

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.

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

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COMPANY INFORMATION

BOARD OF DIRECTORS

| | | |
|---|---|--|
| Executive Directors | : | Mr. Ishtiaq Ahmed - Chief Executive Officer & Director |
| Non-Executive Director | : | Mr. Ghazanfar Baber Siddiqui (Chairman, Board of Director) Mr. Imran Ahmed Javed Syed Maqbool Ali Mr. Muhammad Baqar Jafferi Mr. Zafar Asim |
| Independent Director | : | Mr. Aziz-ul-Haque |
| Audit Committee | : | Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Imran Ahmed Javed (Member) |
| Human Resources & Remuneration Committee: | : | Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Ishtiaq Ahmed -(Member) |
| Auditors | : | Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum Karachi. |
| Company Secretary | : | Mr. Muhammad Hanif German |
| Chief Financial Officer | : | Mr. Shafqatullah |
| Tax Advisor | : | Sharif & Co. Advocates |
| Legal Advisor | : | A. K. Brohi & Co. (Advocates) |
| Bankers | : | Habib Bank Limited Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited |
| Registered Office | : | Dewan Centre, 3-A Lalazar Beach Hotel Road Karachi |
| Shares Registrar & Transfer Agent | : | BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan. |
| Factory Office | : | H/20 & H/26, S.I.T.E., Kotri, District Dadu, Sind, Pakistan |
| Website | : | www.yousufdewan.com |



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fiftieth Annual General Meeting of **Dewan Textile Mills Limited** (“**DTML**” or “**the Company**”) will be held on **Thursday, October 24, 2019, at 09:30 a.m.** at Dewan Cement Limited Factory Site, at DehDhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Monday, January 28, 2019;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2019, together with the Directors’ and Auditors’ Reports thereon;
3. To confirm the appointment of the Statutory Auditors’ of the Company for the year ended June 30, 2020, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By Order of the Board

Date : September 27, 2019

Place : Karachi

Muhammad Hanif German
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 17, 2019 to October 24, 2019 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, DarulAman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
 - a) For Attending Meeting:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors’ resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
 - b) For Appointing Proxies:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
 - ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
 - iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.
 - iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors’ resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

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

6. Mandate for E-DIVIDENDS for shareholders:

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

7. Electronic Transmission of Financial Statements Etc.:

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



Chairman's Review

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

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

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

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

Ghazanfar Baber Siddiqui
Chairman Board of Directors

Date : September 27, 2019
Place : Karachi

DIRECTORS' REPORT

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

Dear Shareholder(s),

Assalam-o-Alykum!

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

Overview

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

Operating results and performance: (Factory Shutdown)

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

| | "Rupees" |
|-----------------------------|----------------------|
| SALES - NET | 132,472,393 |
| COST OF SALES | (569,733,861) |
| GROSS LOSS | (437,261,468) |
| ADMINISTRATIVE EXPENSES | (5,763,517) |
| OPERATING LOSS | (443,024,985) |
| FINANCE COST | (318,936,210) |
| OTHER CHARGES | (172,530,268) |
| OTHER INCOME | 39,995,677 |
| LOSS BEFORE TAXATION | (894,495,786) |
| TAXATION | 20,324,114 |
| LOSS AFTER TAXATION | (874,171,672) |

Company's operational sales for the year remained nil due to closure of operations, the sales appearing in financial statements represent raw material sales during the year under consideration. The Company, for the time being, has suspended its manufacturing operations since December 2015 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

In financial year ended 2012, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain banks having suits of Rs. 419.065 million, did not accept the restructuring proposal at that time. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honourable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

The Auditors of the company have expressed adverse opinion in their report on going concern assumption, default in repayment of installments of restructured liabilities along with related non-provisioning of mark-up and litigation with its lenders, non provisioning of markup and trade debtors.

The financial statements have been prepared on going concern assumption as 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. Moreover the markup outstanding up to the date of restructuring is Rs.1.452 billion, which the company would be liable to pay in the event of default of terms of agreement. Since the management is confident that upon finalization of restructuring this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.



Certain lenders did not become signatory of the compromise agreement and continued to pursue their suits filed in Honourable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount in respect of these is Rs.419.065 million, out of total suits amount a bank having suit amount of Rs.193.266 million has also filed winding up petition u/s 305 of the repealed Companies Ordinance, 1984 (now 301 of the Companies Act, 2017). The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome.

Company has not made the provision of markup for the year amounting to Rs. 63.354 million (upto June 30, 2018: Rs. 412.458 million) in respect of borrowings from 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. Accordingly, no provision of the said mark-up has been made in these financial statements.

Auditors have also recommended for additional provision in respect of trade debtors whereas management of the company is confident and hopeful that these debtors would be recovered on the resumption of company's operations.

Future Outlook

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

However, we hope that the Government will introduce some measures for revival of textile sector, including but not limited to payment of tax refunds, settlement of GIDC matter, smooth supply of gas to the industry at affordable rates.

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

Corporate Social Responsibilities

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

Health, Safety and Environment

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

Human Resource

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

Corporate and Financial Reporting

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

1. The financial Statements presented by the management of the Company give a fair account of the state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts have been maintained.

DEWAN TEXTILE MILLS LIMITED

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

Board

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

The Board of Directors as of June 30, 2019 consisted of the following:

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

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

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

| Names | No. of Meetings attended |
|-----------------------------|--------------------------|
| Mr.Aziz-ul-Haq | 6 |
| Mr.Ishtiaq Ahmed | 5 |
| Mr.Ghazanfar Babar Siddiqui | 6 |
| Syed Muhammad Anwar | 3 |
| Mr.Muhammad Baqar Jafferi | 6 |
| Mr.Imran Ahmed Javed | 6 |
| Mr.Zafar Asim | 6 |
| Syed Maqbool Ali | 3 |

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 / Eligibility to attended Meetings |
|------------------------------|--|
| Mr. Aziz-UI-Haque - Chairman | 4/4 |
| Syed Maqbool Ali | 2/2 |
| Mr. Imran Ahmed Javed | 2/2 |
| Mr. Muhammad Baqar Jaferi | 1/2 |
| Mr. Ghazanfar Babar Siddiqui | 2/2 |

Human Resource and Remuneration Committee

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

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

| Names | No. of Meetings attended |
|------------------------------|---------------------------------|
| Mr. Aziz-UI-Haque - Chairman | 1 |
| Syed Maqbool Ali | 1 |
| Mr. Ishtiaq Ahmed | 1 |

Earnings per Share

Loss per share during the period under report worked out to Rs. (18.98) [2018: Rs. (13.07)]

Appointment of Auditors

The present auditors, M/s. Faruq Ali & 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. Faruq Ali & Co., Chartered Accountants, for reappointment as auditors of the company for the ensuing year.

Pattern of Shareholding

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

Key operating and financial data

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

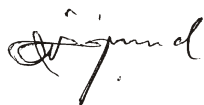
Subsequent Events

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

Vote of Thanks & Conclusion

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

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



Ishtiaq Ahmed
CEO & Director

Date: September 27, 2019

Place: Karachi.

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)
By and under Authority of the Board of Directors



Imran Ahmed Javaid
Director

FINANCIAL HIGHLIGHTS

(Rupees in Million)

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------|---------|----------|----------|---------|----------------|
| Sales (Net) | 3,414 | 2,156 | 333 | 85 | - | 132 |
| Gross (Loss) /profit | 27 | (287) | (372) | (329) | (193) | (437) |
| (Loss) /profit before Tax | (270) | (434) | (871) | (760) | (628) | (894) |
| (Loss) / profit after Tax | (275) | (425) | (853) | (738) | (602) | (874) |
| Current Assets | 2,904 | 2,554 | 1,854 | 1,382 | 1,116 | 630 |
| Shareholder's Equity | 265 | 162 | (960) | (1,332) | (1,927) | (2,795) |
| Current Liabilities | 1,724 | 2,053 | 2,574 | 3,068 | 4,491 | 4,778 |
| Current ratio (Times) | 1.68 | 1.24 | 0.72 | 0.45 | 0.25 | 0.13 |
| (Loss) / Earning Per Share (Rs.) | (20.36) | (26.88) | (18.51) | (16.01) | (13.07) | (18.98) |
| Breakup Value per Share (Rs.) | 19.68 | 9.62 | (20.84) | (28.94) | (41.84) | (60.67) |
| Gross (Loss) / Profit Ratio (%) | 0.8% | -13.28% | -111.61% | -385.21% | 0.00% | -0.30% |
| Net (Loss) / Profit Ratio (%) | -8.05% | -19.73% | -255.58% | -863.33% | 0.00% | -1.50% |



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

For the Year Ended June 30, 2019

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

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

- | | | |
|-----------|---|-------|
| a) Male | : | 7 |
| b) Female | : | None* |

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

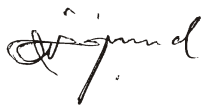
2. The composition of board is as follows:

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

12. The board has formed committees comprising of members given below:

- | | | | |
|----------------------------------|---|-----------------------|----------|
| a) Audit Committee | : | Mr. Aziz-ul-Haque | Chairman |
| | | Syed Maqbool Ali | Member |
| | | Mr. Imran Ahmed Javed | Member |
| b) HR and Remuneration Committee | : | Mr. Aziz-ul-Haque | Chairman |
| | | Syed Maqbool Ali | Member |
| | | Mr. Ishtiaq Ahmed | Member |

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



Ishtiaq Ahmed
CEO & Director



Imran Ahmed Javaid
Director

Date : September 27, 2019
Place : Karachi

**YD****A YOUSUF DEWAN COMPANY****FARUQ ALI & CO**
CHARTERED ACCOUNTANTS

C-88, Ground Floor, KDA Scheme No. 1, Telephone : (021) 34301966
Main Karsaz Road, Opp. Maritime : (021) 34301967
Museum, Karachi-75350 : (021) 34301968
E-mail: info@fac.com.pk : (021) 34301969

Fax : (021) 34301965

Independent Auditors' Modified Review Report to the Members of Dewan Textile Mills Limited

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

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

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

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

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

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- a) The independent directors shall not be less than two or one third of total members of the board, whichever is higher, whereas board includes one independent director, who in our view does not meet the criteria of independence on account of his cross directorship in associated companies; accordingly, due to the foregoing reasons, requirements of chairman of audit and HR Remuneration Committee to be an independent director has also not been complied with.

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

Further, we highlight that the Company has no female director on its Board and one of the director of the Company is serving as director in more than five listed companies as disclosed in the paragraph 1 and 3 of the Statement of Compliance.

