



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.

CONTENTS

Company Information	4
Notice of Annual General Meeting	5
Directors' Report	9
Financial Highlights	13
Statement of Compliance with the Best Practices of Code of Corporate Governance	14
Review Report to the Members	16
Auditors' Report	17
Balance Sheet	18
Profit and Loss Account	19
Statement of Comprehensive Income	20
Cash Flow Statement	21
Statement of Changes in Equity	22
Notes to the Financial Statements	23
Pattern of Share Holding	42
ڈائریکٹرز رپورٹ	48
سالانہ اجلاس عام	51
Form of Proxy	



COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	:	Mr. Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Director	:	Dewan Muhammad Yousuf Farooqui Chairman, Board of Directors Mr. Imran Ahmed Javaid Syed Muhammad Anwar 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	:	Dewan Muhammad Yousuf Farooqui - Chairman Mr. Imran Ahmed Javaid Mr. Ishtiaq Ahmed- 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, 7 th Floor, Shahrah-e-Faisal, Karachi 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 Fourteenth Annual General Meeting of **Dewan Farooque Spinning Mills Limited** (“DFSML” or “*the Company*”) will be held on **Monday, October 30, 2017, 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 Extra Ordinary General Meeting of the Company held on Monday, January 30, 2017;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2017, 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.

SPECIAL BUSINESS:

1. To consider and if deemed fit, approve the amendments / addition in Articles of Association of the Company as mentioned in detail in the Statement under Section 134(3).
2. In connection with consent from shareholders for the transmission of the annual audited accounts in any approved transmission medium; and provision for appointment of a non-members as proxy in case of e-voting; and pass the following resolutions, with or without modifications, as Special Resolutions;
3. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual audited accounts, notices of general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution with or without modification:

“RESOLVED THAT consent & approval of the members of Dewan Farooque Spinning Mills Limited (the “Company”) be and is hereby accorded for transmission of annual audited accounts, notices of general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on June 30, 2018 through CD or DVD or USB instead of transmitting the same in hard copies.

“FURTHER RESOLVED THAT appointment of non-members as proxy in case of e-voting be and is hereby approved”.

“FURTHER RESOLVED THAT in connection with the resolution passed above and subject to the necessary approvals to be obtained from regulators and any consequent modifications thereon, the amendments / addition in Articles of Association of the Company which is laid before the members in the Statement under Section 134(3) and forms an integral part of this resolution be and are hereby approved”.

“FURTHER RESOLVED THAT Mr. Ishtiaq Ahmed, Chief Executive Officer & Director or Mr. Muhammad Hanif German, Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purpose of implementing this resolution.”



“Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Business, is attached along with the Notice circulated to the members of the Company, and is deemed an integral part hereof”

By order of the Board

Muhammad Hanif German
Company Secretary

Karachi: October 2, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 23, 2017 to October 30, 2017 (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>

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT. 2017

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Dewan Farooque Spinning Mills Limited ("the Company" or "DFSML") to be held on Monday, October 30, 2017, at 02:00 p.m., at Dewan Cement Limited, Plant Site, Deh Dhand, Dhabeji, District Malir, Karachi, Pakistan; and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Special Business**1. Circulation of Annual Reports through CD/DVD/USB:-**

Securities and Exchange Commission of Pakistan has vide S.R.O. 470(I)/2016 dated May 31, 2016 allowed the companies to circulate the annual audited accounts, notices of general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual reports.

The Company shall supply the hard copies of the aforesaid documents to the shareholders on demand, free of cost within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with the postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the Directors of the Company have no interest in the Special Business except in their capacity as shareholders and Directors of the Company.

"RESOLVED THAT consent & approval of the members of Dewan Farooque Spinning Mills Limited (the "Company") be and is hereby accorded for transmission of annual audited accounts, notices of general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on June 30, 2018 through CD or DVD or USB instead of transmitting the same in hard copies.



2. To consider, and if thought appropriate, approve and resolve the passing of the following proposed special resolutions in respect of alterations to the Articles of Association of the Company.

i). Addition of Clause 47-A of the Articles of Associations of the Company.

The provisions and requirements for e-voting including instrument for appointing proxy as prescribed by regulatory authority from time to time shall be deemed to be incorporated in these Articles, irrespective of the other provisions of these Articles of Association and notwithstanding anything contradictory therein.

“RESOLVED THAT appointment of non-members as proxy in case of e-voting be and is hereby approved”.

“FURTHER RESOLVED THAT in connection with the resolution passed above and subject to the necessary approvals to be obtained from regulators and any consequent modifications thereon, the amendments / addition in Articles of Association of the Company which is laid before the members in the Statement under Section 134(3) and forms an integral part of this resolution be and are hereby approved”.

The Directors of the Company are not directly or indirectly interested with the affairs of the Special Business, which nevertheless is intended to streamline the above-said provision of the Articles of Association of the Company with the like provision of the Companies Act, 2017, and also acts and benefits to the business convenience of the Company, and its Board of Directors taken as a whole.

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, 2017 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)	952,277,991
COST OF SALES	(1,072,352,948)
GROSS LOSS	(120,074,957)
OPERATING EXPENSES	(55,519,995)
OPERATING LOSS	(175,594,952)
FINANCE COST	(64,970,116)
OTHER INCOME	1,868,755
LOSS BEFORE TAXATION	(238,696,313)
TAXATION	(12,316,430)
LOSS AFTER TAXATION	(251,012,743)

During the year, Company has achieved net sale of Rs.952.278 million as compared to Rs. 865.287 million of last year. Company has suffered gross loss of Rs.120.075 million as compared to Rs. 145.260 million of previous year, whereas operating expenses of the company have reduced by Rs. 17.146 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.

Pakistan is fourth largest cotton producing country, however the demand of Cotton is more than the production, due to which textile units have to rely on imported cotton. Thus rendering the Cotton more expensive and making the exportable goods costlier. Although the cotton observed increased production of 10.7 million bales as compared to 9.9 million bales of last year, which was still lower than the target of 14.1 million bales. Effective from July 2017 Government has reimposed custom duty and sales tax on imported cotton which will ultimately increase cost of doing business.

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.

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

The key challenges facing Pakistan's economy have continued to suppress economic activity and growth of the country. The textile industry has been hit hard due to the high cost of energy and high tariffs of both gas and electricity are making Pakistan's exports uncompetitive in the global market. 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 and implementation of the package of Rs180 billion announced by the government for increasing exports.

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

Security and Exchange Commission of Pakistan framed a code of corporate governance, which was incorporated through the listing regulations of all stock exchanges of the country. The directors of your Company have ensured implementation of all provisions of code of corporate governance applicable for the period ended June 30, 2017.

Review report on statement of Compliance with code of corporate governance of Auditors is annexed with this report.

Directors of the Company are pleased to confirm that there is no material departure from the best practices as detailed in the listing regulations.

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 as required under the Companies Ordinance, 1984.
3. Accounting policies have been consistently applied in the preparation of 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 Levis is given in the notes to the financial statements.
11. As required under the Code of Corporate Governance, the following information has been presented in this report:
 - i) Pattern of Shareholding;
 - ii) Shares held by associated undertaking and related persons;
12. The value of investment made by the Provident fund as per its respective accounts is Rs.36.880 million (2016: Rs. 29.928 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. During the year six meetings of the Board were held. The attendance of directors was as follows:

Names	No. of Meetings attended
Dewan Muhammad Yousuf Farooqui	5
Mr. Aziz-ul-Haque	6
Mr. Ishtiaq Ahmed	5
Syed Muhammad Anwar	6
Mr. Ghazanfar Baber Siddiqi	6
Mr. Mehmood-ul-Hassan Asghar	5
Mr. Muhammad Baqar Jaffer	6

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

Audit Committee

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

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

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

**Human Resource and Remuneration Committee**

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

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

Names	No. of Meetings attended
Dewan Muhammad Yousuf Farooqui	1
Mehmood-ul-Hassan Asghar	1
Ishtiaq Ahmed	1

Earnings per Share

(Loss) per share during the period under review worked out to Rs (2.57) [2016: Rs. (2.43)]

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 Ordinance, 1984, 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, I 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 Muhammad Yousuf Farooqui
Chairman Board of Directors

