



**YD**

A YOUSUF DEWAN COMPANY

## *Vision Statement*

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

## *Mission Statement*

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

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

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

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

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

## CONTENTS

Company Information .....	4
Notice of Annual General Meeting .....	5
Chairman's Review.....	7
Directors' Report .....	8
Financial Highlights .....	13
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019.....	14
Independent Auditors' Review Report to the Member on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 .....	16
Independent Auditors' Report .....	17
Statement of Financial Position .....	21
Statement of Profit or Loss .....	22
Statement of Comprehensive Income .....	23
Statement of Cash Flows.....	24
Statement of Changes in Equity.....	25
Notes to the Financial Statements .....	26
Pattern of Share Holding .....	48
ڈائریکٹرز رپورٹ .....	54
سالانہ اجلاس عام .....	56
Jama Punji .....	
Form of Proxy .....	



## COMPANY INFORMATION

### BOARD OF DIRECTORS

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

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twentieth Annual General Meeting of **Dewan Farooque Spinning Mills Limited** (“*DFSML*” or “*the Company*”) will be held on **Thursday, October 26, 2023, at 2:00 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhand, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

### ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Thursday, January 26, 2023;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2023, 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, 2024, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

*By order of the Board*



**Muhammad Hanif German**  
*Director & Company Secretary*

Karachi: September 28, 2023

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 19, 2023 to October 26, 2023 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
  - a) **For Attending Meeting:**
    - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
    - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
  - b) **For Appointing Proxies:**
    - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
    - ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.



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

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

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

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

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

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

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

## CHAIRMAN'S REVIEW

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

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

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

During financial year ended June 30, 2023, 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.



**Mehmood-ul-Hassan Asghar**  
Chairman Board of Directors

**Date:** September 26, 2023

**Place:** Karachi



## DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND THE 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, 2023 together with the Auditors' Report thereon.

### Economic Overview

Financial year (FY) 2023 has presented severe economic challenges for Pakistan reflecting long standing structural weaknesses and political uncertainty. The geopolitical situation, difficult financial environment, and high inflationary pressures have all had a substantial impact on the prospects for global growth. All these factors posed significant economic risks for Pakistan's economy as well. Devastating floods and political unrest further aggravated the situation. Thus, FY2023 has been a challenging year for Pakistan's economy by facing tremendous challenges of macroeconomic imbalances, flood damages, supply shocks, and international economic slowdown which has dampened the economic growth to just 0.29 % in FY2023 (6.1% in FY22) with 1.55 % growth in agriculture (4.4% in FY22), -2.94 % in industrial sector (7.2% in FY22). The primary economic sector LSM, which represents domestic industrial production, remained on the negative side, at -8.11% decline in FY2023 against the growth of 10.61 % in the corresponding year. The policy rate has historically gone up from 13.75% to 22.0% with an approximate increase of more than 8%. Import compression policy had a detrimental effect on the Country's exports which witnessed a decline of 12.7%. Similarly, the remittances also plunged by 13.74% to USD 27 billion as compared to last year. During the year, Pakistan has posted its highest ever inflation of 37.97% from a year earlier and is expected to remain high in the near term along with destructive Pak Rupee devaluation by approximately 40% against the US Dollar.

Due to the proliferation of risks, including the global economic slowdown, flood damages, coupled with the SBP's restrictive policies such as high-interest rates, import restrictions, rapid monetary policy tightening, the closure of LCs to correct the balance of payments and control inflation and financial market volatility has created headwinds for businesses, consumer confidence, and investment.

### Industrial Overview

Textile, being a major sector of Pakistan's economy contributes around 60% to the country's exports and provides employment to 40% of the country's total labor force. Textile sector has recorded negative growth by 16.03% and its exports experienced a significant decline of 14.6% during the FY 2023. The spinning industry at the start of cotton year was very optimistic that the price for cotton would be reduced due to anticipated growth in cotton crop and carry-over of last year's surplus stocks but in contrary to this, during FY 2023, flash floods 2022 hit hard agriculture sector's performance by severely damaging the cotton & other crops. A decline of 41% was observed in cotton which resulted in the production of 4.910 million bales as compared to 8.329 million bales of last year. Resultantly cotton market had taken an upturn and prices had elevated. Moreover, higher international cotton prices and overall challenging supply chain, fraught with shortage of gas, unprecedented inflation, increased political instability and overburdening of taxes and levies have resulted in the non-competitiveness of the textile industry in the international market.

### Operating results and performance:

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

	"Rupees"
REVENUE	488,343,690
COST OF REVENUE	(716,320,054)
<b>GROSS LOSS</b>	<b>(227,976,364)</b>
OPERATING EXPENSES	(9,474,916)
<b>OPERATING LOSS</b>	<b>(237,451,280)</b>
FINANCE COST	(71,024,481)
<b>LOSS BEFORE TAXATION</b>	<b>(308,475,761)</b>
TAXATION	21,874,869
<b>LOSS AFTER TAXATION</b>	<b>(286,600,892)</b>



During the year ended 30th June 2023, Company's net revenue has decreased to Rs.488.344 million as compared to Rs. 694.230 million of last year. Company has suffered gross loss of Rs. 227.976 million, whereas operating expenses of the company at Rs. 9.475 million as compared to Rs. 53.213 million of corresponding year. Finance Cost has increased significantly to Rs.71.024 million as compared to Rs. 46.584 million of comparable period because of massive insurgence in policy rate. Due to working capital constraints, the company continued the production of yarn on contract basis to keep the company operational. During the year under review, production volume was decreased as compared to last year due to temporary shutdown of plant in last quarter of FY 2023 mainly on account of plant repairs & maintenance and shortage of raw material. Your company is up and running after resuming its production on the arrival of new cotton season in the country.

In financial year ended 2012, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain lenders having suits of Rs.37.405 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 executions of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

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

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

These financial statements have been prepared using going concern assumption as the conditions referred in note 2 are temporary and would reverse in foreseeable future. Further, sponsors also provide the support as and when required to meet the working capital requirements of the company and accordingly, the preparation of these financial statements using going concern assumption is justified.

#### **Future Outlook**

The economic outlook, both local and global, is inherently uncertain. The economic distress on account of policy tightening, flood impacts, import curtailment, coupled with political uncertainty has hampered the wheel of the Pakistan economy. The country's economic stability would largely depend on political firmness, proactive & prudent monetary policy and access to external financing. Therefore, we foresee that the spinning industry will go through a tough period not only because of lesser demand but also due to increase in commodity prices, power cost, rupee devaluation, minimum wage increases, mark up rates and increased taxes, etc. threatening to result in the decreased profitability of the industry. However, a significant development for the Country's Textile Industry is the early cotton arrivals this year with better quality. If the weather conditions in the Country remain favorable and target production of 12.7 million cotton bales (PCGA) is achieved, it will not only help to stabilize the cotton prices and support local textile industry to flourish but will also help the Country to earn significant foreign exchange.