Chartered Accountants
(Muhammad Faisal Nini)

Date : September 27, 2019
Place : Karachi



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INDEPENDENT AUDITORS' REPORT

To the members of Dewan Textile Mills Limited Report on the audit of the financial statements

Adverse Opinion

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

In our opinion, because of the significance of the matters discussed in the "basis for adverse opinion" section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the loss, comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for adverse opinion

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

- a) The financial statements for the year ended 30 June 2019 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.874.172 million and as of that date it has negative revenue reserves of Rs.4,049.248 million which resulted in negative equity of Rs.2,794.511 million and its current liabilities exceeded its current assets by Rs.4,147.861 million and total assets by Rs.2,484.122 million (excluding the effect of non-provided markup as disclosed in note 25.1). In previous years the Company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs. 2,925.634 million along with markup of Rs.1,452.610 million (eligible for waiver outstanding as of date of restructuring) have become immediately payable, therefore provision for markup should be made in these financial statements. Further, the Company's manufacturing operations have been suspended since December 2015 and could not be resumed till the date of this report. These conditions lead us to believe that going concern assumption used in preparation of these financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realisable and settlement amounts respectively.
- b) The Company has not made provision of markup for the year amounting to Rs.63.354 million (up to year ended 30 June 2019: Rs. 475.812 million) (refer note 25.1) on account of restructuring proposal offered to the lenders. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of markup should be made in these financial statements. Had the provisions of markups been made in these financial statements, the loss after taxation would have been higher by Rs. 475.812 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 475.812 million.

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- c) The trade debts include receivables of Rs.586.792 million which are past due and impaired, against which the provision for doubtful debts to the extent of Rs.440.607 million has been made up to 30 June 2019, which should have been increased by Rs.146.185 million. Had the provision been made in these financial statements, the loss after taxation would have been higher, trade debts and shareholders' equity would have been lower by Rs.146.185 million.

Key audit matters

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

| S.no. | Key audit matters | How the matter was addressed in our audit |
|----------|---|--|
| 1 | First time adoption of IFRS 9 – Financial Instruments | |
| | <p>As referred to in note 3.3.1 to the financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.</p> <p>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p> | <p>Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</p> <p>Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose.</p> <p>We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.</p> <ul style="list-style-type: none"> In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard. |

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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



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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) Because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Faisal Nini.

Date : September 27, 2019
Place : Karachi

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

| | Notes | 2019 ----- (Rupees) ----- | 2018 |
|--|-------|------------------------------|-----------------|
| Authorised share capital 50,000,000 (2018: 50,000,000) Ordinary shares of Rs. 10/- each | | 500,000,000 | 500,000,000 |
| Issued, subscribed and paid-up share capital | 5 | 460,646,090 | 460,646,090 |
| Revenue reserves | | | |
| General reserve | | 333,000,000 | 333,000,000 |
| Accumulated losses | | (4,382,247,527) | (3,561,889,004) |
| Capital reserves | | | |
| Surplus on revaluation of property, plant and equipment | 6 | 794,090,283 | 841,020,595 |
| | | (2,794,511,154) | (1,927,222,319) |

NON-CURRENT LIABILITIES

| | | | |
|---------------------|---|--------------------|-------------|
| Long term financing | 7 | 132,766,516 | 163,188,400 |
| Deferred taxation | 8 | 177,622,257 | 206,485,112 |
| | | 310,388,773 | 369,673,512 |

CURRENT LIABILITIES

| | | | |
|--|----|----------------------|---------------|
| Trade and other payables | 9 | 179,890,705 | 179,386,866 |
| Mark-up accrued | | 1,030,753,421 | 744,028,436 |
| Short term borrowings | 10 | 586,010,566 | 586,010,566 |
| Liability for staff gratuity | 11 | 50,808,126 | 50,808,126 |
| Unclaimed dividend | | 254,206 | 254,206 |
| Current and overdue portion of long term financing | 7 | 2,930,630,586 | 2,930,630,585 |
| | | 4,778,347,610 | 4,491,118,785 |

CONTINGENCIES AND COMMITMENTS

| | | | |
|--|----|----------------------|----------------------|
| | 12 | -- | -- |
| | | 2,294,225,229 | 2,933,569,978 |

ASSETS

NON-CURRENT ASSETS


| | | | |
|-------------------------------|----|----------------------|---------------|
| Property, plant and equipment | 13 | 1,651,726,329 | 1,805,068,853 |
| Long term investment | 14 | -- | -- |
| Long term deposits | 15 | 12,012,134 | 12,012,134 |
| | | 1,663,738,463 | 1,817,080,987 |

CURRENT ASSETS

| | | | |
|--|----|--------------------|---------------|
| Stores and spares | 16 | 37,758,307 | 48,924,029 |
| Stock in trade | 17 | 256,310,135 | 706,044,419 |
| Trade debtors - Unsecured | 18 | 278,657,082 | 300,744,221 |
| Advances - Considered good | 19 | 2,360,359 | 2,506,044 |
| Short term deposits and other receivable | 20 | 4,120,116 | 4,120,116 |
| Taxes recoverable - Net | | 44,081,312 | 45,675,889 |
| Cash and bank balances | 21 | 7,199,455 | 8,474,273 |
| | | 630,486,766 | 1,116,488,991 |

| | | | |
|--|--|----------------------|----------------------|
| | | 2,294,225,229 | 2,933,569,978 |
|--|--|----------------------|----------------------|

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



Ishtiaq Ahmed
CEO & Director



Shafqatullah
Chief Financial Officer



Imran Ahmed Javaid
Director

**YD**

A YOUSUF DEWAN COMPANY

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

| | | 2019 | 2018 |
|-------------------------------------|-------|----------------------|----------------------|
| | Notes | ------(Rupees)----- | |
| Sales - Net | 22 | 132,472,393 | -- |
| Cost of sales | 23 | (569,733,861) | (193,454,015) |
| Gross loss | | (437,261,468) | (193,454,015) |
| Operating expenses | | | |
| Administrative and general expenses | 24 | (5,763,517) | (9,149,446) |
| Operating loss | | (443,024,985) | (202,603,461) |
| Finance cost | 25 | (318,936,210) | (205,160,380) |
| Other charges | 26 | (172,530,268) | (220,911,500) |
| Other income | 27 | 39,995,677 | 651,647 |
| | | (451,470,801) | (425,420,233) |
| Loss before taxation | | (894,495,786) | (628,023,694) |
| Taxation | | | |
| - Current | 28 | (1,655,905) | -- |
| - Deferred | | 21,980,019 | 26,038,255 |
| | | 20,324,114 | 26,038,255 |
| Loss for the year | | (874,171,672) | (601,985,439) |
| Loss per share - Basic and diluted | 29 | (18.98) | (13.07) |

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

Ishtiaq Ahmed
CEO & Director

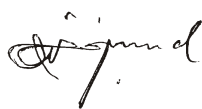
Shafqatullah
Chief Financial Officer

Imran Ahmed Javaid
Director

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

| | Notes | 2019 ------(Rupees)----- | 2018 |
|---|-------|-----------------------------|----------------------|
| Loss for the year | | (874,171,672) | (601,985,439) |
| Other comprehensive income: | | | |
| Effect of change in tax rates on balance of revaluation on property, plant and equipment | 6 | 6,882,837 | 7,750,779 |
| Total comprehensive loss for the year | | (867,288,835) | (594,234,660) |

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



Ishtiaq Ahmed
CEO & Director



Shafqatullah
Chief Financial Officer



Imran Ahmed Javaid
Director



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

| | Notes | 2019 ------(Rupees)----- | 2018 |
|---|-------|-----------------------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before taxation | | (894,495,786) | (628,023,694) |
| Adjustment for non-cash and other items: | | | |
| Depreciation / amortisation expense | 13.1 | 152,672,789 | 172,819,547 |
| Provision for doubtful debts | 18.1 | 113,739,690 | 98,457,102 |
| Provision for obsolete stock | 17.2 | 50,431,244 | 100,863,488 |
| Provision for slow moving stores | 16.1 | 8,359,334 | 8,780,293 |
| Gain on sale of fixed assets | 27 | (530,265) | (651,647) |
| Unwinding of discount | 25 | 14,039,943 | 10,902,659 |
| Finance cost | | 304,896,267 | 194,257,721 |
| Cash outflows before working capital changes | | (250,886,784) | (42,594,531) |
| Working capital changes | | | |
| <i>(Increase) / decrease in current assets</i> | | | |
| Stores and spares | | 2,806,388 | 3,285,125 |
| Stock in trade | | 399,303,040 | -- |
| Trade debtors | | (91,652,551) | 36,566,417 |
| Advances | | 145,685 | (33,250) |
| Short term deposit and other receivable | | -- | 12,810,617 |
| | | 310,602,562 | 52,628,909 |
| <i>Increase / (decrease) in current liabilities</i> | | | |
| Trade and other payables | | 503,839 | (11,884) |
| Short term borrowings | | -- | -- |
| | | 503,839 | (11,884) |
| Cash generated from operations | | 60,219,617 | 10,022,494 |
| Income tax (paid) / refund - Net | | (61,328) | 7,361,810 |
| Gratuity paid | | -- | -- |
| Finance cost paid | | (18,171,281) | (10,877,223) |
| Net cash generated from operating activities | | 41,987,008 | 6,507,081 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds against sale of fixed assets | 13.3 | 1,200,000 | 835,000 |
| Long term deposits | | -- | -- |
| Net cash generated from investing activities | | 1,200,000 | 835,000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term financing paid | | (44,461,826) | (4,996,415) |
| Net (decrease) / increase in cash and cash equivalents | | (1,274,818) | 2,345,666 |
| Cash and cash equivalents at the beginning of the year | | 8,474,273 | 6,128,607 |
| Cash and cash equivalents at the end of the year | | 7,199,455 | 8,474,273 |

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

Ishtiaq Ahmed
CEO & Director

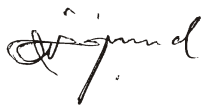
Shafqatullah
Chief Financial Officer

Imran Ahmed Javaid
Director

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

| | Issued, subscribed and paid-up capital | Revenue Reserves | | | Capital Reserves | Total equity |
|--|---|--------------------|---------------------|---------------------------|---|-----------------|
| | | General Reserve | Accumulated Loss | Total revenue reserves | Surplus on revaluation of property, plant and equipment | |
| ----- (Rupees) ----- | | | | | | |
| Balance as on 1 July 2017 | 460,646,090 | 333,000,000 | (3,020,659,494) | (2,687,659,494) | 894,025,745 | (1,332,987,659) |
| Total comprehensive loss for the year | | | | | | |
| Loss for the year | -- | -- | (601,985,439) | (601,985,439) | -- | (601,985,439) |
| Other comprehensive income | -- | -- | -- | -- | 7,750,779 | 7,750,779 |
| | -- | -- | (601,985,439) | (601,985,439) | 7,750,779 | (594,234,660) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax | -- | -- | 60,755,929 | 60,755,929 | (60,755,929) | -- |
| Balance as at 30 June 2018 | 460,646,090 | 333,000,000 | (3,561,889,004) | (3,228,889,004) | 841,020,595 | (1,927,222,319) |
| Total comprehensive loss for the year | | | | | | |
| Loss for the year | -- | -- | (874,171,672) | (874,171,672) | -- | (874,171,672) |
| Other comprehensive income | -- | -- | -- | -- | 6,882,837 | 6,882,837 |
| | -- | -- | (874,171,672) | (874,171,672) | 6,882,837 | (867,288,835) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax | -- | -- | 53,813,149 | 53,813,149 | (53,813,149) | -- |
| Balance as at 30 June 2019 | 460,646,090 | 333,000,000 | (4,382,247,527) | (4,049,247,527) | 794,090,283 | (2,794,511,154) |

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



Ishtiaq Ahmed
CEO & Director



Shafqatullah
Chief Financial Officer



Imran Ahmed Javaid
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

Dewan Textile Mills Limited ('the Company') was incorporated in Pakistan on 16 April 1970 as a public limited company and is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. However, the Company has suspended its manufacturing operations since December 2015.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.
- Company's production plant is situated at H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan.