Date: September 29, 2017

Place: Karachi

FINANCIAL HIGHLIGHTS

	2012	2013	2014	2015	2016	2017
	(Rupees in Thousands)					
Sales (Net)	1,363,080	1,301,852	1,636,370	1,208,179	865,287	952,277
Gross (Loss)/ Profit	(17,510)	107,846	81,884	35,612	(145,260)	(120,074)
(Loss)/ Profit Before Tax	(105,825)	9,277	(33,218)	5,237	(275,958)	(238,696)
(Loss)/ Profit After Tax	(107,625)	35,237	(53,966)	21,066	(237,987)	(251,012)
Current Assets	907,081	918,886	826,838	786,567	806,722	825,028
Shareholder's Equity	656,019	730,249	711,966	765,679	557,557	333,862
Current Liabilities	446,601	485,854	473,840	483,617	805,472	1,054,713
(Loss)/ Earning per Share	(1.10)	0.36	(0.55)	0.22	(2.43)	(2.57)
Breakup value per share (Rs.)	6.71	7.47	7.28	7.83	5.70	3.34
current ratio (Times)	2.03	1.89	1.74	1.63	1.01	0.78
Gross (Loss)/ Profit %	-1.28%	8.28%	5.00%	2.95%	-16.79%	-12.61%
Net (Loss)/ profit%	-7.90%	2.71%	-3.30%	1.74%	-27.50%	-26.36%
Debt equity ratio (Times)	0.61	0.53	0.55	0.85	1.61	2.81



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

The statement is being presented to comply with the Code of Corporate Governance (“CCG”) contained in the Listing Regulation No 5.19.23 of the Rule Book of Pakistan Stock Exchange Limited (“PSX”) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As of June 30, 2017 the board included:

Category	Names
Independent Directors	Mr. Aziz-ul-Haque
Executive Directors	Mr. Ishtiaq Ahmed
Non-Executive Directors	Dewan Muhammad Yousuf Farooqui Mr. Muhammad Baqar Jafferri Syed Muhammad Anwar Mr. Ghazanfar Baber Siddiqi Mr. Imran Ahmed Javed

2. Six Directors have confirmed that they are not serving as director in more than seven listed Companies including this Company, however, one director is serving as director in more than seven listed Yousuf Dewan Companies.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on August 19, 2016 was filled up on August 30, 2016 by the Board of Directors of the Company, while another casual vacancy occurring on the board on June 12, 2017 was filled up on June 14, 2017 by the Board of Directors of the Company.
5. 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.
6. 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.
7. All the powers of the board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by the director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause 5.19.7 of CCG, one director is exempted from the requirement of directors’ training program and Four Directors are qualified under the Directors Training Program.
10. The Board has approved appointments of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment.

11. The Directors report for this has prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The director, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of CCG.
15. The board has formed an Audit Committee. It comprises of three members of whom one is an independent director, who is also the chairman and others are non-executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed Human Resource and Remuneration Committee. It comprises of three members, of whom one is executive, two are non-executive directors, out of which one is Chairman of the Committee.
18. 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.
19. 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, 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 Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all the other material principles enshrined in the CCG have been complied with.

Date : September 29, 2017
Place : Karachi



Dewan Muhammad Yousuf Farooqui
Chairman Board of Directors

**YD**

A YOUSUF DEWAN COMPANY

FEROZE SHARIF TARIQ & CO.

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

Voice: (+9221) 4540891
(+9221) 4522734
Facimile: (+9221) 4540891
Email : fstc.ca@gmail.com

AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Dewan Farooque Spinning Mills Limited ("the Company") for the year ended June 30, 2017 to comply with the requirements of Listing Regulation of Pakistan Stock Exchange Limited.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's 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 code requires the Company to place before the Audit Committee, and upon recommendation of the Audit committee, place before the Board of Directors for their consideration and approval its related party transactions distinguishing between transactions carried out on term equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 has 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.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention that causes us to believe, that the 'Statement of Compliance' does not appropriately reflect the company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance, for the year June 30, 2017.

Furthermore, we highlight that one director of the company is serving as director in more than seven listed Companies as reflected in the note 2 in the statement of compliance.

Audit Engagement Partner: Mohammad Tariq
Dated: September 29, 2017
Place: Karachi

CHARTERED ACCOUNTANTS

FEROZE SHARIF TARIQ & CO.

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

Voice: (+9221) 4540891
(+9221) 4522734
Facimile: (+9221) 4540891
Email : fstc.ca@gmail.com

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of Dewan Farooque Spinning Mills Limited, as at June 30, 2017, and related Profit and Loss account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the year then ended, and we state that, we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) The company 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.389.154 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 14.1 and 14.2 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 14.2 and 26.1 to the financial Statements, the loss after taxation would have been higher by Rs. 377.123 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 417.943 million.
- c) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- d) in our opinion:
 - i) except for the effects of matters referred in paragraphs (a) and (b) above the Balance Sheet and Profit & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e) in our opinion, except for the matter discussed in Para (a) and (b) of this report and the extent to which may affect the accompanying financial statements and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, statement of Comprehensive income, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the Loss its Comprehensive loss, Cash flows and Changes in Equity for the year then ended; and
- f) In our opinion "no Zakat was deductible at source under the Zakat and Ushr ordinance 1980".

Audit Engagement Partner: Mohammad Tariq
Dated: September 29, 2017
Place: Karachi

Feroze Sharif Tariq
CHARTERED ACCOUNTANTS

**BALANCE SHEET****As at 30th June, 2017****EQUITY AND LIABILITIES****SHAREHOLDERS' EQUITY****Share capital****Authorised capital**

100,000,000 (June 30, 2016: 100,000,000) ordinary shares of Rs.10/- each

Issued, Subscribed and Paid-up Capital

97,750,726 (June 30, 2016: 97,750,726) ordinary shares of Rs.10/- each

Un appropriated loss

Surplus on revaluation of property, plant and equipment

NON-CURRENT LIABILITIES

Long term loans

Deferred Taxation

CURRENT LIABILITIES

Trade & other payables

Accrued mark-up

Short term borrowings- secured

Current And Over Due Portion Of Long Term Liabilities

Provision for taxation

Contingencies and Commitments

ASSETS**NON-CURRENT ASSETS**

Property, plant and equipment

Long term deposits

CURRENT ASSETS

Stores & Spares

Stock-in-trade

Trade Debts- Unsecured, Considered Good.

Loans & advances- Unsecured, Considered Good.

Trade deposits & other receivables- Considered Good.

Advance income tax

Cash and bank balances

		June 30, 2017	June 30, 2016
	Notes	(Rupees)	
		1,000,000,000	1,000,000,000
		977,507,260	977,507,260
		(643,645,234)	(419,950,106)
		333,862,026	557,557,154
		1,174,862,529	526,472,006
		168,250,254	254,102,425
		252,033,418	130,495,937
		151,101,768	68,938,828
		112,928,852	79,006,996
		304,509,143	265,981,609
		463,896,977	378,791,419
		22,276,392	12,753,612
		1,054,713,132	805,472,464
		-	-
		2,983,721,359	2,274,099,985
		2,136,981,934	1,440,666,551
		21,711,345	26,711,345
		20,481,723	25,099,918
		185,838,526	118,636,669
		354,128,841	399,343,880
		71,952,726	92,296,766
		84,104,149	79,997,970
		91,242,041	80,170,490
		17,280,074	11,176,396
		825,028,080	806,722,089
		2,983,721,359	2,274,099,985

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

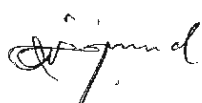
Ishtiaq Ahmed
Chief Executive Officer**Aziz-ul-Haque**
Director

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 2017

	Notes	2017 (Rupees)	2016
SALES - NET	22	952,277,991	865,287,117
COST OF SALES	23	(1,072,352,948)	(1,010,547,898)
GROSS (LOSS)		(120,074,957)	(145,260,781)
OPERATING EXPENSES			
Administrative expenses	24	(37,460,509)	(52,923,494)
Selling and distribution expenses	25	(18,059,486)	(19,742,383)
		(55,519,995)	(72,665,877)
OPERATING LOSS		(175,594,952)	(217,926,658)
OTHER CHARGES			
Finance cost	26	(64,970,116)	(59,462,460)
Other Income	27	1,868,755	1,430,449
		(63,101,361)	(58,032,011)
(LOSS) BEFORE TAXATION		(238,696,313)	(275,958,669)
TAXATION			
Current		(9,522,780)	-
Prior year		-	(413,691)
Deferred		(2,793,650)	38,384,851
		(12,316,430)	37,971,160
(LOSS) AFTER TAXATION		(251,012,743)	(237,987,509)
Basic (loss) per share (Rupees)	28	(2.57)	(2.43)