For the globally competitiveness in the wake of prevalent economic crunch, we expect the government will focus on structural reforms, addressing the fundamental flaws those lead to recurring economic crises. To boost exports and foreign exchange, and to enable the exporters to compete internationally, the government should prioritize export-oriented sectors, including the textile industry. This involves facilitating the import of raw materials, parts, and accessories, decrease in current interest rate presently too exorbitant for any business to sustain and also ensuring the availability of utilities at rationalized power tariff. Further, Taxation structure is expected to create ease of doing business and with a focus on expanding the tax-base rather than over burdening existing payers. The next year is a challenging year for not only the company but also for the economy of Pakistan.



### **Corporate Social Responsibilities**

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and workers who are the core of our business. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

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

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

### **Human Resource**

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

#### **Corporate and Financial Reporting**

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

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

## DEWAN FAROOQUE SPINNING MILLS LIMITED

### 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, 2023, consisted of the following:

Directors		Numbers
a)	Male	6
b)	Female	1
Composition		Numbers
a)	Independent Director	1
b)	Other Non-executive Directors	5
c)	Executive Director	1

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

Names	No. of Meetings attended
Dewan Abdul Baqi Farooqui	0
Mr. Aziz-ul-Haque	6
Mr. Ghazanfar Baber Siddiqi	6
Mr. Abdul Basit	6
Mr. Imran Ahmed Javed	1
Syed Maqbool Ali	6
Mr. Mehmood-ul-Hassan Asghar	5
Mr. Muhammad Hanif German	3
Mrs. Nida Jamil	6

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

### Audit Committee

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

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

Names	No. of Meetings attended
Mr. Aziz-Ul Haque Chairman	4
Abdul Basit	4
Mr. Ghazanfar Baber Siddiqi	4

**Human Resource and Remuneration Committee**

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

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

Names	No. of Meetings attended
Mr. Aziz-Ul Haque Chairman	1
Syed Maqbool Ali	1
Mr. Mehmood-ul-Hassan Asghar	1

**Earnings per Share**

(Loss) per share during the period under review worked out to Rs (2.93) [2022: Rs. (1.97)]

**Appointment of Auditors**

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

**Pattern of Shareholding**

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

**Key operating and financial data**

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

**Subsequent Events**

Subject to expressly stated elsewhere, there are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

**Vote of Thanks & Conclusion**

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

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

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

*By and under Authority of the Board of Directors*

**Syed Maqbool Ali**  
Chief Executive Officer & Director

**Mehmood-ul-Hassan Asghar**  
Chairman Board of Directors

**Date:** September 26, 2023

**Place:** Karachi

**FINANCIAL HIGHLIGHTS**

	2018	2019	2020	2021	2022	2023
	(Rupees in Thousands)					
	(Restated)					
Sales (Net)	769,189	482,918	431,984	602,428	694,230	488,343
Gross (Loss)/ Profit	(247,083)	(110,117)	(99,211)	(24,786)	(117,103)	(227,976)
(Loss) / Profit Before Tax	(391,807)	(225,131)	(210,263)	(119,029)	(216,900)	(308,476)
(Loss) / Profit After Tax	(377,120)	(210,213)	(197,869)	(112,601)	(192,991)	(286,601)
Current Assets	432,652	297,930	267,439	252,910	202,744	132,023
Shareholder's Equity	1,139,735	936,849	739,922	2,001,994	1,808,851	1,808,851
Current Liabilities	1,000,203	978,877	1,259,456	1,274,972	1,305,462	1,400,423
(Loss)/ Earning per Share	(3.86)	(2.15)	(2.02)	(1.15)	(1.97)	(2.93)
Breakup value per share (Rs.)	11.66	9.58	7.57	20.48	18.50	18.50
current ratio (Times)	0.43	0.30	0.21	0.20	0.16	0.09
Gross (Loss) / Profit %	-32.12%	-22.80%	-22.97%	-4.11%	-16.87%	-46.68%
Net (Loss) / profit%	(0.49)	(0.44)	(0.46)	(0.19)	(0.28)	(0.59)
Debt equity ratio (Times)	0.81	0.93	1.18	0.44	0.48	0.57



## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

### For the Year Ended June 30, 2023

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 : 6
  - b) Female : 1
2. The composition of board is as follows:
  - a) Independent Director : Mr. Aziz-ul-Haque
  - b) Other Non-executive Directors : Mr. Ghazanfar Baber Siddiqi  
Mrs. Nida Jamil  
Mr. Abdul Basit  
Mr. Mehmood-Ul-Hassan Asghar  
Mr. Muhammad Hanif German
  - c) Executive Director : Syed Maqbool Ali
3. Six Directors have confirmed that they are not serving as Director in more than seven listed Companies including this Company, however, one Director is serving as Director in more than seven listed Yousuf Dewan Companies.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Two Directors are qualified under the Directors training program. During the year the board did not arrange training program for its directors. However, we will arrange the same in the next coming session.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

## DEWAN FAROOQUE SPINNING MILLS LIMITED

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

- |                                  |   |                              |
|----------------------------------|---|------------------------------|
| a) Audit Committee               | : Mr. Aziz-ul-Haque<br>Mr. Abdul Basit<br>Mr. Ghazanfar Baber Siddiqi   | Chairman<br>Member<br>Member |
| b) HR and Remuneration Committee | : Mr. Aziz-ul-Haque<br>Mr. Mehmood-ul-Hassan Asghar<br>Syed Maqbool Ali | Chairman<br>Member<br>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 meetings during the financial year ended June 30, 2023            |
| b) HR and Remuneration Committee | : 1 annual meeting held during the financial year ended June 30, 2023 |

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 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S.No.	Non-Mandatory Requirement	Reg No.	Explanation
1	<p>Directors' Training.-</p> <p><b>It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.</b></p>	19	<p>Currently, two Directors are qualified under the directors training program. The Company is encouraging and planning to arrange DTP certification for the remaining Directors.</p>



**Syed Maqbool Ali**

Chief Executive Officer & Director

Date : September 26, 2023

Place : Karachi



**Mehmood-ul-Hassan Asghar**

Chairman Board of Directors



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

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

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### **INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF DEWAN FAROOQUE SPINNING MILLS LIMITED**

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dewan Farooque Spinning Mills Limited (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

- a) The Company is required to have at least two or one third members of the Board, whichever is higher, as independent directors on its board. However, the Company has only one independent director.
- b) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- c) The chairman of Audit committee and Human Resource and Remuneration Committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Furthermore, we highlight that one of the Director of the company is serving as directors in more than seven listed Companies, and Two of the directors are qualified under the Directors' Training Program as reflect in note 3 and 9 to the statement of Compliance.