2 GOING CONCERN ASSUMPTION

The financial statements of the Company for the year ended 30 June 2019 reflect that the Company has sustained a net loss after taxation of Rs.874.172 million (2018: Rs.601.985 million) and as of that date the Company's negative revenue reserves of Rs.4,049.248 million (2018: Rs.3,228.889 million) have resulted in negative equity of Rs.2,794.511 million (2018: Rs.1,927.222 million) and its current liabilities exceeded its current assets by Rs.4,147.861 million (2018: Rs. 3,374.630 million) and total assets by Rs.2,484.122 million (2018: Rs.1,557.549 million). Further the Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of liabilities due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and one lender had also filed winding up petitions under section 301 of the Companies Act, 2017 as more fully explained in note 12.1 and note 12.2 to the financial statement. The Company has suspended its manufacturing operations since December 2015. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern, therefore, the Company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The financial statements have been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities, which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirement of the Company which will ultimately help the management to resume the operations with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse, therefore, the preparation of financial statements using going concern assumption is justified.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 25.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

3.2 Basis of measurement

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

3.3 New standards, amendments to approved accounting standards and new interpretations

3.3.1 Adoption of standards and amendments effective during the year

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

| | |
|----------|---|
| IFRS 2 | Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments) |
| IFRS 4 | Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments) |
| IFRS 9 | Financial Instruments |
| IFRS 15 | Revenue from Contracts with Customers |
| IAS 40 | Investment Property: Transfers of Investment Property (Amendments) |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration |

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

IFRS 9 Financial Instruments

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

Classification and measurement

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

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

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

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

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

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

Impairment

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

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

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

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

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

| Standards or Interpretation | | Effective date (annual periods Beginning on or after) |
|------------------------------------|--|--|
| IFRS 3 | Definition of a Business (Amendments) | 1-Jan-20 |
| IFRS 3 | Business Combinations: Previously held interests in a joint operation | 1-Jan-19 |
| IFRS 9 | Prepayment Features with Negative Compensation (Amendments) | 1-Jan-19 |
| IFRS 10 | Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalised |
| IFRS 11 | Joint Arrangements: Previously held interests in a joint operation | 1-Jan-19 |
| IFRS 16 | Leases | 1-Jan-19 |
| IAS 1/IAS 8 | Definition of Material (Amendments) | 1-Jan-20 |
| IAS 12 | Income Taxes: Income tax consequences of payments on financial instruments classified as equity | 1-Jan-19 |

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| | | |
|----------|---|----------|
| IAS 19 | Plan Amendment, Curtailment or Settlement (Amendments) | 1-Jan-19 |
| IAS 23 | Borrowing Costs - Borrowing costs eligible for capitalization | 1-Jan-19 |
| IAS 28 | Long-term Interests in Associates and Joint Ventures (Amendments) | 1-Jan-19 |
| IFRIC 23 | Uncertainty over Income Tax Treatments | 1-Jan-19 |

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

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

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

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

| Standards or Interpretation | | IASB Effective date (annual periods Beginning on or after) |
|-----------------------------|------------------------------|---|
| IFRS 14 | Regulatory Deferral Accounts | 1-Jan-16 |
| IFRS 17 | Insurance Contracts | 1-Jan-21 |

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

3.4 Functional and presentation currency

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 Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

3.5 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

3.5.1 Operating fixed assets, revaluation and depreciation

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

**3.5.2 Trade debts**

The Company reviews its doubtful debts at each reporting dates to access whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3.5.3 Income tax

In making the estimates for income tax currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

3.5.4 Stock in trade

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realisable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

3.5.5 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These accounting policies have been applied consistently except as disclosed in note 4.9 and 4.13 to these financial statements due to adoption of IFRS 9 and IFRS 15.

4.1 Property, plant and equipment***Owned***

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment, which qualifies for recognition as an asset, is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revalued assets to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-process, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in note 13 to the financial statements. The depreciation for assets acquired or disposed of during the year is charged from the month of acquisition or up to the month of disposal of such assets respectively.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations under the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets and depreciation is computed commencing from the month in which the assets are first put to use.

Cost in relation to certain plant and machinery signifies historic cost, mark-up, interest, profit and other charges on counter liabilities up to the date of commissioning of the respective plant and machinery acquired against such liabilities. All other mark-up, interest, profit, and other charges are charged to income.

Major repairs and renewals are capitalised. Gains or losses on disposals of property, plant and equipment are included in income currently.

Intangible assets

Computer software acquired by the Company are stated at cost less accumulated amortisation. Cost represents the expense incurred to acquire the software license and bring them to use. The cost of computer software is amortised over the estimated useful life i.e. 4 years.

Cost associated with maintaining computer software is charged to the profit and loss account.

4.2 Capital work-in-progress

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

4.3 Stores and spares

These are valued at average cost except for those in transit, which are valued at cost.

4.4 Stock in trade

These are valued at lower of average cost and net realizable values, the cost is determined as follows:

| | | |
|------------------|---|---------------|
| Raw material | - | Average cost |
| Packing material | - | Average cost |
| Work in process | - | Average cost |
| Waste | - | Selling price |
| Finished goods | - | Average cost |

Cost of finished goods comprise of prime cost and appropriate portion of production overheads.

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

4.5 Investment in associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses. If the associate subsequently reports profits, the investor or joint venturer resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4.6 Staff retirement benefits**Defined contribution plan**

Effective from 1 July 2010, the Company has, in place of gratuity scheme, established a recognised provident fund for its permanent management staff. Equal contributions are being made in respect thereof by the Company and the employee in accordance with terms of the fund.

**Defined benefit plan**

The Company up to 30 June 2010 was operating an unfunded gratuity scheme for its management employee. Provision was made accordingly in the financial statements to cover obligation under the scheme. The Company has fully provided for the liability under the gratuity scheme as of 30 June 2010. Effective from 01 July 2010, the Company has, in place of gratuity scheme, established a recognised provident fund for its permanent management staff. Equal contributions are being made in respect thereof by the Company and the employees in accordance with terms of the fund.

4.7 Taxation**Current**

Provision for current taxation is based on current rates of tax after taking into account available tax credits and rebates available, if any.

Deferred

Deferred tax is recognised on all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.8 Provision

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation 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 a reliable estimate can be made of the amount of obligation.

4.9 Financial instruments**4.9.1 Initial measurement of financial asset**

The Company classifies its financial assets into following three categories:

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

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

Subsequent measurement**Debt Investments at FVOCI**

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

Equity Investments at FVOCI

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

Financial assets at FVTPL

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

Financial assets measured at amortised cost

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

4.9.2 Non-derivative financial assets

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

4.9.2.1 Trade debts, advances and other receivables

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

4.9.2.2 Cash and cash equivalents

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

4.9.3 Financial liabilities

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

4.9.3.1 Mark-up bearing borrowings and borrowing costs

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

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

4.9.3.2 Trade and other payables

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

4.9.4 Derivative financial instruments - other than hedging

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



4.9.5 Derivative financial instruments - cash flow hedges

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

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

4.9.6 Offsetting of financial assets and financial liabilities

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

4.10 Impairment

4.10.1 Financial assets

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

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

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

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

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

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

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

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

4.10.2 Non-financial assets

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

4.11 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of transaction.

Assets and liabilities in foreign currencies, if any, are translated into rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts have been entered into in which case the rates contracted for are used.

4.12 Transactions with related parties

All dealings with associated companies are carried out at arm's length using the Comparable Uncontrolled Price method.

4.13 Revenue recognition

Sale of goods

Revenue from sale of goods is recognized upon passing of title to the customers, which generally coincides with physical delivery.

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2019 | 2018 | | 2019 | 2018 |
|------------------------------|-------------------|---|----------------------|--------------------|
| ---- (Number of shares) ---- | | | ----- (Rupees) ----- | |
| 34,060,000 | 34,060,000 | Ordinary shares of Rs. 10/- each issued as fully paid in cash | 340,600,000 | 340,600,000 |
| 225,000 | 225,000 | Ordinary shares of Rs. 10/- each issued for consideration other than cash | 2,250,000 | 2,250,000 |
| 11,779,609 | 11,779,609 | Ordinary shares of Rs. 10/- each issued as fully paid bonus shares | 117,796,090 | 117,796,090 |
| 46,064,609 | 46,064,609 | | 460,646,090 | 460,646,090 |

5.1 Dewan Motors (Private) Limited, an associated company held, 1,306,887 ordinary shares of Rs. 10/- each.

6 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

| | | |
|---|----------------------|---------------|
| Balance as at 1 July | 1,047,505,708 | 1,134,299,892 |
| Transferred to accumulated losses in respect of incremental depreciation for the year | (75,793,168) | (86,794,184) |
| | 971,712,540 | 1,047,505,708 |
| <i>Deferred tax liability</i> | | |
| Opening balance | 206,485,113 | 240,274,147 |
| Incremental depreciation | (21,980,019) | (26,038,255) |
| Effect of change in tax rates | (6,882,837) | (7,750,779) |
| | 177,622,257 | 206,485,113 |
| Balance as at 30 June | 794,090,283 | 841,020,595 |