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



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2017

	2017 (Rupees)	2016
(LOSS) AFTER TAXATION	(251,012,743)	(237,987,509)
OTHER COMPREHENSIVE INCOME	-	-
Revaluation during the year	794,451,969	-
Related deferred tax	(137,888,610)	-
	656,563,359	-
Transfer from surplus on revaluation of property plant and equipment respect of:		
Incremental depreciation	39,590,746	43,920,173
Related deferred tax	(12,273,131)	(14,054,455)
	27,317,615	29,865,718
Component of Comprehensive income not reflected in equity	(656,563,359)	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	(223,695,128)	(208,121,791)

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

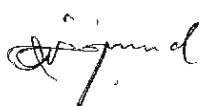
Ishtiaq Ahmed
Chief Executive Officer

Aziz-ul-Haque
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2017

	Note	2017 (Rupees)	2016
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(238,696,313)	(275,958,669)
Adjustments for non cash and other items:			
Provision for doubtful debts		21,445,614	32,214,312
Depreciation		103,299,836	126,115,392
Financial charges		64,970,116	59,462,460
Cash flow before working capital changes		(48,980,747)	(58,166,505)
Working Capital changes			
(Increase)/ Decrease in assets:			
Stores & spares		4,618,195	10,544,253
Stock in trade		(67,201,857)	36,431,461
Trade debts		23,769,425	(122,021,160)
Loans & advances		20,344,040	6,858,745
Trade deposits & other receivables		(13,375,130)	(12,023,422)
Increase/ (Decrease) in liabilities:			
Trade creditors, other payables and borrowings		82,162,940	(2,930,196)
Cash generated from / (used in) operations		1,336,866	(141,306,824)
Taxes paid		(11,071,551)	(17,257,461)
Financial charges paid		(17,525,921)	(16,697,734)
Net cash (used) in operating activities		(27,260,606)	(175,262,019)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(5,163,250)	(55,485,380)
Long term deposits		-	35,900
Net cash outflow from investing activities		(5,163,250)	(55,449,480)
CASH FLOW FROM FINANCING ACTIVITIES			
Syndicated Long Term Loan		-	-
Net cash Inflow/(out flow) from financing activities		-	-
Net decrease in cash and cash equivalents		(32,423,856)	(230,711,499)
Cash and Cash equivalents at the beginning of the year	29	(254,805,213)	(24,093,714)
Cash and Cash equivalents at the end of the year		(287,229,069)	(254,805,213)

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



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2017

	Share Capital	Unappropriated Profit/ (loss)	Total
	(Rupees)		
Balance as at July 01, 2015	977,507,260	(211,828,315)	765,678,945
Total comprehensive loss for the year	-	(208,121,791)	(208,121,791)
Balance as at June 30, 2016	977,507,260	(419,950,106)	557,557,154
Balance as at July 01, 2016	977,507,260	(419,950,106)	557,557,154
Total comprehensive loss for the year	-	(223,695,128)	(223,695,128)
Balance as at June 30, 2017	977,507,260	(643,645,234)	333,862,026

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

Ishtiaq Ahmed
Chief Executive Officer

Aziz-ul-Haque
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2017

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. The company has installed capacity of 28,800 spindles.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular number 17 of 2017 dated 20 July 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the certain property, plant and equipment which have been carried at revalued amounts.

2.3 Standards, interpretations and amendments applicable to financial statements

2.3.1 New standards, interpretations and amendments

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards and amendments which became effective for the current year:

IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

The adoption of the above accounting standards did not have any effect on the financial statements.

**2.3.2 Annual improvements**

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 - Financial Instruments: Disclosures - Servicing contracts

IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 - Employee Benefits - Discount rate: regional market issue

IAS 34 - The adoption of the above amendments, improvements to accounting standards and interpretations does not have any material effect on the 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 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
IAS 7 - Statement of Cash Flows	1 January 2017
IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	1 January 2017
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
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	1 January 2019

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

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.

	Effective date (annual periods Beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2018
IFRS 14 - Regulatory Deferral Accounts	1 January 2016
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 - Leases	1 January 2019
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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year .

4.1 Basis of Preparation and measurement

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

4.2 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 surplus arising on revaluation of property plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation (net of tax) charged on the revalued assets, the related surplus on revaluation of property, plant and equipment is transferred to inappropriate profit through statement of comprehensive income.

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. Software which are not an integral part of the related hardware are classified as intangible assets. Amortised on straight line basis.

4.3 Stores, spares and loose tools

These are valued at moving average cost except items in transit which are valued at cost accumulated to balance sheet date.

Provision is made for any slow moving and obsolete items.

4.4 Stock-in-trade

Raw Material	At lower of weighted average cost and net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished goods	At lower of weighted average cost and net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
Waste	At net realizable value.
Work-in-process	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock in transit	At cost accumulated up to the balance sheet date.
Packing material	At lower of weighted average cost and net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make sale.

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

4.5 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.

4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 Related party transactions

All transactions with related parties are carried out by the company at arm's length price using the method prescribed under the Companies Ordinance' 1984.

4.12 Revenue recognition

Revenue from sales is recognized on dispatch of goods and on performance of service

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.

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.

5 AUTHORISED SHARE CAPITAL

June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016
(Numbers of shares)			Rupees	
100,000,000	100,000,000	Ordinary shares of Rs.10/- each	1,000,000,000	1,000,000,000
100,000,000	100,000,000		1,000,000,000	1,000,000,000

6 ISSUED, SUBSCRIBED AND PAID UP-CAPITAL

June 30, 2017	June 30, 2016		June 30, 2017	June 30, 2016
(Numbers of shares)				
97,750,726	97,750,726	Ordinary shares of Rs.10/- each	977,507,260	977,507,260
97,750,726	97,750,726		977,507,260	977,507,260

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	526,472,006	556,337,724
Surplus arising on revaluation during the year	794,451,969	-
Related deferred tax liability	(137,888,610)	-
Effect of change in tax rate	19,144,779	-
	1,202,180,144	556,337,724
Transferred to unappropriated profit:		
- Surplus relating to incremental depreciation - net of deferred tax	(27,317,615)	(29,865,718)
	1,174,862,529	526,472,006

Land

Valuation of land is based on assesment 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 closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

The revaluation carried out during the year has resulted in increase in surplus are as follows:

	W.D.V of assets before revaluation	Revalued Amount	Surplus on Revaluation
Free hold land	349,650,000	699,300,000	349,650,000
Factory Building on Free hold land	141,398,215	152,350,715	10,952,500
Non Factory Building	86,915,391	85,835,685	(1,079,706)
Plant and Machinery	678,966,205	1,113,895,380	434,929,175
	1,256,929,811	2,051,381,780	794,451,969

	Notes	June 30, 2017	June 30, 2016
8 LONG TERM LOANS			
Syndicated Long Term Loans - Secured	8.1	-	99,374,509
Sponsor Loan - Unsecured	8.2	168,250,254	154,727,916
		168,250,254	254,102,425
8.1 SYNDICATED LONG TERM LOANS - SECURED			
Syndicated Long Term Loan - Secured		389,153,672	389,153,672
Less: Paid during the year		-	-
		389,153,672	389,153,672
Less: Transferred to current & over due portion	12	389,153,672	289,779,163
		-	99,374,509

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 have 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 as explained in note 12 to these financial statements. This has streamlined the funding requirements of the Company which has ultimately helped the management to run the operations smoothly with optimum utilization of production capacity. However, in case of default by the company the entire outstanding mark up as disclosed in the agreement will remain outstanding liability of the company and all amounts in respect of its liabilities shall become payable with immediate effect as 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	June 30, 2017	June 30, 2016
8.2 Sponsor Loan			Rupees
Sponsor Loan- Unsecured	8.2.1	213,781,355	213,781,355
Unwinding interest		13,522,338	11,306,828
Present value adjustment		(59,053,439)	(70,360,267)
Present Value of Sponsor loan		<u>168,250,254</u>	<u>154,727,916</u>

8.2.1 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	123,050,964	125,720,265
- revaluation - Net of related depreciation	252,033,418	130,495,937

Debit balance arising due to

- finance lease transactions	3,417,623	5,795,846
- staff gratuity	(2,456,695)	(2,535,943)
- carried over losses	(191,947,978)	(101,514,424)
	<u>184,097,332</u>	<u>157,961,681</u>
Deferred tax asset not recognized	67,936,086	27,465,744
	<u>252,033,418</u>	<u>130,495,937</u>

10 TRADE AND OTHER PAYABLES

Creditors	116,008,302	36,413,549
Accrued expenses	26,396,459	23,778,924
Employees Provident Fund	690,720	695,430
Gratuity payable	7,924,822	7,924,822
Sales tax payable	81,465	126,103
	<u>151,101,768</u>	<u>68,938,828</u>

10.1 Employees Provident Fund

General Disclosures

	June 30, 2017	June 30, 2016
	----- (Unaudited) -----	
Size of the fund	45,918,872	35,100,426
Cost of investments	36,879,819	29,928,147
Fair value of investments	37,294,043	32,172,758
Percentage of investments	80%	85%

The breakup of investments is as follows:

Term Deposit Receipts	0%	-	7%	2,000,000
Bank balance	100%	36,879,819	93%	27,928,147

Investments of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.