Dated: October 4, 2023  
UDIN: CR2023101618UHJa5KhM  
Place: Karachi

CHARTERED ACCOUNTANTS



**FEROZE SHARIF TARIQ & CO.**

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

Report on the Audit of the Financial Statements

### Qualified Opinion

We have audited the annexed financial statements of Dewan Farooque Spinning Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Qualified opinion Paragraph of our report and its effects, the statement of financial position, the statement of profit or loss, Statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Qualified Opinion

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

- a) The company defaulted in repayment of installments of restructured liabilities of Financial institutions, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs.398.067 (2022: Rs.398.067) million (note 8.1 to the financial Statements) along with markup of Rs.210.713 (2022:Rs.210.713) million (eligible for waiver outstanding as of date of restructuring) become immediately payable, therefore provision for markup should be made in these financial statements. The Company has defaulted in restructured liabilities as per compromise agreement, the lenders filed suits for execution of consent decrees therefore, and the Balance Confirmations from Financial Institutions have not been received. Further, the short term finance facilities have expired and not been renewed by banks amounting to Rs. 267.10 (2022:Rs. 267.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 37.405 (2022: Rs. 37.405) million the company has also not provided markup on the same amount and the execution has been filed by the lenders of the Company as disclosed in note 15.1 and 15.2 to the financial Statements.
- b) Had the provisions for the mark up, as discussed in preceding paragraph (a), and along with markup not booked in these financial statements as per note 15.1, and 28.1 to the financial Statements, the loss after taxation would have been higher by Rs. 345.086 (2022: Rs 295.371) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 345.086 (2022: Rs.295.371) million.

**Material Uncertainty Relating to Going Concern**

We draw attention of the members to note 2 to the financial Statements for the year ended June 30, 2023 which indicates loss after taxation of Rs. 286.601 (2022: Rs. 192.991) million and as of that date it has accumulated losses of Rs. 1,679.053 (2022: Rs. 1,463.021) million and its current liabilities exceeded its current assets by Rs. 1,268.400 (2022: Rs. 1,102.718) million, Furthermore, the company defaulted in repayments of installments of restructured long term liabilities and short term finance facilities which has been expired and not renewed by banks amounting to Rs. 267.10 million as discussed in Para (a) above. The Company is in litigation with its lenders as disclosed in note 15 to the financial Statements. Following Course, the company has temporarily suspended its own production to manufacture yarn and started manufacturing of yarn on Contract basis due to working Capital constraints as disclosed in note 1 and 33 to the financial statements. These conditions, along with other matters as set forth in note 2 indicates the existence of material uncertainty which may cast significant doubt about Company's ability to Continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal Course of Business. The amounts of the current liabilities and Loss reported in said note do not include the effect of matters discussed in Basis for Qualified opinion. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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. We have determined that there are no key audit matters to communicate in our report other than the matters described in the basis for qualified opinion

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have concluded that the other information is materially misstated for the same reason with respect to the matters described in the basis for Qualified Opinion section and in the Material Uncertainty Related to Going Concern section.

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

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

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

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

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

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

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

Based on our audit except for the matter discussed in basis for qualified opinion section and Material Uncertainty Relating to Going Concern Section and its effects, we further report that in our opinion:

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

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

Dated: October 4, 2023  
UDIN: AR202310161wCBzv5kpM  
Place: Karachi

CHARTERED ACCOUNTANTS

**STATEMENT OF FINANCIAL POSITION****As at 30th June, 2023**

<b><u>EQUITY AND LIABILITIES</u></b>		<b>June 30,</b>	<b>June 30,</b>
<b>SHARE CAPITAL AND RESERVES</b>		<b>2023</b>	<b>2022</b>
	<b>Notes</b>	<b>( Rupees )</b>	
Authorized share capital			
100,000,000 (2022: 100,000,000 ) Ordinary shares of Rs.10/- each	5	<b>1,000,000,000</b>	1,000,000,000
Issued, subscribed and paid-up capital	6	<b>977,507,260</b>	977,507,260
Revenue reserve - accumulated loss		<b>(1,679,052,587)</b>	(1,463,021,085)
Capital reserve - revaluation surplus on property, plant and equipment	7	<b>2,225,864,355</b>	2,294,365,071
		<b>1,524,319,028</b>	1,808,851,246
<b>NON-CURRENT LIABILITIES</b>			
Long term loan	8	<b>13,515,625</b>	16,406,250
Deferred taxation	9	<b>258,129,754</b>	286,108,919
Deferred liability for staff gratuity	10	<b>24,821,967</b>	21,054,094
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	<b>142,878,504</b>	117,891,869
Accrued mark-up		<b>390,303,597</b>	319,474,688
Short term borrowings	12	<b>412,864,355</b>	412,864,355
Current & overdue portion of long term liabilities	13	<b>448,271,977</b>	446,553,227
Provision for taxation	14	<b>6,104,296</b>	8,677,877
		<b>1,400,422,729</b>	1,305,462,016
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	<b>-</b>	-
		<b>3,221,209,103</b>	<b>3,437,882,525</b>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	<b>3,050,959,357</b>	3,196,911,765
Long term deposits	17	<b>38,226,745</b>	38,226,745
<b>CURRENT ASSETS</b>			
Stores & spares	18	<b>28,155,525</b>	25,350,641
Trade debts- unsecured, considered good	19	<b>43,384,112</b>	69,983,502
Loans and advances - unsecured, considered good	20	<b>10,773,089</b>	19,715,514
Trade deposits and other receivables - considered good	21	<b>7,342,103</b>	40,704,645
Taxes recoverable		<b>39,568,858</b>	36,751,422
Cash and bank balances	22	<b>2,799,314</b>	10,238,291
		<b>132,023,001</b>	202,744,015
		<b>3,221,209,103</b>	<b>3,437,882,525</b>

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



**Syed Maqbool Ali**  
Chief Executive Officer & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Mehmood-ul-Hassan Asghar**  
Chairman Board of Directors



## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30TH JUNE 2023

	Notes	2023	2022
		(Rupees)	
Sales / Revenue - Net	23	488,343,690	694,230,183
Cost of sales / revenue	24	(716,320,054)	(811,333,168)
Gross (loss)		(227,976,364)	(117,102,985)
<b>Operating expenses</b>			
Administrative expenses	25	(33,649,878)	(45,057,397)
Selling and distribution expenses	26	(10,985,842)	(8,155,965)
Reversal of provision for doubtful debts	19	35,160,804	-
		(9,474,916)	(53,213,362)
Operating (loss)		(237,451,280)	(170,316,347)
Finance cost	27	(71,024,481)	(46,583,983)
(Loss) before taxation		(308,475,761)	(216,900,330)
<b>Taxation</b>			
Current		(6,104,296)	(8,677,877)
Prior		-	1,536,192
Deferred		27,979,165	31,051,019
		21,874,869	23,909,334
<b>(Loss) after taxation</b>		<b>(286,600,892)</b>	<b>(192,990,996)</b>
<b>(Loss) per share - basic and diluted</b>	28	<b>(2.93)</b>	<b>(1.97)</b>

