمپنی کے آپریٹنگ اخراجات میں مبلغ 31.492 ملین روپے کا اضافہ ہوا۔ زیر جائزہ سال کے دوران ٹیکسٹائل صنعت کے غیر مساند حالات کے باوجود پیداواری حجم میں معمولی اضافہ ہوا جو کہ پیداواری صلاحیت سے پھر بھی کم رہا، جس کی وجہ ملک میں ٹیکسٹائل مصنوعات کی مارکیٹ کی طلب میں کمی رہی۔ چونکہ کمپنی مالی مشکلات کا شکار ہے اس لئے اس سال اس نے دھاکے کی پیداوار ٹھیکے کی بنیاد پر بھی شروع کی ہے تاکہ کمپنی چلتی رہے۔ کمپنی کے مالکان کمپنی کی ہر ممکن مدد کرنے کے لئے پرعزم ہیں اسی لئے جب بھی ضرورت ہو کمپنی کو بلا مارک اپ قرضہ برائے روزمرہ مالی معاملات مہیا کر دیتے ہیں۔

پاکستان کپاس پیدا کرنے والا چوتھا بڑا ملک ہے اس کے باوجود کپاس کی طلب پیداوار کے مقابلہ میں زیادہ ہے (2.35 ملین ٹن، بمقابلہ 1.82 ملین ٹن) جس کے سبب ٹیکسٹائل پونٹس کو کپاس کی درآمدات پر انحصار کرنا پڑتا ہے، جس کی وجہ سے کپاس کی لاگت زیادہ ہو جاتی ہے اور برآمداتی اشیاء کو مہنگا کر دیتی ہے۔ گوکہ اس سال کپاس کی پیداوار 11.9 ملین بیگز ہے جبکہ اس کا موازنہ گزشتہ سال کے 10.7 ملین بیگز سے کیا جاسکتا ہے جو کہ اب بھی ہدف سے کم تھا۔

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

**YD****A YOUSUF DEWAN COMPANY**

5- تاحال سی این آئی سی فراہم نہ کرنے والے شیئر ہولڈرز کو نوٹس

سیکیورٹیز اینڈ ایکسچینج کمیشن 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 اجرا کے لیے سی این آئی سی لازمی ہے جس کی عدم موجودگی میں ڈیویڈنڈ کی ادائیگی ایس ای سی پی کی مندرجہ بالا ہدایات کے مطابق روکی جاسکتی ہے لہذا جن حصص یافتگان نے تاحال اپنے سی این آئی سی فراہم نہیں کیے ہیں ان کو ایک بار پھر ہدایت کی جاتی ہے کہ اپنے سی این آئی سی کی تصدیق شدہ کاپی بلا تاخیر براہ راست ہمارے شیئر رجسٹرار کو فراہم کر دیں۔

6- شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میکنزم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرونکلی وصول کر سکتے ہیں اس طریقہ سے ڈیویڈنڈ ان کے بینک اکاؤنٹ میں منتقل ہو جائے گا اور بذریعہ ڈاک گمشدگی، عدم وصولی اور غلط پتے پر وصولی وغیرہ کے خدشات نہیں ہوں گے، سیکیورٹیز 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 لسٹڈ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکنزم کو اختیار کرنے کی ہدایات جاری کی گئی ہیں، مندرجہ بالا کے پیش نظر آپ کو ڈیویڈنڈ مینڈیٹ فارم پر اور دستخط کے ہمراہ جمع کرا کے ڈیویڈنڈ مینڈیٹ فراہم کیا جا رہا ہے۔

7- مالی گوشواروں وغیرہ کی الیکٹرونکلی ترسیل

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 دے 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 ریکوئسٹ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

دیوان فاروق اسپننگ ملز لمیٹڈ سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان فاروق اسپننگ ملز لمیٹڈ (ڈی ایف ایس ایم ایل یا کمپنی) کا پندرہواں سالانہ اجلاس عام جمعرات 25 اکتوبر 2018ء کو دن کے دو بجے دیوان سینٹ لمیٹڈ فیکٹری سائٹ واقع دھڑ دھڑ دھانجی، ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کے لیے منعقد کیا جائے گا، اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

عمومی امور

- 1- گزشتہ غیر معمولی اجلاس عام منعقدہ پیر 30 اکتوبر 2017ء کی کارروائی کی توثیق۔
- 2- 30 جون 2018ء کو مکمل ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی گوشواروں مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- 3- آئندہ سال کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
- 4- چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ


محمد حنیف جرمن
کمپنی سیکریٹری

کراچی۔
10 اکتوبر 2018ء

- 1- کمپنی کی منتقلی حصص کی کتب 18 اکتوبر 2018ء تا 25 اکتوبر 2018ء (دونوں دن شامل) بند رہیں گی۔
- 2- ممبران سے درخواست ہے کہ وہ اپنے پتے میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئر رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع انعم اسٹیٹ بلڈنگ کمرہ نمبر 311-310 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کریں۔
- 3- اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لیے دوسرے ممبر کو اپنا پُرکسی مقرر کر سکتا ہے پُرکسی کی تقرری کی دستاویز مندرجہ بالا پتے پر کمپنی کو اجلاس کے انعقاد سے کم از کم اڑھتالیس گھنٹے قبل مل جانی چاہیے۔
- 4- سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکر نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایات پر عمل کرنا ہوگا۔

الف) برائے اجلاس میں شرکت

- i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈڈ 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 اسٹیٹی 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) پُرکسی کی تقرری

- i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈڈ ہوں پُرکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- ii) پُرکسی 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 پُرکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پُرکسی فارم سے منسلک کرنی ہوں گی۔
- iv) پُرکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- v) کارپوریٹ اسٹیٹی 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) پُرکسی فارم ہمراہ کمپنی کو پیش کرنے ہوں گے۔

DEWAN FAROOQUE SPINNING MILLS LIMITED
15th 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 15th Annual General Meeting of the Company to be held on **Thursday, October 25, 2018, at 2:00 p.m.** And any adjournment thereof.

Signed this _____ day of _____ 2017.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____

پراکسی فارم ۱۵واں سالانہ اجلاس عام

اہم اعلان

یہ پراکسی فارم مکمل پر کر کے ہمارے رجسٹرار شیئر ٹرانسفر ایجنٹ، بی ایم ایف کنسلٹنٹ (پرائیوٹ) لمیٹڈ، انکم 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 فو لیو 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 ۱۵واں سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۵ اکتوبر ۲۰۱۸ کو دوپہر ۲:۰۰ بجے، ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز _____ بتاریخ _____ ۲۰۱۸ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____

نام: _____

مکمل پتہ: _____

گواہ: _____

نام: _____








مکمل پتہ: _____










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-  Online Quizzes



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