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


7 LONG TERM FINANCING
Banks and financial institutions - Secured

Restructured long term financing

Restructured lease liability

Payments during the year

Sponsor - Unsecured

Sponsor loan

Unwinding of interest

Present value adjustment

Current and overdue portion - Shown under current liabilities

| | | 2019 | 2018 |
|--|-------|-----------------|-----------------|
| | Notes | (Rupees) | |
| | | ----- | ----- |
| | 7.1 | 2,925,634,170 | 2,925,634,170 |
| | 7.2 | 26,094,116 | 31,090,531 |
| | | (4,996,414) | (4,996,415) |
| | | 21,097,702 | 26,094,116 |
| | | 2,946,731,872 | 2,951,728,286 |
| | 7.3 | 269,114,373 | 269,114,373 |
| | | 44,302,418 | 30,262,475 |
| | | (196,751,561) | (157,286,149) |
| | | 116,665,230 | 142,090,699 |
| | | 3,063,397,102 | 3,093,818,985 |
| | | (2,930,630,586) | (2,930,630,585) |
| | | 132,766,516 | 163,188,400 |

- 7.1** Compromise agreement dated 23 December 2011 was executed between the Company and majority of its lenders, consequent to which consent decrees were granted by the Honourable High Court of Sindh, Karachi. Company's liabilities in respect of short term borrowings, long term loans, leases and overdue letters of credit were rescheduled in the form of a syndicated long term financing of Rs.3.930 billion repayable in nine and half years with progressive mark-up rates ranging from 2% to 13% over the period on outstanding principal. As per the agreement, mark-up outstanding as on 21 December 2011 is Rs.1.621 billion, which the Company would be liable to pay in the event of default of terms of agreement. Moreover, banks / financial institutions had also agreed to provide further working capital to the Company amounting to Rs.916.800 million. The Company has defaulted in payment of restructured liabilities as more fully explained in note 12.1 and 12.2 to the financial statement. The Company has approached the lenders for further restructuring of liabilities as more fully explained in note 2 which is expected to be finalised soon.

The loan is secured against first pari-passu hypothecation charge over stock, book debts, present and future property, plant and equipment of the Company and personal guarantees of directors.

- 7.2** Settlement agreement dated 21 January 2014 was executed between the Company and a leasing company, consequent to which consent decrees have been granted by the Honourable High Court of Sindh, Karachi. Company's liabilities in respect of overdue lease liability has been rescheduled thereby the liability of Rs. 42.215 million is now repayable in 10 years with progressive mark-up rates ranging from 2% to 10.04% over the period on outstanding principal. As per agreement, mark-up relating to prior periods amounting of Rs. 11.005 million will be waived subject to the payment of restructured liability as per terms of agreement.

- 7.3** This represents unsecured interest free loan payable to a sponsor against liabilities of a bank assumed by the sponsor. The loan is repayable in lump sum on 30 June 2026. The loan has been measured at amortised cost in accordance with International Financial Reporting Standard 9, Financial Instruments, and has been discounted using the effective interest rate of 12% per annum.

8 DEFERRED TAXATION
Credit balance arising due to:

- Accelerated tax depreciation

- Revaluation - Net of related depreciation

- Finance lease transactions

Debit balance arising due to:

- Staff gratuity

- Provision for doubtful debts

- Provision for obsolete stock

- Provision for slow-moving stores and spares

- Carried over losses

Deferred tax asset not recognised

| | |
|---------------|---------------|
| 100,036,354 | 112,330,811 |
| 177,622,257 | 206,485,112 |
| 6,586,421 | 6,774,931 |
| (14,734,357) | (15,242,438) |
| (127,776,145) | (98,060,312) |
| (14,625,061) | (108,027,079) |
| (5,211,471) | (2,883,377) |
| (742,924,399) | (803,074,967) |
| (621,026,401) | (701,697,319) |
| 798,648,658 | 908,182,431 |
| 177,622,257 | 206,485,112 |

DEWAN TEXTILE MILLS LIMITED

| | | 2019 | 2018 |
|--|--|--------------|--------------|
| | Notes | (Rupees) | |
| 8.1 Movement of deferred tax liabilities | | | |
| Balance as at beginning of the year | | 206,485,113 | 240,274,146 |
| Tax charge recognised in statement of profit or loss | | (21,980,019) | (26,038,255) |
| Tax charge recognised in other comprehensive income | | (6,882,837) | (7,750,779) |
| Balance as at end of the year | | 177,622,257 | 206,485,112 |
| 9 TRADE AND OTHER PAYABLES | | | |
| Creditors for goods and services | 9.1 | 117,804,543 | 119,310,117 |
| Accrued expenses | | 40,409,680 | 39,861,772 |
| Workers' Welfare Fund | | 15,536,001 | 15,536,001 |
| Workers' Profit Participation Fund | 9.2 | 4,808,116 | 4,301,850 |
| Sales tax payable | | 1,324,733 | -- |
| Provident fund payable | | 7,632 | 377,126 |
| | | 179,890,705 | 179,386,866 |
| 9.1 | This includes amount of Rs.97.484 million (2018: Rs.97.484 million) being amount payable to the banks in respect of outstanding letter of credits. | | |
| 9.2 Workers' Profit Participation Fund | | | |
| Balance as at 1 July | | 4,301,850 | 3,987,042 |
| Interest provided for the year | | 506,266 | 314,808 |
| Balance as at 30 June | | 4,808,116 | 4,301,850 |
| 10 SHORT TERM BORROWINGS | | | |
| <i>Banks and financial institutions - Secured</i> | | | |
| Short term running finances | 10.1 | 183,818,932 | 183,818,932 |
| Short term loans | 10.2 | 369,746,634 | 369,746,634 |
| | | 553,565,566 | 553,565,566 |
| <i>Sponsor - Unsecured</i> | | | |
| Sponsor loan | 10.4 | 32,445,000 | 32,445,000 |
| | | 586,010,566 | 586,010,566 |
| 10.1 | The facilities for running finance under mark-up arrangement obtained from various commercial banks against available limits of Rs. 215 million at mark-up rate ranging from 2% to 3% per annum over three months KIBOR payable quarterly in arrears. The facilities are secured by way of hypothecation of stock in trade, book debts and other current assets of the Company and personal guarantees of directors. These facilities have expired and not been renewed by the banks. | | |
| 10.2 | The facilities for short term loans under mark-up arrangement obtained from various commercial banks against available limits of Rs. 916.800 million at mark-up rate ranging from 0% to 3.25% per annum over one / three months KIBOR payable quarterly in arrears. The facilities are secured by way of hypothecation of stock in trade, book debts, property, plant and equipment and other current assets and effective pledge on raw material and finished goods of the Company and personal guarantees of directors. These facilities have expired and not been renewed by the banks. | | |
| 10.3 | Certain banks have filed recovery suits as more fully explained in note 12.1 and 12.2 to the financial statements. | | |
| 10.4 | This represents unsecured interest free loan for the purpose of working capital requirements and is payable on demand. The interest free and unsecured loan has been provided by sponsor considering financial crunch being faced by the company. | | |
| 11 LIABILITY FOR STAFF GRATUITY | | | |
| Balance as at 1 July | | 50,808,126 | 50,808,126 |
| Payments during the year | | -- | -- |
| Balance as at 30 June | | 50,808,126 | 50,808,126 |



12 CONTINGENCIES AND COMMITMENTS

Contingencies

12.1 In respect of liabilities towards banks / financial institutions disclosed in note 7 and 10 to the financial statements, during the year ended 2012, certain lenders have entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs.3,590.431 million and markup thereon of Rs.1,452.610 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits against the said executions in the Honorable High Court of Sindh, at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

12.2 Out of the lenders as disclosed in note 9.1 and note 10 to the financial statements, some lenders did not become signatory of the compromise agreement and continued to pursue their suits filed in Honourable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount in respect of these is Rs.419.065 million, out of total suits amount a bank having suit amount of Rs.193.266 million has also filed winding up petition u/s 305 of the repealed Companies Ordinance, 1984 (now 301 of the Companies Act, 2017). The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome.

12.3 The Government of Pakistan has promulgated the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC) accordingly, the Company was charged a sum of Rs.21.238 million in its gas bills, against which the Company filed suit in the Honourable Sindh High Court challenging its legality and applicability on the Company and the Honourable Sindh High Court has issued stay against the recovery of GIDC. The Honourable Sindh High Court decided the case in favour of the Company and directed to refund / adjust in bills the amounts already collected, against which the Sui Southern Gas Company Limited has filed appeal in Honourable Sindh High Court, which was also rejected. The Government enacted GIDC Act, 2015 which was also been challenged by the Company through writ petition before the Honorable Sindh High Court, which granted the stay against collection of GIDC arrears. Since this issue is being faced by industry at large and matter is also pending in Supreme Court of Pakistan, management is of the view that decision of the case will be in its favour and there is no need to maintain any provision against this liability.

12.4 As of reporting date no guarantees were outstanding.

13 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Capital work-in-progress - At cost (Civil work)

| Note | 2019 ----- (Rupees) ----- | 2018 ----- |
|-------------|------------------------------|---------------|
| 13.1 | 1,641,420,940 | 1,794,763,464 |
| | 10,305,389 | 10,305,389 |
| | 1,651,726,329 | 1,805,068,853 |