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

Syed Maqbool Ali  
Chief Executive Officer & Director

Muhammad Irfan Ali  
Chief Financial Officer

Mehmood-ul-Hassan Asghar  
Chairman Board of Directors

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2023

	2023	2022
	(Rupees)	
<b>(Loss) after taxation</b>	<b>(286,600,892)</b>	(192,990,996)
<b>Other Comprehensive Income</b>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Remeasurement of defined benefit liability	<u>(2,068,674)</u>	<u>151,506</u>
	<u>(2,068,674)</u>	<u>151,506</u>
<b>Total comprehensive income / (loss) for the year</b>	<b><u>(288,669,566)</u></b>	<b><u>(192,839,490)</u></b>

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



**Syed Maqbool Ali**  
Chief Executive Officer & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Mehmood-ul-Hassan Asghar**  
Chairman Board of Directors



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

	2023	2022
Note	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(308,475,761)	(216,900,330)
<b>Adjustments for non cash and other items:</b>		
Depreciation	147,249,108	160,682,914
Financial charges	71,024,481	46,583,983
(Reversal) / Provision for doubtful debts	(35,160,804)	12,350,000
Provision for gratuity	11,482,931	8,499,911
Cash flow before working capital changes	(113,880,045)	11,216,478
<b>Working Capital changes</b>		
<i>(Increase) / Decrease in current assets:</i>		
Stores & spares	(2,804,884)	(3,041,324)
Stock in trade	-	361,003
Trade debts	61,760,194	1,291,012
Loans & advances	8,942,425	(1,561,274)
Trade deposits & other receivables	33,362,542	12,338,957
<i>Increase / (Decrease) in current liabilities:</i>		
Trade and other payables	24,986,635	3,323,466
Cash generated from / (used in) operations	12,366,867	23,928,318
<b>Payments for:</b>		
Taxes paid - net of refund	(11,495,313)	(14,421,155)
Gratuity paid	(5,646,384)	(3,921,985)
Financial charges paid	(195,572)	(179,294)
	(4,970,402)	5,405,884
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(1,296,700)	(38,279,650)
Long term deposits	-	-
Net cash outflow from investing activities	(1,296,700)	(38,279,650)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term loan	(1,171,875)	(937,500)
Net cash inflow / (out flow) from financing activities	(1,171,875)	(937,500)
Net increase / (decrease) in cash and cash equivalents	(7,438,977)	(33,811,266)
Cash and Cash equivalents at the beginning of the year	10,238,291	44,049,557
<b>Cash and Cash equivalents at the end of the year</b>	<b>2,799,314</b>	<b>10,238,291</b>

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

Syed Maqbool Ali  
Chief Executive Officer & Director

Muhammad Irfan Ali  
Chief Financial Officer

Mehmood-ul-Hassan Asghar  
Chairman Board of Directors



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2023

	Revenue reserve	Capital Reserve	Total	
	Accumulated loss	Revaluation surplus on property, plant & equipment		
Issued subscribed and paid-up capital				
(Rupees)				
<b>Balance as at July 01, 2021</b>	<b>977,507,260</b>	<b>(1,345,900,042)</b>	<b>2,370,386,530</b>	<b>2,001,993,748</b>
<b>Total comprehensive loss for the year</b>				
(Loss) for the year	--	(192,990,996)	--	(192,990,996)
Other comprehensive income	--	(151,506)	--	(151,506)
	--	(193,142,502)	--	(193,142,502)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	76,021,459	(76,021,459)	--
<b>Balance as at June 30, 2022</b>	<b>977,507,260</b>	<b>(1,463,021,085)</b>	<b>2,294,365,071</b>	<b>1,808,851,246</b>
<b>Balance as at July 01, 2022</b>	<b>977,507,260</b>	<b>(1,463,021,085)</b>	<b>2,294,365,071</b>	<b>1,808,851,246</b>
<b>Total comprehensive loss for the year</b>				
(Loss) for the year	--	(286,600,892)	--	(286,600,892)
Other comprehensive income	--	2,068,674	--	2,068,674
	--	(284,532,218)	--	(284,532,218)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	68,500,716	(68,500,716)	--
<b>Balance as at June 30, 2023</b>	<b>977,507,260</b>	<b>(1,679,052,587)</b>	<b>2,225,864,355</b>	<b>1,524,319,028</b>

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



**Syed Maqbool Ali**  
Chief Executive Officer & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Mehmood-ul-Hassan Asghar**  
Chairman Board of Directors



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 1 THE COMPANY AND ITS OPERATIONS

Dewan Farooque Spinning Mills Limited was incorporated in Pakistan on December 22, 2003 as public limited company, under the Companies Ordinance, 1984 (now Companies Act 2017). The shares of the company are listed on Pakistan Stock Exchange Limited. The principal activity of the company is manufacturing and sale of fine quality yarn. The Company also manufactures yarn on contract basis. The company has installed capacity of 28,800 spindles.

**The geographical Location and address of the company's business units, including mill/plant are as under:**

- The registered office of the company is located at Dewan Centre, 3-A, Lalazar Beach Hotel, Road, Karachi, Pakistan;
- while its manufacturing facilities are located at 54 km Multan Road, Phool Nagar By-pass, District Kasur, Pakistan.

#### 1.1 Summary of significant events and transactions in the current reporting period

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

### 2 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2023 reflect that company sustained net loss after taxation of Rs. 286.601 million (2022: Rs. 192.991 million) and as of that date its negative reserves of Rs. 1,679.053 (2022: Rs. 1,463.021) million and its current liabilities exceeded its current assets by Rs. 1,268.400 million (2022: 1,102.718). Furthermore the short term facilities of the company have expired and not been renewed by banks and it has defaulted in repayment of restructured liabilities. Following course, the company is facing litigations with its lenders as more fully explained in note 15 to the financial statements. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

These financial statements have been prepared using going concern assumption as these conditions are temporary and would reverse in foreseeable future. Further, sponsors also provide the support as and when required to meet the working capital requirements of the company and accordingly, the preparation of these 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 27.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

#### 3.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for the following items, which are measured on an alternative basis on each reporting date:

<b>Item</b>	<b>Measurement basis</b>
Land	Revaluation model
Building	Revaluation model
Plant and Machinery	Revaluation model
Employee benefits- Net defined benefit liability	Present value of the defined benefit liability, determined through actuarial valuation

The method used to measure fair values are disclosed in respective policy notes.

### 3.3 Standards, amendments, interpretation and improvements applicable to the financial statements

#### Adoption of amendments to approved accounting standards effective during the year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

#### Amendments to approved accounting standards

IFRS 3 Reference to the Conceptual Framework (Amendments)  
 IAS 16 Reference to the Conceptual Framework (Amendments)  
 IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The adoption of the above amendments to the accounting standards did not have any material effect on the Company's financial statements.

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 January 01, 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.

#### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities  
 IAS 41 Agriculture – Taxation in fair value measurements  
 IFRS 16 Leases – Lease incentives

The adoption of the above amendments to the approved accounting standards did not have any material effect on the Company's financial statements.

#### Standards and amendments to IFRSs that are not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or improvement		IASB effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts (Amendments)	January 01, 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules (Amendments)	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback (Amendments)	January 01, 2024
IAS 7 / IFRS 7	Disclosures: Supplier Finance Arrangements (Amendments)	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

**Amendment or improvement**

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

**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 Pakistani rupees, which is the Company's functional and presentational currency.

**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 assess 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.

**3.5.6 Contingencies**

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates at the value of contingent assets and liabilities which may differ on the occurrence/non occurrence of the uncertain future events.

**4 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below:

**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.

Land (free hold and lease hold), Building and Plant and Machinery are recognized at revalued amounts based on valuation by external independent valuer. Long term leases of land in which the Company obtains control of the land are accounted for as property, plant and equipment and presented as 'leasehold land' and building. Revaluation surplus on property, plant and equipment is credited to shareholders' equity and presented as a separate line item in statement of financial position. Increases in the carrying amounts arising on revaluation of land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

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 16 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.

***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.

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 Lease

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

##### 4.3.1 Right of use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use asset is subsequently depreciated using the diminishing balance method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. In addition, right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### 4.3.2 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

fixed payments (including in-substance fixed payments), less any lease incentives receivable;  
variable lease payment that are based on an index or a rate;  
amounts expected to be payable by the lessee under residual value guarantees;  
the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and  
payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments.

##### 4.3.3 Short term leases and low-value assets

The Company has elected not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and the leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 4.4 Stores and spares

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

**4.5 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	-	Cost of direct materials plus conversion cost valued on the basis of equivalent production units.
Waste	-	Selling price
Finished goods	-	Average cost or net realisable value which ever is the less

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.

Goods-in-transit are valued at purchase price, freight value and other charges incurred thereon upto the reporting date.

Stock-in-trade is regularly reviewed by the management and obsolete items, if any, are brought down to their NRV. NRV signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**4.6 Staff retirement benefits*****Defined benefit plan***

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

***Defined benefit plan***

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

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

**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.

**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 translated in PKR (functional and presentation currency) at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into PKR at the rates of exchange approximating those prevalent at the date of statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

#### **4.12 Transactions with related parties**

All dealings with associated companies are carried out at arm's length using the Comparable Uncontrolled Price method except interest free loan given by the Sponsors of the Company

#### **4.13 Revenue recognition**

##### *Sale of goods*

Revenue from contracts with customers is recognised when the control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods according to the negotiated contractual terms. The Company has generally concluded that it acts as a principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Revenue from Contract basis on performance of Services is recognised upon passing of title of goods manufactured under contract basis manufactured goods, which is generally coincides with physical delivery.

Return on bank deposits / saving accounts is recognised on accrual basis.

Other income, if any, is recognised on accrual basis.

#### 4.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.15 Dividends and appropriation to reserve

Dividend and appropriation to reserve are recognised in the unconsolidated financial statements in the period in which these are approved.

#### 4.16 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### 4.17 Contingent Liability

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

#### 4.18 Operating segments

For management purposes, the activities of the Company are organised into one reportable operating segment. The Company operates in the said reportable operating segment based on the nature of the products, risks and returns, organisational and management structure, and internal financial reporting systems. Accordingly, the figures reported in these unconsolidated financial statements are related to the Company's only reportable segment.

	2023	2022
	Rupees	
<b>5 AUTHORIZED SHARE CAPITAL</b>		
100,000,000 (2022: 100,000,000 ) Ordinary shares of Rs.10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>6 ISSUED, SUBSCRIBED AND PAID UP-CAPITAL</b>		
97,750,726 (2022: 97,750,726) Ordinary shares of Rs.10/- each fully paid in cash	<u>977,507,260</u>	<u>977,507,260</u>

**6.1** The pattern of shareholding, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, is attached at the end of this report.

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

**6.3** All ordinary shares rank equally with regard to the Company's residual assets. Holders of the shares are entitled to dividends from time to time and are entitled to one vote per share at the general meetings of the Company.

**6.4** As of the reporting date 37,750,726 (2022: 37,750,726) & 3,000 (2022: 5,125,727) ordinary shares of Rs. 10 each were held by associated companies and directors of the Company respectively.



	Notes	2023	2022
		Rupees	
<b>7 REVALUATION SURPLUS ON PROPERTY PLANT AND EQUIPMENT</b>			
Opening Balance		2,294,365,071	2,370,386,530
Transferred to accumulated loss in respect of incremental depreciation for the year		(68,500,716)	(76,021,459)
		<u>2,225,864,355</u>	<u>2,294,365,071</u>

The assets of the Company have been revalued as on June 30, 2021. The revaluation is carried out by an independent valuer, M/s Anderson Consulting (Private) Limited on the basis of professional assessment of present market values or depreciated replacement values and resulted in a surplus on Revaluation of Property Plant and Equipment over the written down value as follows:

**Land**

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

**Building**

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

**Plant and Machinery**

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

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

The latest revaluation has resulted in increase in surplus by Rs.1,536.837 million, and forced sale value of revalued assets is Rs.2,365.970 million.

**8 LONG TERM LOANS**

Syndicated long term loans - Secured	8.1	-	-
Restructured long term loan - Secured	8.2	13,515,625	16,406,250
		<u>13,515,625</u>	<u>16,406,250</u>
<b>8.1 SYNDICATED LONG TERM LOANS - SECURED</b>			
Syndicated Long Term Loan - Secured	8.1.1 & 8.1.2	398,066,977	398,066,977
Less: Paid during the year		-	-
		<u>398,066,977</u>	<u>398,066,977</u>
Less: Transferred to overdue portion	13	398,066,977	398,066,977
		<u>-</u>	<u>-</u>