		June 30, 2017	June 30, 2016
11	Notes	Rupees	
SHORT TERM BORROWING			
Short term finances from banks	11.1 to 11.3	180,426,143	185,381,609
Sponsor loan from director	11.4	124,083,000	80,600,000
		<u>304,509,143</u>	<u>265,981,609</u>

11.1 As part of restructuring banks / financial institutions as fully disclosed in note no 8.1.1 to the financial statements had approved further working capital to the Company amounting to Rs. 192.10 million by providing syndicated cash finance against pledge of stocks in proportion to their loan amounts. The facility is secured by way of pledge of stocks of the company. The markup rate for this facility is one month KIBOR which is payable on quarterly basis. The tenure of working capital facility was one year and expired on December 31, 2015. Such facility was not renewed by the banks.

11.2 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%

11.3 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%.

11.4 This represents unsecured interest free loan payable to sponsor director on demand.

12 CURRENT AND OVER DUE PORTION OF LONG TERM LIABILITIES

Liabilities against assets subject to finance lease		29,580,000	43,848,951
Redeemable capital - PPTFCs	12.1	36,250,000	36,250,000
Syndicated Long term loan		99,374,265	99,375,291
Over due portion of Syndicated Long term loans		289,779,407	199,317,177
		<u>463,896,977</u>	<u>378,791,419</u>

12.1 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.

13 PROVISION FOR TAXATION

Balance at the beginning of the year	12,753,612	66,654,199
Provision made during the year	9,522,780	-
	<u>22,276,392</u>	<u>66,654,199</u>
Payment/ Adjusted during the year	-	53,900,587
	<u>22,276,392</u>	<u>12,753,612</u>

Income tax returns of the company have been filed up to tax year 2016 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001.

DEWAN FAROOQUE SPINNING MILLS LIMITED

	June 30, 2017	June 30, 2016
	Rupees	
13.1 Relationship between income tax expense and accounting profit		
Accounting (loss) as per profit and loss account	(238,696,313)	(275,958,669)
Applicable tax rate	31%	32%
Tax on accounting (loss)	(73,995,857)	(88,306,774)
Tax effect of timing difference on depreciation	24,468,124	24,827,163
Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account	4,191,925	10,308,580
Effect of Loss carried / (brought) forward	45,335,808	53,171,031
	-	-
Minimum tax payable under Income Tax Ordinance, 2001	9,522,780	-

14. Contingencies and Commitments

- 14.1** Company has been facing litigations with two of its lenders those 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.46.343 million and impact for the year has been disclosed in note 27.1 to the financial statements.
- 14.2** 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.
- 14.3** 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 and matter is presently pending with Special Committee of Sui Northern Gas Pipelines Limited in accordance with the Order of Honorable Lahore High Court. Accordingly the Company has not made provision of GIDC amounting to Rs.19.311 million.
- 14.4** The company has filed writ petition in Honorable Lahore High Court against Sui Northern Gas Pipelines Limited (SNGPL) and others against purported arrears of gas charges amounting to Rs.6.703 million. The Honorable court has granted stay against said arrears and company expects favorable outcome hence no provision of the same has been made in these financial statements.
- 14.5** There are no commitments as of balance sheet date which need to be disclosed in the financial statements.

		June 30, 2017	June 30, 2016
		Rupees	
15 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	2,136,981,934	1,403,926,386
Capital work in progress	15.4	-	36,740,165
		2,136,981,934	1,440,666,551



15.1 Operating Fixed Assets

The following is a statement of operating fixed assets:

	2017									Leased Plant and Machinery (Leased)	Intangible Assets Software Development	Total
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment			
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	6,704,345	-	-	-	-	-	-	-	-	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 June 30, 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 June 30, 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	-	1,403,926,386
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25	

	2016									Leased Plant and Machinery (Leased)	Intangible Assets Software Development	Total
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment			
Cost / Revalued Amount												
Cost As at 01 July 2015	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	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/ Deletion	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 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	-	2,704,635,422
Accumulated Depreciation												
As at 01 July 2015	-	103,961,381	32,877,897	833,495,020	48,398,744	5,509,603	23,370,033	4,732,758	548,126	121,700,082	-	1,174,593,644
Charge for the year	-	10,862,131	3,816,018	99,096,867	2,501,589	326,336	1,268,206	251,444	55,382	7,874,919	62,500	126,115,392
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
As at 30th June 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	-	1,300,709,036
Net book value												
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	-	1,403,926,386
As at June 30, 2015	349,650,000	106,751,668	75,233,314	834,758,546	16,677,261	3,263,356	6,341,027	838,148	553,818	78,749,193	-	1,472,816,331
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10		

15.2 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:

	June 30, 2017	June 30, 2016
	Rupees	
Free hold land	85,415,080	85,415,080
Factory Building on Free hold land	130,869,418	106,626,525
Non Factory Building	64,319,936	60,677,185
Plant and Machinery	343,881,400	382,090,443
	624,485,834	634,809,233

15.3 Allocation of Depreciation

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

Cost of Goods Manufactured	102,371,401	124,981,896
Administrative Expenses	928,435	1,133,496
	103,299,836	126,115,392

15.4 Capital Work in progress

Civil Works	36,740,165	38,480,230
	36,740,165	38,480,230

DEWAN FAROOQUE SPINNING MILLS LIMITED

	Notes	June 30, 2017	June 30, 2016
		Rupees	
15.5 Capital Work in progress			
Opening Balance		36,740,165	38,480,230
Addition during the year		5,163,250	55,485,380
Total		41,903,415	93,965,610
Capitilized During the year			
Factory Building		(35,198,870)	(22,435,651)
Non Factory Building		(6,704,545)	(13,044,579)
Software Development		-	(3,000,000)
Plant and machinary		-	(18,745,215)
		-	36,740,165
16 STORES & SPARES			
Packing material		3,541,146	2,433,046
Store & spares		16,940,577	22,666,872
		20,481,723	25,099,918
17 STOCK IN TRADE			
Raw material		31,701,436	4,004,445
Work-in-process		19,235,178	8,336,591
Stock in Transit		-	46,450,223
Yarn		134,901,912	59,845,410
		185,838,526	118,636,669
Stocks amounting to Rs. NIL (2016: Rs.8.011 million) were pledged with the banks against finance facilities obtained.			
18 TRADE DEBTORS - Unsecured			
Trade debts - local - Considered Good		354,128,841	399,343,880
- Considered Doubtful		53,659,926	32,214,312
		407,788,767	431,558,192
Provision for doubtful debts		(53,659,926)	(32,214,312)
		354,128,841	399,343,880
18.1 The aging of debtors at the reporting date:			
Up to one month		98,363,646	239,745,861
1 to 6 months		126,228,423	110,113,399
More than 6 months		183,196,698	81,698,930
		407,788,767	431,558,190
19 LOANS AND ADVANCES - Unsecured, Considered Good			
Advances to Suppliers of goods & services		69,315,131	89,405,097
Advances to Employees	19.1	973,678	848,573
Others		1,663,917	2,043,096
		71,952,726	92,296,766
19.1 Advance to Employees includes Rs. Nil (2016: Rs. Nil) due from the executives of the company.			
20 TRADE DEPOSITS AND OTHER RECEIVABLES-CONSIDERED GOOD			
Trade deposits		9,449,655	18,718,606
Sales tax		74,654,494	61,279,364
		84,104,169	79,997,970