13.1 Operating fixed assets

The following is a statement of operating fixed assets:

| 2019 | | | | | | | | | |
|-------------------------------------|----------------------|----------------------------|-----------------------|----------------------|---------------|------------------------|-----------------------|-----------------------------|--------|
| PARTICULARS | COST / REVALUATION | | | DEPRECIATION | | | | Written down | Rate % |
| | As at 1 July 2018 | Additions / (Deletions) | As at 30 June 2019 | As at 1 July 2018 | (Adjustments) | Charge for the year | As at 30 June 2019 | value as at 30 June 2019 | |
| | (Rupees) | | | | | | | | |
| Tangible assets: | | | | | | | | | |
| Owned assets: | | | | | | | | | |
| Lease hold land | 360,000,000 | -- | 360,000,000 | -- | -- | -- | -- | 360,000,000 | -- |
| Factory building on lease hold land | 881,926,540 | -- | 881,926,540 | 462,473,348 | -- | 41,945,319 | 504,418,667 | 377,507,873 | 10 |
| Non - factory building | 84,556,644 | -- | 84,556,644 | 37,622,283 | -- | 4,693,436 | 42,315,719 | 42,240,925 | 10 |
| Labour quarters | 194,265,675 | -- | 194,265,675 | 141,996,028 | -- | 13,067,412 | 155,063,440 | 39,202,235 | 25 |
| Plant, machinery and equipment | 2,783,547,445 | -- | 2,783,547,445 | 1,930,709,037 | -- | 85,283,841 | 2,015,992,878 | 767,554,567 | 10 |
| Electric installation | 20,782,880 | -- | 20,782,880 | 17,584,443 | -- | 479,766 | 18,064,209 | 2,718,671 | 15 |
| Vehicles | 63,136,753 | (1,480,000) | 61,656,753 | 58,617,142 | (810,265) | 769,975 | 58,576,852 | 3,079,901 | 20 |
| Furniture and fixture | 10,160,706 | -- | 10,160,706 | 7,963,865 | -- | 219,684 | 8,183,549 | 1,977,157 | 10 |
| Office equipment | 14,910,678 | -- | 14,910,678 | 11,994,618 | -- | 437,409 | 12,432,027 | 2,478,651 | 15 |
| | 4,413,287,321 | (1,480,000) | 4,411,807,321 | 2,668,960,764 | (810,265) | 146,896,842 | 2,815,047,341 | 1,596,759,980 | |
| Leased assets: | | | | | | | | | |
| Plant and machinery | 128,705,731 | -- | 128,705,731 | 80,028,510 | -- | 4,867,722 | 84,896,232 | 43,809,499 | 10 |
| | 128,705,731 | -- | 128,705,731 | 80,028,510 | -- | 4,867,722 | 84,896,232 | 43,809,499 | |
| Intangible assets: | | | | | | | | | |
| Software | 3,632,900 | -- | 3,632,900 | 1,873,214 | -- | 908,225 | 2,781,439 | 851,461 | 25 |
| TOTAL | 4,545,625,952 | (1,480,000) | 4,544,145,952 | 2,750,862,488 | (810,265) | 152,672,789 | 2,902,725,012 | 1,641,420,940 | |

DEWAN TEXTILE MILLS LIMITED

| 2018 | | | | | | | | | |
|-------------------------------------|----------------------|----------------------------|-----------------------|----------------------|---------------|------------------------|-----------------------|---------------|-----------------------------|
| PARTICULARS | COST / REVALUATION | | | DEPRECIATION | | | Written down | Rate % | |
| | As at 1 July 2017 | Additions / (Deletions) | As at 30 June 2018 | As at 1 July 2017 | (Adjustments) | Charge for the year | As at 30 June 2018 | | value as at 30 June 2018 |
| | (Rupees) | | | | | | | | |
| Tangible assets: | | | | | | | | | |
| Owned assets: | | | | | | | | | |
| Lease hold land | 360,000,000 | -- | 360,000,000 | -- | -- | -- | -- | 360,000,000 | -- |
| Factory building on lease hold land | 881,926,540 | -- | 881,926,540 | 415,867,438 | -- | 46,605,910 | 462,473,348 | 419,453,192 | 10 |
| Non - factory building | 84,556,644 | -- | 84,556,644 | 32,407,354 | -- | 5,214,929 | 37,622,283 | 46,934,361 | 10 |
| Labour quarters | 194,265,675 | -- | 194,265,675 | 124,572,812 | -- | 17,423,216 | 141,996,028 | 52,269,647 | 25 |
| Plant, machinery and equipment | 2,783,547,445 | -- | 2,783,547,445 | 1,835,949,214 | -- | 94,759,823 | 1,930,709,037 | 852,838,408 | 10 |
| Electric installation | 20,782,880 | -- | 20,782,880 | 17,020,013 | -- | 564,430 | 17,584,443 | 3,198,437 | 15 |
| Vehicles | 64,774,753 | (1,638,000) | 63,136,753 | 58,896,048 | (1,454,647) | 1,175,741 | 58,617,142 | 4,519,611 | 20 |
| Furniture and fixture | 10,160,706 | -- | 10,160,706 | 7,719,771 | -- | 244,094 | 7,963,865 | 2,196,841 | 10 |
| Office equipment | 14,910,678 | -- | 14,910,678 | 11,480,019 | -- | 514,599 | 11,994,618 | 2,916,060 | 15 |
| | 4,414,925,321 | (1,638,000) | 4,413,287,321 | 2,503,912,669 | (1,454,647) | 166,502,742 | 2,668,960,764 | 1,744,326,557 | |
| Leased assets: | | | | | | | | | |
| Plant and machinery | 128,705,731 | -- | 128,705,731 | 74,619,930 | -- | 5,408,580 | 80,028,510 | 48,677,221 | 10 |
| | 128,705,731 | -- | 128,705,731 | 74,619,930 | -- | 5,408,580 | 80,028,510 | 48,677,221 | |
| Intangible assets: | | | | | | | | | |
| Software | 3,632,900 | -- | 3,632,900 | 964,989 | -- | 908,225 | 1,873,214 | 1,759,686 | 25 |
| TOTAL | 4,547,263,952 | (1,638,000) | 4,545,625,952 | 2,579,497,588 | (1,454,647) | 172,819,547 | 2,750,862,488 | 1,794,763,464 | |

| | Notes | 2019 (Rupees) | 2018 |
|---|-------|--------------------|--------------------|
| 13.2 The depreciation charge for the year has been allocated as follows: | | | |
| Cost of sales | 23 | 151,959,255 | 171,852,330 |
| Administrative and general expenses | 24 | 713,534 | 967,217 |
| | | 152,672,789 | 172,819,547 |

13.3 The details of operating fixed assets disposed during the year are as follows:

| Particulars | Cost | Accumulated depreciation | Book value | Sale proceeds / disposal | Gain during the year | Mode of disposal | Particulars of buyers |
|---------------------|------------------|--------------------------|------------------|--------------------------|----------------------|------------------|------------------------|
| (Rupees) | | | | | | | |
| <i>Vehicle</i> | | | | | | | |
| Toyota Corolla | 1,480,000 | 810,265 | 669,735 | 1,200,000 | 530,265 | Company policy | Mr. Imran Majeed Lutfi |
| 30 June 2019 | 1,480,000 | 810,265 | 669,735 | 1,200,000 | 530,265 | | |
| 30 June 2018 | 2,313,897 | 1,234,172 | 1,079,725 | 1,444,186 | 364,461 | | |

13.4 The Company commissioned independent valuation of leasehold land, factory building on leasehold land, non-factory building, labour quarters and plant, machinery and equipment during the years ended 30 June 2012. Subsequently, the Company has carried out revaluation of leasehold land, factory building on leasehold land, non-factory building, labour quarters and plant, machinery and equipment as of 21 December 2016 by M/s. K.G.Traders (Private) Limited (an independent valuer who is located in Karachi) on the basis of market value or depreciated replacement values as applicable. The revaluation resulted in increase in surplus amounting to Rs.461.551 million which was incorporated in the books of the Company as at 30 June 2017.

13.5 Immovable property (i.e. leasehold land and factory building, non-factory building and labour quarters thereon) is situated at S.I.T.E. Kotri, District Jamshoro. This comprises of two industrial plots of land bearing plot no. H-20 & H-26 with an accumulated area of 49.5 acres.

13.6 The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.1,635.089 million.

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

| | | |
|------------------------------------|--------------------|--------------------|
| Leasehold land | 778,000 | 778,000 |
| Factory building on leasehold land | 150,015,200 | 166,683,555 |
| Non-factory building | 30,235,167 | 33,594,630 |
| Labour quarters | 4,378,254 | 5,837,672 |
| Plant, machinery and equipment | 429,386,439 | 477,096,043 |
| | 614,793,060 | 683,989,900 |



| | | 2019 | 2018 |
|---|---|------------------|------------------|
| | Notes | (Rupees) | |
| 14 LONG TERM INVESTMENT | | | |
| Investment in associate | | | |
| Dewan Salman Fibre Limited | | -- | -- |
| 14.1 | Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship and its ownership interest of 28.47% in investee company. | | |
| 14.2 Investment in Dewan Salman Fibre Limited - At equity method | | | |
| Number of shares held | | 104,288,773 | 104,288,773 |
| Cost of investment (Rupees) | | 210,000,000 | 210,000,000 |
| Fair value of investment (Rupees) | | 91,774,120 | 91,774,120 |
| Ownership interest | | 28.47% | 28.47% |
| 14.3 Summarised financial information of associated company | | | |
| Total assets | | 9,125,084,000 | 10,023,571,000 |
| Total liabilities | | 20,956,690,000 | 20,188,204,000 |
| Net assets | | (11,831,606,000) | (10,164,633,000) |
| Company's share of net assets | | (3,368,458,228) | (2,893,871,015) |
| Revenue | | -- | -- |
| Loss for the year | | (1,709,795,000) | (1,182,607,000) |
| 14.4 | Investment in associated company was made in accordance with the requirement of then effective Companies Ordinance, 1984. As the Company's share of losses exceed its interest in the associate, the Company has discontinued recognising its share of further losses. Market value is based on last available quoted price as of 19 February 2018. | | |
| 15 LONG TERM DEPOSITS | | | |
| Security deposits | | 12,012,134 | 12,012,134 |
| 16 STORES AND SPARES | | | |
| Stores and spares | | 45,675,670 | 48,158,980 |
| Packing material | | 10,053,226 | 10,376,304 |
| | | 55,728,896 | 58,535,284 |
| Provision for slow-moving stores and spares | 16.1 | (17,970,589) | (9,611,255) |
| | | 37,758,307 | 48,924,029 |
| 16.1 Provision for slow-moving stores and spares | | | |
| Balance as at 1 July | | 9,611,255 | 830,962 |
| Provision made during the year | 26 | 8,359,334 | 8,780,293 |
| Balance as at 30 June | | 17,970,589 | 9,611,255 |
| 17 STOCK IN TRADE | | | |
| Raw material | | 183,124,978 | 942,518,281 |
| Work-in-process | | 2,211,117 | 2,211,117 |
| Finished goods | | 121,405,284 | 121,405,284 |
| | 17.1 | 306,741,379 | 1,066,134,682 |
| Provision for obsolete stock | 17.2 | (50,431,244) | (360,090,263) |
| | | 256,310,135 | 706,044,419 |
| 17.1 | Entire stock of raw material and finished goods is pledged with the banks against the financing facilities obtained by the Company. | | |
| 17.2 Provision for obsolete stock | | | |
| Balance as at 1 July | | 360,090,263 | 259,226,775 |
| Provision made during the year | 26 | 50,431,244 | 100,863,488 |
| | | 410,521,507 | 360,090,263 |
| Release of provision | | (360,090,263) | -- |
| Balance as at 30 June | | 50,431,244 | 360,090,263 |