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

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

**DEWAN FAROOQUE SPINNING MILLS LIMITED**

	Notes	2023	2022
		Rupees	
<b>8.2 RESTRUCTURED LONG TERM LOAN - SECURED</b>			
Restructured long term loan - Secured	8.2.1	17,812,500	18,750,000
Less: Paid during the year		(1,171,875)	(937,500)
		<u>16,640,625</u>	<u>17,812,500</u>
Less: Transferred to current maturity	13	(3,125,000)	(1,406,250)
		<u>13,515,625</u>	<u>16,406,250</u>
<b>8.2.1</b>	Suit # 210 filed by M/s Pak Libya Holding was decreed on 23/12/19 by the Banking Court No. IV at Karachi and thereafter M/s Pak Libya Holding preferred an execution application No. 28/2020 at Banking Court No. IV at Karachi and later the same was transferred to Banking Court Lahore. Subsequently both the parties arrived at settlement outside the court vide settlement agreement dated March 21, 2022 for repayment of loan in 20 quarterly installments starting from March 31, 2022.		
<b>9 DEFERRED TAXATION</b>			
Credit balance arising due to:			
- accelerated tax depreciation		79,394,631	86,235,061
- revaluation - Net of related depreciation		258,129,754	286,108,919
Debit balance arising due to			
- finance lease transactions		1,252,494	2,344,794
- staff gratuity		(7,198,370)	(6,105,687)
- carried over losses		(372,006,039)	(320,178,766)
		<u>(40,427,530)</u>	<u>48,404,321</u>
Deferred tax asset not recognized		298,557,284	237,704,598
		<u>258,129,754</u>	<u>286,108,919</u>
<b>9.1 Movement of deferred tax liabilities</b>			
Balance as at beginning of the year		286,108,919	317,159,938
Tax charge recognized in statement of profit or loss		(27,979,165)	(31,051,019)
Tax charge recognized in other comprehensive income		-	-
Balance as at end of the year		<u>258,129,754</u>	<u>286,108,919</u>
<b>10 DEFERRED LIABILITY FOR STAFF GRATUITY</b>			
Opening balance		21,054,094	16,324,662
Provision for the year	10.1	11,482,931	8,499,911
Payments during the year		(5,646,384)	(3,921,985)
Actuarial gain / (loss)		(2,068,674)	151,506
	10.2	<u>24,821,967</u>	<u>21,054,094</u>
<b>10.1 Provision for the year</b>			
Current service cost		9,475,836	7,317,339
Interest cost on defined benefit obligation		2,007,095	1,182,572
		<u>11,482,931</u>	<u>8,499,911</u>
<b>10.2 Balance sheet liability</b>			
Present value of defined benefit obligation		<u>24,821,967</u>	<u>21,054,094</u>
<b>10.3 Changes in Present Value of Defined Benefit Obligations</b>			
Present value of defined benefit obligation		21,054,094	16,324,662
Current service cost		11,482,931	8,499,911
Benefits paid during the year		(5,646,384)	(3,921,985)
Remeasurements chargeable in other comprehensive income		(2,068,674)	151,506
		<u>24,821,967</u>	<u>21,054,094</u>



	Notes	2023	Rupees	2022
<b>10.4 Significant Actuarial Assumptions</b>				
Discount rate used for interest cost in P&L charge		13.25%		10.00%
Discount rate used for year end obligation		16.25%		13.25%
Salary increase used for year end obligation		N/A		N/A
Next salary increased at		July 01, 2023		July 01, 2022
Mortality Rates		SLIC 2001 - 2005		SLIC 2001 - 2005
		Setback 1 Year		Setback 1 Year
Withdrawal Rates		Age based		Age based
Retirement Assumption Age		60 Years		60 Years
<b>10.5 Year End Sensitivity Analysis on Defined Benefit Obligation</b>				
Discount Rate + 100 bps		<b>20,443,824</b>		17,031,229
Discount Rate - 100 bps		<b>22,971,936</b>		19,290,064
Salary Increase + 100 bps		<b>23,032,929</b>		19,345,025
Salary Increase - 100 bps		<b>20,367,391</b>		16,962,268
<b>11 TRADE AND OTHER PAYABLES</b>				
Creditors		<b>89,500,057</b>		60,970,055
Accrued expenses		<b>53,220,941</b>		54,383,127
Employees provident fund	<b>11.1</b>	<b>157,506</b>		170,376
Sales tax payable		-		2,368,311
		<b>142,878,504</b>		<b>117,891,869</b>
<b>11.1</b>	Investments of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.			
<b>12 SHORT TERM BORROWING</b>				
Short term finances from banks	<b>12.1 &amp; 12.2</b>	<b>75,000,000</b>		75,000,000
Sponsors loan	<b>12.3</b>	<b>337,864,355</b>		337,864,355
		<b>412,864,355</b>		<b>412,864,355</b>
<b>12.1</b>	The running finance of Rs 30 million obtained from Bank .The facility is secured by way hypothecation charge on the current assets of the company. The markup rate for this facility is 03 Month, KIBOR plus 2% .			
<b>12.2</b>	The short term finance of Rs 150 million obtained from Bank. The facility is secured by way hypothecation charge & mortgages against assets of the company. The markup rate for this facility is 03 Month, KIBOR plus 3% .			
<b>12.3 SPONSORS LOAN</b>				
Opening Balance	<b>12.3.1</b>	<b>337,864,355</b>		337,864,355
		<b>337,864,355</b>		<b>337,864,355</b>
<b>12.3.1</b>	This represents unsecured interest free loan for the purpose of working capital requirements and is payable on demand. The interest free and unsecured loan has been provided by sponsor considering financial crunch being faced by the company.			
<b>13 OVERDUE PORTION OF LONG TERM LIABILITIES</b>				
Liabilities against assets subject to finance lease	<b>13.1</b>	<b>29,580,000</b>		29,580,000
Redeemable capital - PPTFCs	<b>13.2</b>	<b>17,500,000</b>		17,500,000
Over due portion of syndicated long term loans	<b>8.1</b>	<b>398,066,977</b>		398,066,977
Current portion of restructured long term loan	<b>8.2</b>	<b>3,125,000</b>		1,406,250
		<b>448,271,977</b>		<b>446,553,227</b>

## DEWAN FAROOQUE SPINNING MILLS LIMITED

**13.1** The above represents finance leases for Plant and Machinery of the Company shown under Right of use of Assets (previously Leased Assets), the Company defaulted in repayment of Lease Liability therefore, the Bank filed litigation to recover the remaining amount as disclosed in note 15.2 to the financial Statements

**13.2** This represents remaining amount payable in respect of 14,000 PPTFCs which were not converted into long term loan. Total number of PPTFCs were 130,000 out of which 116,000 were converted into long term loan in accordance with the consent decrees passed by Honorable High Court of Sindh as detailed in notes 8.1.1 & 8.2.1. After obtaining decree one of the Bank restructured its PPTFC Loan as disclosed in note 8.2 to the financial statements.

14 PROVISION FOR TAXATION	Notes	2023 Rupees	2022
Balance at the beginning of the year		8,677,877	10,572,616
Provision made during the year		6,104,296	8,677,877
		<u>14,782,173</u>	<u>19,250,493</u>
Payment / Adjusted during the year		<u>(8,677,877)</u>	<u>(10,572,616)</u>
		<u>6,104,296</u>	<u>8,677,877</u>

Income tax returns of the company have been filed up to tax year 2022 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001.