		June 30, 2017	June 30, 2016
21 CASH AND BANK BALANCES	Notes	Rupees	
In hand - Cash		27,004	64,677
At banks - Current Accounts		15,801,214	8,066,304
At banks - Saving Account		1,451,856	3,045,414
		<u>17,280,074</u>	<u>11,176,396</u>
22 SALES - NET			
Local sales		886,971,372	840,593,193
Waste sales		59,608,752	43,706,871
Commercial Doubling		6,139,300	7,031,872
		<u>952,719,424</u>	<u>891,331,936</u>
Sales Tax		(441,433)	(26,044,819)
		<u>952,277,991</u>	<u>865,287,117</u>
23 COST OF SALES		2017	2016
Opening stock of finished goods		59,845,410	87,678,011
Cost of goods manufactured	23.1	1,147,409,450	982,715,297
		<u>1,207,254,860</u>	<u>1,070,393,308</u>
Less: closing stock of finished goods		134,901,912	59,845,410
		<u>1,072,352,948</u>	<u>1,010,547,898</u>
23.1 Cost of goods manufactured			
Raw material consumed	23.1.1	686,624,817	501,536,099
Stores and spares consumed		31,806,485	36,019,606
Packing material consumed		15,953,659	15,397,963
Salaries, wages & other benefits	23.1.2	116,932,084	113,668,521
Insurance		2,894,083	7,448,338
Repair & maintenance		3,385,577	2,487,543
Fuel & power		194,424,254	177,703,555
Vehicle running & maintenance		1,282,009	1,652,256
Communication		458,463	551,939
Rent, rates & taxes		981,799	843,944
Entertainment		495,579	568,402
Travelling & conveyance		132,486	117,418
Other manufacturing expenses		565,341	576,092
Depreciation	15.3	102,371,401	124,981,896
		<u>1,158,308,037</u>	<u>983,553,572</u>
Work-in-process - Opening		8,336,591	7,498,316
Work-in-process - Closing		19,235,178	8,336,591
Cost of Goods Manufactured		<u>1,147,409,450</u>	<u>982,715,297</u>
23.1.1 Raw Material Consumed			
Opening Stock		4,004,445	118,447
Add: Purchases inclusive of direct expenses		714,321,808	505,422,097
		<u>718,326,253</u>	<u>505,540,544</u>
Less: Closing Stock		31,701,436	4,004,445
		<u>686,624,817</u>	<u>501,536,099</u>
23.1.2	Salaries and benefits include Rs. 3.133 million (2016: Rs. 3.433 million) in respect of post employment benefits.		

DEWAN FAROOQUE SPINNING MILLS LIMITED

		June 30, 2017	June 30, 2016
24 ADMINISTRATIVE EXPENSES	Notes	Rupees	
Salaries and benefits	24.1	8,605,540	9,914,592
Director remuneration		-	1,710,000
Travelling & conveyance		1,473,300	217,426
Printing & stationary		709,832	473,528
Legal & professional		160,000	1,077,375
Auditors remuneration	24.2	500,000	500,000
Vehicle running expenses		311,537	550,153
Communication		2,600	402,000
Fees & subscription		691,202	504,359
Rent, Rate & Taxes		1,196,928	3,099,757
Donations	24.3	108,460	176,623
Depreciation / Amortization	15.3	928,435	1,133,496
Provision for doubtful debts		21,445,614	32,214,312
Other expenses		1,327,061	949,873
		<u>37,460,509</u>	<u>52,923,494</u>

24.1 Salaries and benefits include Rs. 0.106 million (2016: Rs.0.402 million) in respect of post employment benefits.

24.2 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>

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

25 SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	25.1	12,037,742	11,751,450
Travelling & conveyance		649,147	674,375
Vehicle running expenses		1,149,521	1,033,254
Communication		364,213	375,445
Commission on sales		2,845,410	4,134,340
Miscellaneous expenses		1,013,453	1,773,519
		<u>18,059,486</u>	<u>19,742,383</u>

25.1 Salaries and benefits include Rs. 0.770 million (2016: Rs.0.178 million) in respect of post employment benefits.

26 FINANCE COST

Markup on :			
Syndicate Long Term Loans		34,928,002	32,129,302
Short term syndicate Loan		16,081,729	14,521,410
Bank & other charges		438,047	1,504,920
Unwinding interest		13,522,338	11,306,828
		<u>64,970,116</u>	<u>59,462,460</u>

26.1 The Company has not made the provision of markup for the year amounting to Rs.5.523 million (upto June 30, 2016: Rs. 40.82 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.46.343 million and shareholders' equity would have been lower by Rs.46.343 million.



	2017	2016
	Rupees	
27 OTHER INCOME		
Scrap sales	1,868,755	1,427,887
Profit on Saving Accounts	-	2,562
	<u>1,868,755</u>	<u>1,430,449</u>
28 BASIC LOSS PER SHARE		
(Loss) after taxation (Rupees)	(251,012,743)	(237,987,509)
Weighted average number of ordinary shares	97,750,726	97,750,726
(Loss) per share	(2.57)	(2.43)

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.

29 CASH AND CASH EQUIVALENTS		
Cash and Bank Balances	17,280,074	11,176,396
Short term Borrowings	(304,509,143)	(265,981,609)
	<u>(287,229,069)</u>	<u>(254,805,213)</u>

30 REMUNERATION OF DIRECTORS & EXECUTIVES

	2017			2016		
	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES
Managerial Remuneration	-	-	11,431,722	1,111,500	-	10,906,218
House rent allowance	-	-	4,369,783	427,500	-	4,194,699
Utilities allowance	-	-	1,629,598	171,000	-	1,677,879
Bonus	-	-	516,604	-	-	774,192
	-	-	<u>17,947,707</u>	<u>1,710,000</u>	-	<u>17,552,988</u>
Number of persons	-	-	9	1	-	10

31 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 30. During the year aggregate transactions undertaken by the company with the associated companies are as follows :

Purchases	82,809,700	-
Shared Expenses	-	965,670
Provident Fund	8,017,172	8,024,932

All transactions were carried out on commercial terms and conditions and were valued at arm's length price.

32 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)	7,688,374	7,088,371
Total number of spindles installed	28,800	28,800
Average number of spindles worked	20,593	17,541
Number of shifts worked per day	3	3
Total days worked	261	222

33 Number of employees

Total number of employees as at year end	427	417
Average number of employees during the year	414	420

34 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.

	June 30, 2017	June 30, 2016
	Rupees	
34.1 Credit risk		
The maximum exposure to credit risk at the reporting date is:		
Trade Debts - Considered Good	354,128,841	399,343,880
Loans and Advances - Unsecured - Considered good	2,637,595	2,891,669
Trade deposits & other receivable - Considered Good.	18,718,606	18,718,606
Cash and bank balances	17,280,074	11,176,396
	<u>392,765,116</u>	<u>432,130,551</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.

34.2 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:

	2017				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve	One year onward
	Rupees				
Financial liabilities					
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	906,349,359	54,158,974	213,781,355
	2016				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve	One to two year
Financial liabilities					
Syndicated long term loan	632,893,844	702,341,858	182,721,843	169,977,994	349,642,022
Trade and other payables	61,014,006	61,014,006	61,014,006	-	-
Short term Borrowings	265,981,609	269,748,674	157,218,975	112,529,699	-
Mark-up payable	79,006,996	79,006,996	79,006,996		
	1,038,896,455	1,112,111,534	479,961,820	282,507,693	349,642,022



The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2017. The rates of markup have been disclosed in relevant notes to the financial statements.

34.3 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.

34.4 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.

34.5 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:

	June 30, 2017	June 30, 2016
Fixed rate instruments		
Variable rate instruments		
	Carrying amounts	
	--	--
Financial liabilities	658,592,071	663,547,537
	<u>658,592,071</u>	<u>663,547,537</u>

34.6 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.

34.7 Capital risk management

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

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

Total Borrowings	658,592,071	663,547,537
Less Cash and Bank Balances	17,280,074	11,176,396
Net debt	<u>641,311,997</u>	<u>652,371,141</u>
Total equity	333,862,026	557,557,154
Total Capital	<u>975,174,023</u>	<u>1,209,928,295</u>
Gearing ratio	0.66	0.54

34.8 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.

35 Date of Authorization

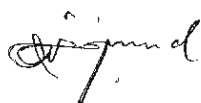
These financial statements have been authorized for issue on September 29, 2017 by the Board of Directors of the company.

36 General

36.1 Comparative figures has been rearranged and re-classified wherever necessary for the purpose of better presentation and comparison. Significant reclassification was deferred liability for staff gratuity amounting to Rs. 7.925 million reclassified from non-current liabilities to trade and other payables for better presentation.

36.2 Figures have been rounded off to the nearest rupees.

36.3 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.