DEWAN TEXTILE MILLS LIMITED

| | Notes | 2019 ----- (Rupees) ----- | 2018 ----- |
|--|-------|------------------------------|--------------------|
| 18 TRADE DEBTS - Unsecured | | | |
| Considered good | | 278,657,082 | 300,744,221 |
| Considered doubtful | | 440,607,397 | 326,867,707 |
| | | <u>719,264,479</u> | <u>627,611,928</u> |
| Provision for doubtful debts | 18.1 | (440,607,397) | (326,867,707) |
| | | <u>278,657,082</u> | <u>300,744,221</u> |
| 18.1 Provision for doubtful debts | | | |
| Balance as at 1 July | | 326,867,707 | 228,410,605 |
| Provision made during the year | 26 | 113,739,690 | 98,457,102 |
| Balance as at 30 June | | <u>440,607,397</u> | <u>326,867,707</u> |
| 19 ADVANCES - Considered good | | | |
| Employees - Interest free | | 1,850,711 | 1,846,883 |
| Suppliers | | -- | 149,513 |
| Others | | 509,648 | 509,648 |
| | | <u>2,360,359</u> | <u>2,506,044</u> |
| 20 SHORT TERM DEPOSITS AND OTHER RECEIVABLE | | | |
| Short term deposits and margin | | 1,749,732 | 1,749,732 |
| Sales tax receivable | | 15,181,001 | 15,181,001 |
| | | <u>16,930,733</u> | <u>16,930,733</u> |
| Provision against sales tax receivable | 26 | (12,810,617) | (12,810,617) |
| | | <u>4,120,116</u> | <u>4,120,116</u> |
| 21 CASH AND BANK BALANCES | | | |
| Cash in hand | | 176,053 | 52,519 |
| Cash at banks - Current accounts | | 7,023,402 | 8,421,754 |
| | | <u>7,199,455</u> | <u>8,474,273</u> |
| 22 SALES - Net | | | |
| Cotton sales - Raw material | | 133,797,126 | -- |
| Less: | | | |
| Sales tax | | (1,324,733) | -- |
| | | <u>132,472,393</u> | <u>--</u> |
| 23 COST OF SALES | | | |
| Raw material sold | 23.1 | 399,303,040 | -- |
| Salaries, wages and others benefits | | 16,479,661 | 17,614,811 |
| Rent, rates and taxes | | 461,568 | 1,015,450 |
| Repairs and maintenance | | 137,255 | 22,390 |
| Vehicle running and maintenance | | 115,130 | 77,630 |
| Insurance | | 1,239,852 | 1,736,154 |
| Fuel and power | | 38,100 | 1,135,250 |
| Depreciation | 13.2 | 151,959,255 | 171,852,330 |
| Total manufacturing cost | | <u>569,733,861</u> | <u>193,454,015</u> |
| Work in process - Opening | | 2,211,117 | 2,211,117 |
| Work in process - Closing | | (2,211,117) | (2,211,117) |
| | | <u>--</u> | <u>--</u> |
| Cost of goods manufactured | | <u>569,733,861</u> | <u>193,454,015</u> |
| Finished goods - Opening | | 121,405,284 | 121,405,284 |
| Finished goods - Closing | | (121,405,284) | (121,405,284) |
| | | <u>569,733,861</u> | <u>193,454,015</u> |



| | | 2019 | 2018 |
|--|-------|---------------|---------------|
| | Notes | (Rupees) | |
| 23.1 Raw material sold | | | |
| Opening stock - gross | | 942,518,281 | 942,518,281 |
| Release of provision | | (360,090,263) | -- |
| Opening stock - net | | 582,428,018 | 942,518,281 |
| Closing stock | | (183,124,978) | (942,518,281) |
| | | 399,303,040 | -- |
| 24 ADMINISTRATIVE AND GENERAL EXPENSES | | | |
| Salaries, allowances and others benefits | 24.1 | 1,276,950 | 3,024,260 |
| Fee and subscription | | 1,058,771 | 966,259 |
| Auditor's remuneration | 24.2 | 835,000 | 835,000 |
| Vehicle expenses | | 779,592 | 1,323,749 |
| Depreciation | 13.2 | 713,534 | 967,217 |
| Communication | | 463,205 | 800,614 |
| Printing and stationery | | 348,461 | 223,255 |
| Legal and professional | | 196,800 | 917,300 |
| Entertainment | | 45,628 | 43,242 |
| Traveling and conveyance | | 45,076 | 47,750 |
| Repairs and maintenance | | 500 | 800 |
| | | 5,763,517 | 9,149,446 |
| 24.1 Salaries, allowances and others benefit includes amount of Rs.0.043 million (2018: Rs.0.112 million) in respect of staff retirement benefits. | | | |
| 24.2 Auditor's remuneration | | | |
| Audit of annual financial statements | | 550,000 | 550,000 |
| Review of half-yearly financial statements | | 200,000 | 200,000 |
| Review report on code of corporate governance | | 50,000 | 50,000 |
| Out of pocket expenses | | 35,000 | 35,000 |
| | | 835,000 | 835,000 |
| 24.3 The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder. | | | |
| 25 FINANCE COST | | | |
| Mark-up on long term financing | | 279,614,819 | 177,111,038 |
| Mark-up on short term borrowings | | 23,184,063 | 15,202,356 |
| Interest on Workers' Profit Participation Fund | | 506,266 | 314,808 |
| Unwinding of discount | | 14,039,943 | 10,902,659 |
| Bank charges | | 1,591,119 | 1,629,519 |
| | | 318,936,210 | 205,160,380 |
| 25.1 In addition to the non-provisioning of mark-up eligible for waiver as disclosed in note 12.2, Company has not made the provision of mark-up for the year amounting to Rs.63.354 million (up to 30 June 2019: Rs.475.812 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the year would have been higher by Rs.475.812 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.475.812 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'. | | | |

DEWAN TEXTILE MILLS LIMITED

| | Notes | 2019 ----- (Rupees) ----- | 2018 ----- |
|---|-------|------------------------------|--------------------|
| 26 OTHER CHARGES | | | |
| Provision for obsolete stock | 17.2 | 50,431,244 | 100,863,488 |
| Provision for doubtful debts | 18.1 | 113,739,690 | 98,457,102 |
| Provision for slow-moving stores and spares | 16.1 | 8,359,334 | 8,780,293 |
| Provision against sales tax receivable | 20 | -- | 12,810,617 |
| | | <u>172,530,268</u> | <u>220,911,500</u> |
| 27 OTHER INCOME | | | |
| Gain on disposal of fixed assets | 13.3 | 530,265 | 651,647 |
| Present value adjustment | | 39,465,412 | -- |
| | | <u>39,995,677</u> | <u>651,647</u> |

28 TAXATION

28.1 Current

The Income tax assessment of the Company deemed to have been finalised up to and including tax year 2018.

28.2 Relationship between income tax expense and accounting profit

Numerical reconciliation between the average tax rate and the applicable tax rate has not been given as the Company is subject to the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001.

29 LOSS PER SHARE - Basic and diluted

There is no dilutive effect on loss per share of the Company which is based on:

| | | |
|------------------------------------|--------------------------------|----------------------|
| Loss after taxation | <u>(874,171,672)</u> | <u>(601,985,439)</u> |
| | ----- (Number of shares) ----- | |
| Weighted average number of shares | <u>46,064,609</u> | <u>46,064,609</u> |
| | ----- (Rupees) ----- | |
| Loss per share - Basic and diluted | <u>(18.98)</u> | <u>(13.07)</u> |

30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

30.1 Chief executive and directors of the Company did not charge any fee or other remuneration.

30.2 No employee of the Company falls under the definition of "executive" as per the Companies Act, 2017. Hence no disclosure is given in the financial statements.

31 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 30 to the financial statements. Material transactions and balances with related parties consisted of payment of contribution to Staff provident fund of the Company amounting to Rs.86,604 (2018: Rs.507,440).

32 NUMBER OF EMPLOYEES

| | | |
|---|-----------|-----------|
| Number of employees as at 30 June | <u>69</u> | <u>71</u> |
| Average number of employees during the year | <u>68</u> | <u>79</u> |

33 PLANT CAPACITY AND PRODUCTION

| | | |
|---|------------|------------|
| | 2019 | 2018 |
| Attainable capacity converted to 20 count (Kgs) | 19,510,682 | 19,510,682 |
| Number of spindles installed | 65,544 | 65,544 |



33.1 The operations of the Company have been suspended since December 2015 consequently there have been no production ever since.

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Financial risk management

Overview

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

34.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2019 and 30 June 2018 was as follows:

| | 2019 | | 2018 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Financial assets | Maximum exposure | Financial assets | Maximum exposure |
| | ----- (Rupees) ----- | | ----- (Rupees) ----- | |
| Trade debts | 278,657,082 | 278,657,082 | 300,744,221 | 300,744,221 |
| Deposits | 4,110,091 | 4,110,091 | 4,255,776 | 4,255,776 |
| Advances and other receivables | 2,360,359 | 2,360,359 | 2,506,044 | 2,506,044 |
| Bank balances (excluding cash in hand) | 7,023,402 | 7,023,402 | 8,421,754 | 8,421,754 |
| | 292,150,934 | 292,150,934 | 315,927,795 | 315,927,795 |

Trade debts

The Company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The Company believes that it is not exposed to any major concentration of credit risk as the sufficient provision against doubtful debts has already been made in these financial statement.

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts except as provided in the financial statements.

Cash and cash equivalents

The cash and cash equivalents are held with banks with short term ratings from A1 to A+ and long term ratings from A+ to AAA.

None of the financial assets of the Company are secured.

34.3 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. During the year, the Company faced liquidity problems due to adverse conditions of overall textile industry, hence it was unable to make scheduled repayments of restructured long term financing. The management has actively taken measure to rectify the default by approaching its lenders for further restructuring of the liabilities. The further restructuring is in advanced stage and expected to be finalised soon.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | Two to eight years |
|---|----------------------|------------------------|----------------------|----------------------|--------------------|
| 2019 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | (Rupees) | | |
| Long term financing - Secured | 3,063,397,102 | 3,943,080,180 | 3,651,845,707 | 3,301,684 | 287,932,789 |
| Trade and other payables | 179,890,705 | 179,890,705 | 179,890,705 | -- | -- |
| Liability for staff gratuity | 50,808,126 | 50,808,126 | 50,808,126 | -- | -- |
| Unclaimed dividend | 254,206 | 254,206 | 254,206 | -- | -- |
| Mark-up accrued | 1,030,753,421 | 1,030,753,421 | 1,030,753,421 | -- | -- |
| Short term borrowings | 586,010,566 | 644,210,585 | 644,210,585 | -- | -- |
| | <u>4,911,114,126</u> | <u>5,848,997,223</u> | <u>5,557,762,750</u> | <u>3,301,684</u> | <u>287,932,789</u> |
| 2018 | | | | | |
| <i>Non-derivative financial liabilities</i> | | | (Rupees) | | |
| Long term financing - Secured | 3,093,818,985 | 4,034,660,817 | 3,737,168,572 | 3,164,716 | 294,327,529 |
| Trade and other payables | 179,386,866 | 179,386,866 | 179,386,866 | -- | -- |
| Liability for staff gratuity | 50,808,126 | 50,808,126 | 50,808,126 | -- | -- |
| Unclaimed dividend | 254,206 | 254,206 | 254,206 | -- | -- |
| Mark-up accrued | 744,028,436 | 744,028,436 | 744,028,436 | -- | -- |
| Short term borrowings | 586,010,566 | 628,155,420 | 628,155,420 | -- | -- |
| | <u>4,654,307,185</u> | <u>5,637,293,871</u> | <u>5,339,801,626</u> | <u>3,164,716</u> | <u>294,327,529</u> |

34.4 Market risk

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

34.4.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The financial instruments of the Company are not exposed to currency risk as there were no financial instruments in foreign currencies.