### 14.1 Relationship between income tax expense and accounting profit

Accounting (loss) as per profit and loss account	<u>(308,475,761)</u>	<u>(216,900,330)</u>
Applicable tax rate	<u>29%</u>	<u>29%</u>
Tax on accounting (loss)	<u>(89,457,971)</u>	<u>(62,901,096)</u>
Tax effect of timing difference on depreciation	<u>35,194,307</u>	<u>35,169,680</u>
Tax effect of expenses / provisions that are not deductible in determining taxable loss charged to profit and loss account	<u>1,692,599</u>	<u>4,909,099</u>
Effect of Loss carried / (brought) forward	<u>52,571,065</u>	<u>22,822,317</u>
	<u>-</u>	<u>-</u>
Minimum tax payable under Income Tax Ordinance, 2001	<u>6,104,296</u>	<u>8,677,877</u>

## 15 CONTINGENCIES AND COMMITMENTS

**15.1** In respect of liabilities towards banks / financial institutions disclosed in note 8 to the financial statements, during the year ended 2012, certain lenders have entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs.555.411 million and markup thereon of Rs.210.713 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

**15.2** Company has been facing litigation with one of its lenders who had filed suit for recovery of Rs. 37.40 million which is pending in Honorable High Court of Sindh, Karachi. The Company strongly contested the case as bank has filed wrong claim. The management of the Company expects favorable outcome.

**15.3** The Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance, 2014 to circumvent the earlier decision of Honorable Supreme Court wherein GIDC Act of 2011 was declared unconstitutional and ultra vires. The Government enacted GIDC Act, 2015 which has also been challenged by the Company through writ petition before the Honorable Lahore High Court, which



granted the stay against collection of GIDC arrears. Later on in Jul-2020 The Supreme Court of Pakistan has decided the case in favor of SNGPL with directions to recover the arrears under GIDC Act 2015 from the consumers in 24 equal installments from the applicability of GIDC Act 2015 onwards. Further Company has also filed writ petition before the Honorable Lahore High Court for suspension of the bills issued for collection of GIDC Arrears by applying the Captive Power GIDC Rate or without excluding the GIDC amount not collected as required under GIDC Act 2015, stay for the same has been granted by Lahore High Court. In accordance with the stay order granted provision amounting to Rs.12.308 million has been made in financial statements June 30, 2020 against subjected liability.

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

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

	Notes	2023 Rupees	2022
<b>16 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	<b>16.1</b>	<b>3,050,959,357</b>	3,196,911,765
		<b>3,050,959,357</b>	<b>3,196,911,765</b>

### 16.1 Operating Fixed Assets

The following is a statement of operating fixed assets:

	2023										Total	
	Owned									Right of Assets use		Intangible Assets
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)	Software Development	
<b>Cost / Revalued Amount</b>												
Cost As at 01 July 2022	1,682,000,000	372,853,584	168,850,967	2,738,828,089	65,076,005	8,795,459	31,025,567	6,247,906	1,211,944	200,449,275	3,000,000	5,278,338,796
Addition/ Transfer from CWIP	-	-	-	1,201,700	-	-	95,000	-	-	-	-	1,296,700
Transfers/ Deletion	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at June 30, 2023</b>	<b>1,682,000,000</b>	<b>372,853,584</b>	<b>168,850,967</b>	<b>2,740,029,789</b>	<b>65,076,005</b>	<b>8,795,459</b>	<b>31,120,567</b>	<b>6,247,906</b>	<b>1,211,944</b>	<b>200,449,275</b>	<b>3,000,000</b>	<b>5,279,635,496</b>

	2023										Total	
	Owned									Right of Assets use		Intangible Assets
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)	Software Development	
<b>Accumulated Depreciation</b>												
As at 01 July 2022	-	204,121,593	64,086,744	1,547,396,650	59,729,657	7,221,320	26,414,290	5,804,159	868,838	162,783,780	3,000,000	2,081,427,031
Charge for the year	-	16,873,199	5,238,211	119,311,009	801,952	157,414	933,338	133,124	34,311	3,766,550	-	147,249,108
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at June 30, 2023</b>	<b>-</b>	<b>220,994,792</b>	<b>69,324,955</b>	<b>1,666,707,659</b>	<b>60,531,609</b>	<b>7,378,734</b>	<b>27,347,628</b>	<b>5,937,283</b>	<b>903,149</b>	<b>166,550,330</b>	<b>3,000,000</b>	<b>2,228,676,139</b>

	2023										Total	
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)		Software Development
<b>Net book value</b>												
As at June 30, 2023	1,682,000,000	151,858,792	99,526,012	1,073,322,130	4,544,396	1,416,725	3,772,939	310,623	308,795	33,898,945	-	3,050,959,357

Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25
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	2022										Total	
	Owned									Right of Assets use		Intangible Assets
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)	Software Development	
<b>Cost / Revalued Amount</b>												
Cost As at 01 July 2021	1,682,000,000	372,853,584	168,850,967	2,697,702,439	65,076,005	8,795,459	31,025,567	6,112,906	1,192,944	200,449,275	3,000,000	5,237,059,146
Addition/ Transfer from CWIP	-	-	-	41,125,650	-	-	-	135,000	19,000	-	-	41,279,650
Transfers/ Deletion	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at June 30, 2022</b>	<b>1,682,000,000</b>	<b>372,853,584</b>	<b>168,850,967</b>	<b>2,738,828,089</b>	<b>65,076,005</b>	<b>8,795,459</b>	<b>31,025,567</b>	<b>6,247,906</b>	<b>1,211,944</b>	<b>200,449,275</b>	<b>3,000,000</b>	<b>5,278,338,796</b>

	2022										Total	
	Owned									Right of Assets use		Intangible Assets
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)	Software Development	
<b>Accumulated Depreciation</b>												
As at 01 July 2021	-	185,373,594	58,572,837	1,417,648,440	58,786,184	7,046,416	25,261,471	5,623,624	832,826	158,598,725	3,000,000	1,920,744,117
Charge for the year	-	18,747,999	5,513,907	129,748,210	943,473	174,904	1,152,819	180,535	36,012	4,185,055	-	160,682,914
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at June 30, 2022</b>	<b>-</b>	<b>204,121,593</b>	<b>64,086,744</b>	<b>1,547,396,650</b>	<b>59,729,657</b>	<b>7,221,320</b>	<b>26,414,290</b>	<b>5,804,159</b>	<b>868,838</b>	<b>162,783,780</b>	<b>3,000,000</b>	<b>2,081,427,031</b>

	2022										Total	
	Freehold Land	Factory Building	Non Factory Building	Plant & Machinery	Electric Installation	Furniture & Fixtures	Vehicles	Computer Equipment	Office Equipment	Plant and Machinery (Leased)		Software Development
<b>Net book value</b>												
As at June 30, 2022	1,682,000,000	168,731,991	104,764,223	1,191,431,439	5,346,348	1,574,139	4,611,277	443,747	343,106	37,665,495	-	3,196,911,765

Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25
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## DEWAN FAROOQUE SPINNING MILLS LIMITED

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

	Notes	2023	2022
		Rupees	
Free hold land		88,108,490	88,108,490
Factory building on free hold land		84,607,038	94,007,820
Non factory building		58,137,037	61,196,881
Plant and machinery		291,860,260	323,140,472
		522,712,825	566,453,663

**16.3 Allocation of Depreciation**

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

Cost of goods manufactured		145,925,667	159,238,733
Administrative expenses		1,323,441	1,444,181
		147,249,108	160,682,914

**16.4** The company's freehold land is located in 54-Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab, area of land is 70 Acres.