Ishtiaq Ahmed
Chief Executive Officer



Aziz-ul-Haque
Director



**PATTERN OF SHAREHOLDING UNDER REGULATION 37
(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2017**

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	8,105,951	8.29%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	27	1,667,527	1.71%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	-	-	0.00%
7.	Individuals	2,530	50,226,522	51.38%
	TOTAL	2,566	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 Muhammad Yousuf Farooqui	1	7,052,951	7.22%
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	7,055,951	7.22%
	<u>Spouses of Directors and CEO</u>			
3.8	Mrs. Hina Yousuf	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	1	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 7

4.	Number of Shareholders	Shareholdings				Total Shares held
	77	1	-	100	Shares	1,239
	798	101	-	500	Shares	397,526
	313	501	-	1,000	Shares	311,467
	636	1,001	-	5,000	Shares	2,004,292
	253	5,001	-	10,000	Shares	2,183,124
	190	10,001	-	20,000	Shares	3,060,699
	105	20,001	-	30,000	Shares	2,704,185
	42	30,001	-	40,000	Shares	1,553,749
	39	40,001	-	50,000	Shares	1,854,500
	16	50,001	-	60,000	Shares	899,550
	10	60,001	-	70,000	Shares	658,500
	11	70,001	-	80,000	Shares	837,500
	7	80,001	-	90,000	Shares	594,000
	19	90,001	-	100,000	Shares	1,875,956
	6	100,001	-	110,000	Shares	644,000
	3	110,001	-	120,000	Shares	347,500
	3	120,001	-	150,000	Shares	438,500
	1	150,001	-	170,000	Shares	155,000
	2	170,001	-	180,000	Shares	351,727
	1	180,001	-	190,000	Shares	185,000
	5	190,001	-	200,000	Shares	1,000,000
	1	200,001	-	220,000	Shares	216,989
	1	220,001	-	230,000	Shares	224,500
	1	230,001	-	240,000	Shares	239,500
	1	240,001	-	250,000	Shares	250,000
	1	250,001	-	290,000	Shares	286,365
	3	290,001	-	300,000	Shares	900,000
	1	300,001	-	350,000	Shares	332,000
	2	350,001	-	360,000	Shares	714,000
	1	360,001	-	400,000	Shares	365,500
	2	400,001	-	500,000	Shares	828,000
	1	500,001	-	540,000	Shares	535,500
	1	540,001	-	580,000	Shares	572,727
	1	580,001	-	700,000	Shares	600,000
	1	700,001	-	750,000	Shares	710,000
	4	750,001	-	1,500,000	Shares	4,200,000
	1	1,500,001	-	2,000,000	Shares	1,518,500
	1	2,000,001	-	2,500,000	Shares	2,200,000
	2	2,500,001	-	5,000,000	Shares	8,145,454
	1	5,000,001	-	8,000,000	Shares	7,052,951
	1	8,000,001	-	8,100,000	Shares	8,050,000
	1	8,100,001	-	38,000,000	Shares	37,750,726
	2566	TOTAL				97,750,726



5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	8,105,951	8.29%
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	-	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	50,226,522	51.38%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	1,667,527	1.71%

ہیومن ریسورس اور اجرتی کمیٹی:

ہیومن ریسورس اور اجرتی کمیٹی کی تشکیل بورڈ نے کی تھی تاکہ ہیومن ریسورس کی پالیسیوں پر میعاد کی جائزے سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کر سکیں۔ اس کے علاوہ انتخاب، تجویز، 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:

میٹنگ میں شرکت کنندہ کی تعداد

1

1

1

نام:

دیوان محمد یوسف فاروقی

جناب محمود الحسن اصغر

جناب اشتیاق احمد

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (2.57) (2016: مبلغ (2.43)) فی شیئر خسارہ پایا گیا۔

آڈیٹرز کی تقرری:

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

شیئر ہولڈنگ کا پتیرن:

کمپنیز آرڈیننس 1984ء کے تحت لسٹنگ ریگولیشن، کوڈ آف کارپوریٹ گورننس کے تحت مقررہ شیئر ہولڈنگ کی معلومات مرتب کی گئی ہیں جو کہ اس رپورٹ کے ساتھ منسلک ہیں۔

اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

اظہار تشکر اور نتیجہ:

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

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

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)

بورڈ آف ڈائریکٹرز کی جانب سے

Dewan Farooque

دیوان محمد یوسف فاروقی

چیئر مین بورڈ آف ڈائریکٹرز

کراچی:

تاریخ: 29 ستمبر 2017ء

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

- کمپنی کے ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ درج ذیل تفصیلی قوانین اور ان پر عمل پیرا 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 رد و بدل کی شفاف عکاسی کرتے ہیں۔
 - ۲۔ کمپنیز آرڈیننس 1984ء کے تحت کمپنی کے کھاتے مناسب طریقہ سے مرتب کئے جاتے ہیں۔
 - ۳۔ اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
 - ۴۔ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، باقاعدہ طور پر اس کا لحاظ رکھا جاتا ہے۔
 - ۵۔ اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
 - ۶۔ کارپوریٹ گورننس پر عملدرآمد کے حوالے سے کوئی بھی انحراف نہیں کیا گیا سوائے ان کے جن کا ذکر آڈیٹرز کی جائزہ رپورٹ میں ہے۔
 - ۷۔ کمپنی نے اپنے بورڈ کے غیر ایگزیکٹو ممبران میں سے ایک آڈٹ کمیٹی تشکیل دی ہے۔
 - ۸۔ بورڈ نے اپنے ممبران اور کمپنی کے ملازمین میں سے اسٹینڈٹ 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، ڈیویڈز اور دیگر چار جز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
 - ۱۱۔ کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:
 - (۱) شیئر ہولڈنگ کا پیٹرن
 - (۲) متعلقین اور دیگر افراد کے شیئرز
 - ۱۲۔ پروویڈنٹ فنڈ کی سرمایہ کاری کی دلیلیوں کے متعلقہ اکاؤنٹس کے مطابق مبلغ 36.880 ملین ہے۔ (2016: مبلغ 29.928 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، اس سال کے دوران بورڈ کی چھ میٹنگوں کا انعقاد ہوا جس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے:

میٹنگ میں شرکت کنندہ کی تعداد

5

6

5

6

6

5

6

نام:

دیوان محمد یوسف فاروقی

جناب عزیز الحق

جناب اشتیاق احمد

سید محمد انور

جناب غففر بابر صدیقی

جناب محمود الحسن اصغر

جناب محمد باقر جعفری

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

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

میٹنگ میں شرکت کنندہ کی تعداد

4

4

4

نام:

جناب عزیز الحق

سید محمد انور

جناب غففر بابر صدیقی

زیر جائزہ سال کے دوران کمپنی نے حکومت کی جانب سے عائد کردہ ٹیکسز کی ادائیگی کی ہے جس میں ودھ ہولڈنگ ٹیکسز، سیز ٹیکس، سرورس پر سیز ٹیکس، کسٹم ڈیوٹیز، کاشن سیس، ٹیکسٹائل سیس، سوشل سیکورٹی، 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 اسٹرکچرنگ کو قبول نہیں کیا تھا۔

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں قرضہ جات کی اقساط کی واپسی میں کوتاہی پر اپنی ماہرانہ رائے کا اظہار 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 بڑی 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 مکمل 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 کا نظریہ:

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 چارجز 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۔ دریں اثنا حکومت کی جانب سے برآمدات میں اضافہ کیلئے 180 ملین روپے کا ایک خصوصی پیکیج کا اعلان کیا ہے جس پر عمل درآمد کا انتظار ہے۔

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 عوام 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۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد:

سیکرٹری اینڈ ایگزیکٹو کمیشن آف پاکستان نے کارپوریٹ گورننس کا ایک کوڈ تشکیل دیا ہے جسے ملک کی تمام اسٹاک ایکسچینجز کے قوانین کے توسط سے قائم کیا گیا ہے۔ آپ کی کمپنی کے ڈائریکٹرز اختتامی سال 30 جون 2017ء کیلئے کوڈ آف کارپوریٹ گورننس کے تمام قوانین پر عملدرآمد یقینی بنایا ہے۔

آڈیٹرز کی جانب سے کوڈ آف کارپوریٹ گورننس پر عملدرآمد کی جائزہ رپورٹ بھی اس رپورٹ کے ساتھ منسلک ہے۔

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

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2017ء 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 زرمبادلہ 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 یونٹس کے امور میں رخنہ کا باعث رہی۔

مالیاتی نتائج اور کارکردگی:

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

روپے	فروخت (صافی)
952,277,991	فروخت کی لاگت
(1,072,352,948)	خام خسارہ
(120,074,957)	آپریٹنگ اخراجات
(55,519,995)	آپریٹنگ خسارہ
(175,594,952)	مالیاتی لاگت
(64,970,116)	دیگر آمدنی
1,868,755	قبل از ٹیکس خسارہ
(238,696,313)	محصولات
(12,316,430)	بعد از ٹیکس خسارہ
(251,012,743)	