34.4.2 Interest rate risk

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

| Variable rate instruments at carrying amounts: | 2019 | 2018 |
|--|----------------------|----------------------|
| | (Rupees) | |
| <i>Financial liabilities</i> | | |
| Long term financing | <u>2,946,731,872</u> | <u>2,951,728,286</u> |
| Short term borrowings | <u>553,565,566</u> | <u>553,565,566</u> |

**Fair value sensitivity analysis for fixed rate instruments:**

The Company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flows sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

| | 2019 | 2018 |
|---|------------|------------|
| | (Rupees) | |
| Effect on loss due to change of 100 bps | | |
| Increase / decrease | 35,002,974 | 35,052,939 |

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

34.5 Capital risk management

The Company's prime objective when managing capital is to safe guard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

34.6 Fair values of financial instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, However, there were no significant restatements or reclassifications.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 27, 2019 by the Board of Directors of the Company.

Ishtiaq Ahmed
CEO & Director

Shafqatullah
Chief Financial Officer

Imran Ahmed Javaid
Director

PATTERN OF SHAREHOLDING THE CODE OF CORPORATE GOVERNANCE AS ON 30TH JUNE 2019

*Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance
as at June 30, 2019*

| Srl # | Categories of Shareholders | Number of Shareholders | Number of Shares held | % of Shareholding |
|-------|--|------------------------|-----------------------|-------------------|
| 1. | Associated Companies | 1 | 1,306,887 | 2.84% |
| 2. | NIT and ICP | - | - | 0.00% |
| 3. | Directors, CEO, their Spouses & Minor Children | 7 | 4,000 | 0.01% |
| 4. | Executives | - | - | 0.00% |
| 5. | Public Sector Companies & Corporations | 3 | 1,438 | 0.00% |
| 6. | Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds | - | - | 0.00% |
| 7. | Individuals | 311 | 44,752,284 | 97.15% |
| | TOTAL | 322 | 46,064,609 | 100.00% |

| DETAILS OF CATAGORIES OF SHAREHOLDERS | | | | |
|---------------------------------------|-------|------------------------|-----------------------|-------------------|
| Srl # | Names | Number of Shareholders | Number of Shares held | % of Shareholding |

1. Associated Companies

| | | | | |
|-----|-----------------------------|---|-----------|-------|
| 1.1 | Dewan Motors (Pvt.) Limited | 1 | 1,306,887 | 2.84% |
|-----|-----------------------------|---|-----------|-------|

2. NIT and ICP

| | | |
|---|---|-------|
| - | - | 0.00% |
|---|---|-------|

3. Directors, CEO, their Spouses & Minor Children

Directors and CEO

| | | | | |
|-----|-----------------------------|----------|--------------|--------------|
| 3.1 | Mr. Aziz-Ul-Haq | 1 | 1,000 | 0.00% |
| 3.2 | Mr. Muhammad Baqar Jafferi | 1 | 500 | 0.00% |
| 3.3 | Mr. Gazanfar Babar Siddiqui | 1 | 500 | 0.00% |
| 3.4 | Mr. Ishtiaq Ahmed | 1 | 500 | 0.00% |
| 3.5 | Mr. Syed Maqbool Ali | 1 | 500 | 0.00% |
| 3.6 | Mr. Imran Ahmed Javed | 1 | 500 | 0.00% |
| 3.7 | Mr. Zafar Asim | 1 | 500 | 0.00% |
| | | 7 | 4,000 | 0.01% |

Spouses of Directors and CEO

| | | |
|---|---|-------|
| - | - | 0.00% |
| - | - | 0.00% |

Minor Children of Directors and CEO

| 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 Muhammad Yousuf Farooqui | 2 | 31,040,518 | 67.38% |
| 2 | Dewan Abdul Rehman Farooqui | 2 | 6,299,053 | 13.67% |

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.


YD
A YOUSUF DEWAN COMPANY
FORM 34
THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0003113**
2. Name of the Company **DEWAN TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 0 | 0 | 6 | 2 | 0 | 1 | 9 |
|---|---|---|---|---|---|---|---|

| 4. | Number of Shareholders | Shareholdings | | | Total Shares held |
|----|------------------------|---------------|---|-------------------|-------------------|
| | 138 | 1 | - | 100 Shares | 2,114 |
| | 53 | 101 | - | 500 Shares | 19,179 |
| | 25 | 501 | - | 1,000 Shares | 21,419 |
| | 64 | 1,001 | - | 5,000 Shares | 162,217 |
| | 8 | 5,001 | - | 10,000 Shares | 64,500 |
| | 5 | 10,001 | - | 15,000 Shares | 61,594 |
| | 4 | 15,001 | - | 25,000 Shares | 86,006 |
| | 3 | 25,001 | - | 35,000 Shares | 91,816 |
| | 1 | 35,001 | - | 45,000 Shares | 42,500 |
| | 2 | 45,001 | - | 50,000 Shares | 99,106 |
| | 2 | 50,001 | - | 70,000 Shares | 129,624 |
| | 1 | 70,001 | - | 80,000 Shares | 78,503 |
| | 1 | 80,001 | - | 250,000 Shares | 182,000 |
| | 2 | 250,001 | - | 300,000 Shares | 518,080 |
| | 1 | 300,001 | - | 400,000 Shares | 333,965 |
| | 1 | 400,001 | - | 450,000 Shares | 401,293 |
| | 1 | 450,001 | - | 500,000 Shares | 500,000 |
| | 2 | 500,001 | - | 900,000 Shares | 1,679,714 |
| | 2 | 900,001 | - | 1,000,000 Shares | 1,883,521 |
| | 2 | 1,000,001 | - | 1,500,000 Shares | 2,367,887 |
| | 1 | 1,500,001 | - | 2,000,000 Shares | 1,669,053 |
| | 1 | 2,000,001 | - | 4,500,000 Shares | 4,321,092 |
| | 1 | 4,500,001 | - | 5,000,000 Shares | 4,630,000 |
| | 1 | 5,000,001 | - | 27,000,000 Shares | 26,719,426 |
| | 322 | TOTAL | | | 46,064,609 |

| 5. | Categories of Shareholders | Shares held | Percentage |
|-----|---|-------------|------------|
| 5.1 | Directors, Chief Executive Officer, their spouses and minor children | 4,000 | 0.01% |
| 5.2 | Associated Companies, undertakings and related parties | 1,306,887 | 2.84% |
| 5.3 | NIT and ICP | - | 0.00% |
| 5.4 | Banks, Development Financial Institutions, Non-Banking Finance Companies | - | 0.00% |
| 5.5 | Insurance Companies | - | 0.00% |
| 5.6 | Modarabas and Mutual Funds | - | 0.00% |
| 5.7 | Shareholders holding 5% | 37,339,571 | 81.06% |
| 5.8 | <u>General Public</u> | | 0.00% |
| | a. Local | 44,752,284 | 97.15% |
| | b. Foreign | - | 0.00% |
| 5.9 | Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees) | 1,438 | 0.00% |

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

| | |
|---------------------------|-------------------------------------|
| نام: | میٹنگ میں شرکت کنندہ کی تعداد/اہلیت |
| جناب عزیز الحق - چیئر مین | 1 |
| سید مقبول علی | 1 |
| جناب اشتیاق احمد | 1 |

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (18.98) روپے (2018: مبلغ (13.07) روپے فی شیئر خسارہ پایا گیا۔

آڈیٹرز کی تقرری:

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

شیئر ہولڈنگ کا پیٹرن:

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

بعد کے واقعات:

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

اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

بعد کے واقعات:

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

اظہار تشکر اور دعائیہ کلمات:

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

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



عمران احمد جاوید

ڈائریکٹر

کراچی:

تاریخ: 27 ستمبر 2019

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



اشتیاق احمد

چیف ایگزیکٹو اور ڈائریکٹر

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

| تعداد | ساخت |
|-------|------------------------------|
| 1 | الف) آزاد ڈائریکٹر |
| 5 | ب) دیگر غیر انتظامی ڈائریکٹر |
| 1 | ج) انتظامی ڈائریکٹر |

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

| |
|---|
| 6 |
| 5 |
| 6 |
| 3 |
| 6 |
| 6 |
| 6 |
| 3 |

نام:

جناب عزیز الحق
جناب اشتیاق احمد
جناب غففر بابر صدیقی
سید محمد انوار
جناب محمد باقر جعفری
جناب عمران احمد جاوید
جناب ظفر عاصم
سید مقبول علی

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 ڈائریکٹر 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/اہلیت

| |
|-----|
| 4/4 |
| 2/2 |
| 2/2 |
| 1/2 |
| 2/2 |

نام:

جناب عزیز الحق - چیئرمین
سید مقبول علی
جناب عمران احمد جاوید
جناب محمد باقر جعفری
جناب غففر بابر صدیقی

ہیومن ریسورس اور اجرتی کمیٹی:

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

مسائل سے محفوظ رہا جائے۔ ملازمین کیلئے محفوظ، صحت مندانہ اور پرسکون اموری 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 وقفاً فوقاً مراعاتی اسکیمیں فراہم کرتے ہیں۔

کارپوریٹ اور مالی رپورٹنگ:

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

- ۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور حصص میں ردوبدل کی شفاف عکاسی کرتے ہیں۔
- ۲۔ کمپنی کے کھاتے مناسب طریقہ سے مرتب کئے جاتے ہیں۔
- ۳۔ اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں یقینی بنایا گیا ہے، جن پالیسیوں میں تبدیلی کی گئی ہے ان کے مالی اثرات مناسب طریقے سے بتایا گیا ہے، تخمینوں کے اندازے لگانے میں ماہرانہ احتیاط برتی جاتی ہے۔
- ۴۔ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، باقاعدہ طور پر اس کا لحاظ رکھا جاتا ہے اور اگر ان سے کوئی انحراف ہو تو اسے موثر طریقے سے بیان کیا گیا ہے۔
- ۵۔ اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ۶۔ کارپوریٹ گورننس پر عملدرآمد کے حوالے سے کوئی بھی انحراف نہیں کیا گیا سوائے ان کے جن کا ذکر آڈیٹرز کی جائزہ رپورٹ میں ہے۔
- ۷۔ کمپنی نے اپنے بورڈ کے غیر ایگزیکٹو ممبران میں سے ایک آڈٹ کمیٹی تشکیل دی ہے۔
- ۸۔ بورڈ نے اپنے ممبران اور کمپنی کے ملازمین میں سے اسٹینڈنٹ 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 سوائے وہ جس کا انکشاف مالیاتی حسابات کے نوٹ نمبر 3 میں کیا گیا ہے۔
- ۱۰۔ منیکسز، ڈیوٹیز اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- ۱۱۔ کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کی تفصیلات

(۲) متعلقین اور منسلک کمپنیز کے شیئرز کی تفصیلات

بورڈ:

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

30 جون 2019ء کو بورڈ آف ڈائریکٹرز کی تفصیلات مندرجہ ذیل ہیں:

| ڈائریکٹرز | تعداد |
|-----------|---|
| الف) مرد | 7 |
| ب) خواتین | کوئی نہیں (خواتین کو بورڈ کی تشکیل نو پر بورڈ میں شامل کیا جائے گا) |

**YD**

A YOUSUF DEWAN COMPANY

مالیاتی حسابات چلتی ہوئی کمپنی کے جاری کردہ امور کے تحت مرتب کئے گئے ہیں کیونکہ کمپنی نے اپنے قرضہ جات کے حوالے سے دوبارہ ترتیب کیلئے رابطہ قائم کیا ہے جو کہ زیر غور ہے۔ انتظامیہ کو امید ہے کہ یہ نظر ثانی حتمی ہوگی اسی لیے بینک کے قرضہ جات کی درجہ بندی طویل مدتی بنیاد پر کی گئی ہے جس کی مکمل وضاحت مالیاتی حسابات کے نوٹ 9.1 اور نوٹ 2 میں کی گئی ہے۔ اس کے علاوہ تنظیم نو کی تاریخ تک مبلغ 1.452 ملین روپے کا مارک اپ ہے جو کہ معاہدہ کی شرائط میں کوتاہی کی صورت میں واجب الادا ہوگا۔ چونکہ انتظامیہ کو یقین ہے قرضوں کی تنظیم نو کے بعد کہ یہ رقم واجب الادا نہیں ہوگی۔ اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

کچھ بینکوں نے جن کے مقدمات کی رقم مبلغ 419.065 ملین روپے ہے، اپنے قرضہ جات کی وصولی کے مقدمات داخل کئے ہیں لیکن اب تک ری اسٹرکچرنگ کو قبول نہیں کیا ہے جبکہ ایک بینک جس کے مقدمے میں دائر کردہ رقم مبلغ Rs.193.266 ملین روپے ہے، نے اختتام کی درخواستیں زیر دفعہ 305 کمپنیز آرڈیننس 1984ء کے تحت بھی دائر کی ہے۔ کمپنی نے حکیم کو متنازع قرار دیا ہے اور کسمر کی بھرپور پیروی کر رہی ہے۔ انتظامیہ پر امید ہے کہ ان کا فیصلہ کمپنی کے حق میں ہوگا اور یہ قرض خواہ بھی قرضوں کی تنظیم نو کر دیں گے اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

کمپنی نے اس سال کے لئے مارک اپ مبلغ 63.354 ملین روپے (30 جون 2018ء تک 412.458 ملین روپے) کو ریکارڈ نہیں کیا ہے جو کہ اینٹیکوں سے قرضہ سے متعلق ہے جنہوں نے اب تک ری اسٹرکچرنگ کو قبول نہیں کیا ہے۔ کمپنی کی انتظامیہ پر امید ہے کہ یہ بینکس بھی مستقبل قریب میں اس دوبارہ ترتیب کو قبول کر لیں گے۔ لہذا ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا ہے۔

آڈیٹرز نے تجارتی وصولیات سے متعلق اضافی پروویژن کیلئے سفارش بھی کی ہے جبکہ کمپنی کی انتظامیہ مکمل طور پر پر امید ہے کہ یہ وصولیاں کمپنی کے فعال ہونے پر وصول ہو جائیں گی۔

مستقبل پر ایک نظر:

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

ہم البتہ امید کرتے ہیں کہ حکومت ضروری ایسے اقدامات متعارف کروائے گی جس سے ٹیکسٹائل کی صنعت کے حالات میں بہتری آئے، جن میں GIDC کے مسئلے کا حل، بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی رسد کو موثر بنانا شامل ہیں۔

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

کارپوریٹ معاشرتی ذمہ داریاں:

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

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

ڈائریکٹر رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2019ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات بمع آڈیٹر رپورٹ پیش کر رہے ہیں۔

جائزہ:

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

مالیاتی نتائج اور کارکردگی: (پیداوار معطل)

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

(روپے)

| | |
|---------------|-------------------|
| 132,472,393 | فروخت (صافی) |
| (569,733,861) | فروخت کی لاگت |
| (437,261,468) | خام خسارہ |
| (5,763,517) | آپریٹنگ اخراجات |
| (443,024,985) | آپریٹنگ خسارہ |
| (318,936,210) | مالیاتی لاگت |
| (172,530,268) | دیگر اخراجات |
| 39,995,677 | دیگر آمدنی |
| (894,495,786) | قبل از ٹیکس خسارہ |
| 20,324,114 | محصولات |
| (874,171,672) | بعد از ٹیکس خسارہ |

اس سال بھی کمپنی کی صافی پیداواری فروخت پیداوار معطل ہونے کی وجہ سے صفر رہی۔ مالیاتی حسابات میں نظر آنے والی فروخت دراصل خام مال کی فروخت ہے۔ کمپنی نے وقتی طور پر دسمبر 2015ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات، مارکیٹ میں طلب کی کمی اور کام چلانے کے لیے سرمایہ میں کمی کی وجہ سے ہے۔

سال 2012 میں کمپنی نے اپنے قرض خواہوں کے ساتھ مصالحتی معاہدہ کے ذریعہ تصفیہ کر لیا تھا جس کے تحت محترم ہائی کورٹ آف سندھ کراچی نے ڈکری پاس کی تھی، کمپنی کے مختصر مدتی اور طویل مدتی قرضوں کو طویل مدتی قرضہ جات کی شکل میں دوبارہ مرتب کیا گیا، جبکہ کچھ قرض خواہوں جن کے مقدمات کی رقم مبلغ 419.065 ملین روپے تھی، انہوں نے اس وقت اس کی ری اسٹرکچرنگ کو قبول نہیں کیا تھا۔ قرضہ جات کی اقساط کی واپسی میں کوتاہی کی وجہ سے قرض خواہوں نے ڈکری پر عمل درآمد کے لئے کورٹ سے رابطہ کیا ہے۔ کمپنی نے ہائی کورٹ میں مقدمہ دائر کیا ہے جس میں اس بات پر زور دیا گیا ہے کہ ڈکری پر عمل درآمد کی درخواست نا انصافی پر مبنی اور قانون کے خلاف ہے۔ انتظامیہ پر امید ہے کہ فیصلہ اس کے حق میں ہوگا۔

کمپنی کے آڈیٹرز نے اپنی جاری کردہ رپورٹ میں تحفظات کا اظہار کیا ہے جن میں کمپنی کی مستقبل میں چلنے کی اہلیت، مارک اپ کو ریکارڈ نہ کرنا، قرضہ جات کی اقساط میں واپسی کی کوتاہی اور تجارتی وصولیات پر تحفظات شامل ہیں۔

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

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

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

(6) شیئرز ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

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

(7) مالی گوشواروں وغیرہ کی الیکٹرونکلی منتقلی

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

دیوان ٹیکسٹائل ملز لمیٹڈ سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ دیوان ٹیکسٹائل ملز لمیٹڈ (ڈی ٹی ایم ایل یا کمپنی) کا چھپا سواں (50) سالانہ اجلاس عام جمعرات 24 اکتوبر 2019 کو صبح 09:30 بجے دیوان سینٹ لمیٹڈ فیکٹری سائٹ واقع دیہہ ڈھنڈو-دھابجی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

عمومی امور

- (1) کمپنی کے غیر معمولی اجلاس منعقدہ پیر 28 جنوری 2019ء کی کارروائی کو توثیق۔
- (2) 30 جون 2019ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں معہ آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہیرہ کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ



محمد حنیف جومان
کمپنی سیکریٹری

کراچی

27 ستمبر 2019ء

نوٹ:

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

الف) برائے اجلاس میں شرکت

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

ب) پروکسی کی تقرری

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








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



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DEWAN TEXTILE MILLS LIMITED
50th ANNUAL GENERAL MEETING
FORM OF PROXY

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 (s) of

DEWAN TEXTILE MILLS LIMITED and holder of _____

Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. _____

hereby appoint _____

of _____

or failing him _____

of _____

who is also member of DEWAN TEXTILE MILLS LIMITED vide Registered Folio

No./CDC Participant's ID and Account No. _____ as my/our proxy to vote for me/us and

on my/our behalf at the 50th Annual General Meeting of the Company to be held on **Thursday, October 24, 2019, at 9:30 a.m.** And any adjournment thereof.

Signed this _____ day of _____ 2019.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____

پراکسی فارم ۵۰ واں سالانہ اجلاس عام

اہم اعلان

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

میں / ہم _____ کا (مکمل پتہ)

_____ بحیثیت ممبر

دیوان ٹیکسٹائل ملز لمیٹڈ کے _____ حصص کے مالک، رجسٹرڈ فوئیو نمبر /

سی ڈی سی آئی ڈی اور کھاتہ نمبر _____ میں

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

_____ جو بذات خود بھی

_____ دیوان ٹیکسٹائل ملز لمیٹڈ

_____ سی ڈی سی آئی ڈی اور کھاتہ نمبر

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۵۰ واں سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۴ اکتوبر ۲۰۱۹ کو صبح ۹:۳۰ بجے، ہے میری / ہماری جانب سے ووٹ دے۔

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

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____

نام: _____

مکمل پتہ: _____

گواہ: _____

نام: _____

مکمل پتہ: _____