سال کے دوران کمپنی کی صافی فروخت مبلغ 952.278 ملین روپے رہی جس کا موازنہ گزشتہ سال میں مبلغ 865.287 ملین روپے سے کیا جاسکتا ہے۔ کمپنی کو مبلغ 120.075 ملین روپے کا کل خسارہ برداشت کرنا پڑا جس کا موازنہ گزشتہ سال کے مبلغ 145.260 ملین روپے سے کیا جاسکتا ہے جبکہ کمپنی کے آپریٹنگ اخراجات میں مبلغ 17.146 ملین روپے کمی ہوئی۔ زیر جائزہ سال کے دوران 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۔

پاکستان کپاس پیدا کرنے والا چوتھا بڑا ملک ہے اس کے باوجود کپاس کی طلب پیداوار کے مقابلہ میں زیادہ ہے جس کے سبب ٹیکسٹائل یونٹس 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 10.7 ملین بیلز ہے جبکہ اس کا موازنہ گزشتہ سال کے 9.9 ملین بیلز سے کیا جاسکتا ہے جو کہ اب بھی 14.1 ملین بیلز کے ہدف سے کم تھا۔ جولائی 2017ء سے حکومت نے درآمدی کپاس پر دوبارہ کشم ڈیوٹی اور سیلز ٹیکس عائد کر دیا ہے جس کی وجہ سے کاروباری اخراجات میں لازمی اضافہ ہوگا۔

علاقائی ممالک یعنی ویتنام، سری لنکا، بنگلہ دیش اور انڈیا کا موازنہ پاکستان سے کیا جائے تو اندازہ ہوگا کہ مزدوری اور یوٹیلٹیز کے حوالہ سے پاکستان بے حد مہنگا ملک ہے کیونکہ پاکستان میں کم سے کم ماہانہ اجرت اور یوٹیلٹیز 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۔

تاہم کمپنی شیئر ہولڈر کے طلب کرنے پر ایک ہفتہ کے اندر بلا معاوضہ مذکورہ دستاویزات کی بارڈر کاپی فراہم کر دیگی۔ شیئر ہولڈر کی منظوری پر کمپنی ان دستاویزات کی اصل اصل کاپی کیلئے ویب سائٹ پر ایک اسٹینڈرڈ ریکونسٹ فارم مع کمپنی سیکریٹری/شیئر رجسٹرار کے ای۔ میل ایڈریس جاری کر دیگی جو اس درخواست پر عمل کریں گے۔ کمپنی کے ڈائریکٹر خصوصی امور میں اپنی حصص یافتہ ہونے اور ڈائریکٹر کے طور پر حیثیت کے علاوہ کوئی دلچسپی نہیں رکھتے۔

”قرار پایا کہ 30 جون 2018ء تک مکمل ہونے والے سال کیلئے اور آئندہ ممبران کو سالانہ آڈٹ شدہ مالی گوشواروں، اجلاس عام کے نوٹس اور دیگر معلومات و اطلاعات کی اصل کاپی کی بجائے بذریعہ سی ڈی یا ڈی وی ڈی یا یو ایس بی ڈسک کیلئے دیوان فاروق اسپیننگ ملز لمیٹڈ (کمپنی) کے ممبران کی رائے اور منظوری حاصل کی جائے۔“

2- کمپنی کے آرٹیکلز آف ایسوسی ایشن میں تبدیلی کے ضمن میں مندرجہ ذیل مجوزہ خصوصی قرارداد پر غور و خوض اور موزوں پانے پر منظوری اور قرارداد پاس کرنا۔

(i) کمپنی کے آرٹیکلز آف ایسوسی ایشن کی کلاز 47-اے کا اضافہ

ای وونگ کی ضروریات اور شقوق بشمول ریگولیٹری اتھارٹی کی جانب سے وقتاً فوقتاً پرو کسی کی تقرری کی دستاویز کو ان آرٹیکلز میں شامل کیا جائیگا جو آرٹیکلز آف ایسوسی ایشن کے دیگر پروویژنز کے علاوہ اور کسی کی تردید کے بغیر ہوں گے۔

”مزید قرار پایا کہ ای وونگ کی صورت میں غیر ممبرز کی بطور پرو کسی تقرری کی منظوری دی جاتی ہے“

”مزید قرار پایا کہ مندرجہ بالا پاس کردہ قرارداد کے سلسلہ میں اور ریگولیٹر سے ضروری منظوری کے بعد اور اسی طرح کمپنی کے آرٹیکلز اور ایسوسی ایشن میں ترمیم/اضافہ اور تبدیلی کیلئے دفعہ 134(3) کے تحت ممبران کو پیش گوشوارہ اور فارم قرارداد ہذا کے جزو ہونے کی منظوری دی جاتی ہے۔“

کمپنی کے ڈائریکٹر خصوصی امور میں بالواسطہ یا بلاواسطہ کوئی دلچسپی نہیں رکھتے جو باوجود کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مذکورہ بالا پروویژن کمپنیز ایکٹ ۲۰۱۷ کی پروویژن کی طرح مستحکم کرنے اور کمپنی کے کاروبار کی سہولت کے مفاد میں کام کرنے کے خواہشمند ہیں اور بورڈ آف ڈائریکٹر مجموعی طور پر کام کر رہے ہیں۔

**YD****A YOUSUF DEWAN COMPANY****الف - برائے اجلاس میں شرکت**

- (i) انفرادی اکاؤنٹ ہولڈر یا سب/اکاؤنٹ ہولڈر اور/یا اس فرد کو جس کی سیکورٹیز گروپ اکاؤنٹ میں ہو اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ ہوں اس کو اجلاس میں شرکت کے موقع پر اپنی شناخت کے موقع پر اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (ii) کارپوریٹ اسٹاک کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ پیش کرنا ہوگا۔

ب - برائے پروکسی کی تقرری:

- (i) انفرادی اکاؤنٹ ہولڈر یا سب/اکاؤنٹ ہولڈر اور/یا جس فرد کی سیکورٹیز گروپ اکاؤنٹ اور میں ہو اور ان کی رجسٹریشن تفصیلات قواعد کے مطابق اپ لوڈ ہوں اس کو پروکسی فارم حسب بالا جمع کرنا ہوگا۔
- (ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک ہونی چاہئے۔
- (iv) پروکسی کو اجلاس کے موقع پر اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ اسٹاک کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد شخص کے دستخط کا نمونہ پروکسی فارم کے ہمراہ پیش کرنا ہوگا۔

(5) سی این آئی سی فراہم نہ کرنے والے شیئر ہولڈرز کو نوٹس

جن ممبران نے ابھی تک سی این آئی سی کی فوٹوکاپیاں کمپنی کو پیش نہیں کی ہیں ان سے دوبارہ درخواست ہے کہ جلد از جلد داخل کر دیں تاکہ سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کے ایس آر انمبر 831(1)2012 مورخہ 5 جولائی 2012ء کی تعمیل میں ڈیویڈنڈ وارنٹس پر اندراج کیا جاسکے۔ لسٹڈ کمپنیوں کیلئے لازمی ہے کہ رجسٹرڈ حصص یافتگان یا مختار نمائندوں کا سی این آئی سی نمبر ڈیویڈنڈ وارنٹس پر درج کیا جائے۔ لہذا اہل تاخیر سی این آئی سی کی تصدیق شدہ کاپی ہمارے شیئر رجسٹر اوفراہم کرنے کی ہدایت کی جاتی ہے۔

(6) مینڈیٹ برائے ای۔ ڈیویڈنڈ

نقد منافع مقدمہ کی ادائیگی کے عمل کو زیادہ موثر بنانے کی غرض سے ای۔ ڈیویڈنڈ طریقہ کار کا آغاز کیا گیا ہے جس کے ذریعے شیئر ہولڈر کو بلا کسی تاخیر کے اپنے متعلقہ بینک اکاؤنٹس میں منافع مقدمہ کی رقم الیکٹرونک جمع کردہ مل جائے گی۔ اس طرح منافع مقدمہ جات متعلقہ بینک اکاؤنٹ میں فوراً کریڈٹ کر دیئے جائیں گے اور منافع مقدمہ کے وارنٹس کی ڈاک میں گمشدگی بلا تقسیم واپس آ جانے یا غلط پتے پر ڈیلیور وغیرہ ہونے کے امکانات نہیں ہوں گے۔ سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) نے بذریعہ نوٹس نمبر 8(4)SM/CDC 2008 مورخہ 05 اپریل 2013ء تمام لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ ای۔ ڈیویڈنڈ طریقہ کار کا اختیار کریں اس بنا پر کہ شیئرز ہولڈرز کیلئے یہ سودمند رہے گا۔ مندرجہ بالا کے پیش نظر آج سے گزارش کی جاتی ہے کہ آپ ڈیویڈنڈ مینڈیٹ فارم پر شدہ اور دستخط شدہ ہو فراہم کرتے ہوئے ای ڈیویڈنڈ کے حق میں ایک ڈیویڈنڈ مینڈیٹ فراہم کریں۔

(7) مالی گوشواروں وغیرہ کی الیکٹرونک ترسیل

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ 787(1)2014 مورخہ 8 ستمبر 2014ء کمپنیوں کو سالانہ جائزہ اجلاس کے نوٹس کے ہمراہ آڈٹ شدہ مالیاتی گوشوارے بذریعہ ای۔ میل اپنے ممبران کو ارسال کرنے کی اجازت دیدی ہے۔ لہذا ممبران سے درخواست ہے کہ آڈٹ شدہ مالی گوشواروں اور نوٹس کو بذریعہ ای۔ میل وصولی کیلئے اپنی رائے اور ای میل ایڈریس فراہم کریں۔ اس سہولت سے استفادہ کیلئے اسٹینڈرڈ ریکونسٹ فارم کمپنی کی ویب سائٹ: <http://www.yousufdewan.com/DFSML/index.html> پر دستیاب ہیں۔

کمپنیز ایکٹ مجریہ 2017ء کی دفعہ 134(3) کے تحت گوشوارہ

یہ گوشوارہ دیوان فاروق اسپتنگ ملز لمیٹڈ (کمپنی یا ڈی ایف ایس ایم ایل) کے پیر 30 اکتوبر 2017ء کو دون کے دو بچے دیوان سینٹ لمیٹڈ پلانٹ سامیٹ۔ دیہہ ڈھنڈو دھاتی جلی ملیر کراچی پاکستان کے نوٹس ہذا کے ہمراہ ارسال کیا جا رہا ہے اور اجلاس ہذا میں انجام دیئے جانے والے خصوصی امور سے متعلق ٹھوس حقائق پڑتی ہے۔

خصوصی امور**1- سالانہ رپورٹس کی بذریعہ سی ڈی/وی ڈی/یو ایس بی ترسیل**

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان نے بذریعہ ایس آر 470(1)2016 مورخہ 31 مئی 2016ء کمپنیوں کو اجلاس عام میں شیئر ہولڈر کی رائے حاصل کرنے کے بعد سالانہ آڈٹ شدہ اکاؤنٹس اجلاس عام کے نوٹس اور کمپنی کی دیگر معلومات بذریعہ سی ڈی/وی ڈی/یو ایس بی ممبران کو ارسال کرنے کی اجازت دیدی ہے۔ اس سے وقت اور سالانہ رپورٹس کی اشاعت پر آنے والے اخراجات کی بچت ہوگی۔

دیوان فاروق اسپیننگ ملز لمیٹڈ سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان فاروق اسپیننگ ملز لمیٹڈ (ڈی ایف ایس ایم ایل یا کمپنی) کا چودھواں سالانہ اجلاس عام پیر 30 اکتوبر 2017ء کو دوپہر دو بجے دیوان سیمینٹ لمیٹڈ - فیکٹری سائٹ واقع دیہہ ڈھنڈو - دھاتیجی - ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا۔ اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

عمومی امور

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

خصوصی امور:

- 1- کمپنی کے آرٹیکلز آف ایسوسی ایشن میں دفعہ 134(3) کے تحت گوشوارہ میں درج تفصیلات کے مطابق ترمیم/اضافہ پر غور و خوض اور موزوں پانے پر منظوری۔
- 2- سالانہ آڈٹ شدہ اکاؤنٹس کی کسی منظور شدہ ذریعہ سے منتقلی اور ای۔ دوئنگ کی صورت میں کسی غیر ممبر کی بطور پروکسی تقرری کیلئے شیئر ہولڈرز کی رائے کے حصول کے ضمن میں مندرجہ ذیل خصوصی قرارداد ترمیم بلا ترمیم پاس کرنا۔
- 3- ایس آر۔ 470(1) 2016ء مورخہ 31 مئی 2016ء جاری کردہ سکیورٹیز اینڈ ایکسچینج آف پاکستان کے تحت سالانہ آڈٹ شدہ مالی گوشواروں، اجلاس عام کے نوٹسز اور دیگر معلومات و اطلاعات کی بذریعہ سی ڈی یا ڈی وی ڈی یا یو ایس بی تربیل کیلئے شیئر ہولڈرز کی منظوری حاصل کرنے کیلئے مندرجہ ذیل قرارداد ترمیم بلا ترمیم پاس کرنا۔
- ”قرارداد پایا کہ 30 جون 2018ء کو مکمل ہونے والے سال کیلئے اور آئندہ ممبران کو سالانہ آڈٹ شدہ مالی گوشواروں، اجلاس عام کے نوٹسز اور دیگر معلومات و اطلاعات کی اصل کاپی کی بجائے بذریعہ سی ڈی یا ڈی وی ڈی یا یو ایس بی تربیل کیلئے دیوان فاروق اسپیننگ ملز لمیٹڈ (کمپنی) کے ممبران کی رائے اور منظوری حاصل کی جائے۔“
- ”مزید قرارداد پایا کہ ای دوئنگ کی صورت میں غیر ممبر کی بطور پروکسی تقرری کی منظوری دی جاتی ہے“
- ”مزید قرارداد پایا کہ مندرجہ بالا پاس کردہ قرارداد کے سلسلہ میں اور ریگولیشنز سے ضروری منظوری کے بعد اور اسی طرح کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترمیم/اضافہ اور تبدیلی کیلئے دفعہ 134(3) کے تحت ممبران کو پیش گوشوارہ اور فارم قرارداد ہذا کے جزو ہونے کی منظوری دی جاتی ہے۔“
- ”قرارداد پایا کہ چیف ایگزیکٹو آفیسر اور ڈائریکٹر اشتیاق احمد یا کمپنی سیکریٹری محمد حنیف جرمن کو قرارداد ہذا پر عملدرآمد کیلئے تمام اقدامات کی کارروائیاں اور قانونی دستاویزات کی تیاری اور اتفاقی اور ضروری امور انجام دینے کا اختیار دیا جاتا ہے۔“
- کمپنیز ایکٹ 2017ء کی دفعہ 134(3) کے تحت خصوصی امور سے متعلق گوشوارہ نوٹس ہذا کے ہمراہ ممبران کو ارسال کیا جا رہا ہے جو اس کا جزو قرار پایا ہے۔

بحکم بورڈ



محمد حنیف جومان
کمپنی سیکریٹری

کراچی۔

02 اکتوبر 2017ء

نوٹس:

- (1) کمپنی کی منتقلی حصص کی کتب 23 اکتوبر تا 30 اکتوبر 2017ء (دونوں دن شامل) بند رہے گی۔
- (2) ممبران سے درخواست ہے کہ پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹر افسر ایچ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ انکم اسٹیٹ بلڈنگ، کمرہ نمبر 310 اور 311 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 لئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویزات اجلاس ہذا کے انعقاد سے کم از کم اڑھتالیس گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی اکاؤنٹ ہولڈروں کو مزید برآں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایات پر عمل کرنا ہوگا۔

DEWAN FAROOQUE SPINNING MILLS LIMITED
14th 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 14th Annual General Meeting of the Company to be held on **Monday, October 30, 2017, 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
۴۱واں 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 اسپننگ ملز لمیٹڈ کے _____ حصص کے مالک، رجسٹرڈ فولیو نمبر /

سی ڈی سی آئی ڈی اور کھاتہ نمبر _____ میں

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

_____ جو بذات خود بھی

_____ دیوان فاروق اسپننگ ملز لمیٹڈ

_____ سی ڈی سی آئی ڈی اور کھاتہ نمبر

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے چودھواں سالانہ اجلاس عام جو کہ بروز پیر، ۳۰ اکتوبر ۲۰۱۷ کو
دپہر ۲:۰۰ بجے، ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز _____ بتاریخ _____ ۲۰۱۷ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____

نام: _____

مکمل پتہ: _____

گواہ: _____

نام: _____

مکمل پتہ: _____