**17 LONG TERM DEPOSITS**

Sui Northern Gas Pipelines		35,496,745	35,496,745
Lahore Electric Supply Corporation		2,730,000	2,730,000
		38,226,745	38,226,745

**18 STORES & SPARES**

Packing material		3,366,198	3,597,704
Stores & spares		24,789,327	21,752,937
		28,155,525	25,350,641

**19 TRADE DEBTORS - UNSECURED**

Trade debts - local - considered good		43,384,112	69,983,502
- considered doubtful		101,240,486	136,401,290
		144,624,598	206,384,792
Provision for doubtful debts	19.1	(101,240,486)	(136,401,290)
		43,384,112	69,983,502

**19.1 Provision for doubtful debts**

Opening balance		136,401,290	124,051,290
Provision during the year		-	12,350,000
Doubtful debts recovered during the year		(35,160,804)	
		101,240,486	136,401,290

**19.2 The aging of debtors at the reporting date:**

Up to one month		-	-
1 to 6 months		40,695,308	57,852,515
More than 6 months		2,688,805	12,130,987
		43,384,112	69,983,502



	Notes	2023	2022
		Rupees	
<b>20 LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD</b>			
Advances to suppliers of goods & services		14,799,156	21,799,156
Advances to employees	20.1	10,431,658	10,932,821
Others		192,655	1,633,917
Provision for doubtful advances		(14,650,380)	(14,650,380)
		<u>10,773,089</u>	<u>19,715,514</u>
<b>20.1</b>	Advance to employees includes Rs. 3.754 million (2022: Rs. 4.454) due from the executive of the company.		
<b>21 TRADE DEPOSITS AND OTHER RECEIVABLES - CONSIDERED GOOD</b>			
Trade deposits		325,846	2,677,287
Sales tax receivable		7,016,257	38,027,358
		<u>7,342,103</u>	<u>40,704,645</u>
<b>22 CASH AND BANK BALANCES</b>			
In hand - Cash		431,848	874,058
At banks - Current accounts		915,591	7,912,365
At banks - Saving account		1,451,875	1,451,868
		<u>2,799,314</u>	<u>10,238,291</u>
<b>23 SALES / REVENUE - NET</b>			
Local sales		-	470,501
Spinning charges		572,257,420	811,778,813
		572,257,420	812,249,314
Sales Tax		(83,913,730)	(118,019,131)
		<u>488,343,690</u>	<u>694,230,183</u>
<b>24 COST OF SALES / REVENUE</b>			
Opening stock of finished goods		-	361,003
Cost of goods manufactured	24.1	716,320,054	810,972,165
		<u>716,320,054</u>	<u>811,333,168</u>
Less: closing stock of finished goods		-	-
		<u>716,320,054</u>	<u>811,333,168</u>
<b>24.1 Cost of goods manufactured</b>			
Raw material consumed / sold		-	-
Stores and spares consumed		39,524,730	41,064,042
Packing material consumed		21,097,813	26,112,519
Salaries, wages & other benefits	24.1.1	170,693,370	209,570,397
Insurance		3,561,644	2,644,260
Repair & maintenance		1,708,238	8,812,126
Fuel & power		325,880,642	356,622,350
Vehicle running & maintenance		2,780,899	2,893,415
Communication		881,749	843,506
Rent, rates & taxes		1,130,580	765,268
Entertainment		845,821	844,379
Travelling & conveyance		290,906	524,039
Other manufacturing expenses		1,997,995	1,037,131
Depreciation	16.3	145,925,667	159,238,733
		<u>716,320,054</u>	<u>810,972,165</u>
Work-in-process - Opening		-	-
Work-in-process - Closing		-	-
Cost of Goods Manufactured		<u>716,320,054</u>	<u>810,972,165</u>

## DEWAN FAROOQUE SPINNING MILLS LIMITED

**24.1.1** Salaries and benefits include Rs. 11.483 million (2022: Rs. 8.500 million) in respect of post employment benefits.

	Notes	2023	2022
		Rupees	
<b>25 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	25.1	20,499,002	18,568,038
Travelling & conveyance		158,268	181,553
Printing & stationary		749,422	607,023
Legal & professional		281,000	105,000
Auditor's remuneration	25.2	700,000	700,000
Vehicle running expenses		1,427,218	1,732,755
Communication		147,978	427,119
Fees & subscription		1,933,347	2,659,381
Rent, rates & taxes		674,758	528,252
Donations	25.3	316,472	-
Depreciation / Amortization	16.3	1,323,441	1,444,181
Provision for doubtful debts		-	12,350,000
Miscellaneous expenses		2,213,778	1,643,299
Other expenses		3,225,194	4,110,796
		<u>33,649,878</u>	<u>45,057,397</u>

**25.1** Salaries and benefits include Rs.0.484 million (2022: Rs.0.477 million) in respect of post employment benefits.

<b>25.2</b> Audit Fee	550,000	550,000
Half yearly review	75,000	75,000
Code of Corporate Governance	50,000	50,000
Out of pocket	25,000	25,000
	<u>700,000</u>	<u>700,000</u>

**25.3 (i)** None of the directors had any interest in the donee's fund.

**(ii)** Donation Rs. 0.316 million (2022: Rs.Nil)

### 26 SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	26.1	8,201,765	6,806,871
Travelling & conveyance		974,660	265,899
Vehicle running expenses		1,619,433	895,542
Communication		189,984	187,653
		<u>10,985,842</u>	<u>8,155,965</u>

**26.1** Salaries and benefits include Rs.0.494 million (2022: Rs.0.428 million) in respect of post employment benefits.

### 27 FINANCE COST

Markup on :			
Syndicate long term loans		55,709,377	37,406,845
Short term loan		15,119,531	8,997,844
Bank & other charges		195,573	179,294
		<u>71,024,481</u>	<u>46,583,983</u>

**27.1** The Company has not made the provision of markup for the year amounting to Rs. 49.715 million (up to June 30, 2023: Rs.134.373 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.49.715 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.134.373 million.



	2023	2022
	Rupees	
<b>28 (LOSS) PER SHARE - Basic and diluted</b>		
(Loss) after taxation	(286,600,892)	(192,990,996)
Weighted average number of ordinary shares	97,750,726	97,750,726
(Loss) per share - Basic and diluted	(2.93)	(1.97)

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

**29 CASH AND CASH EQUIVALENTS**

Cash and Bank balances	2,799,314	10,238,291
	<u>2,799,314</u>	<u>10,238,291</u>

**30 REMUNERATION OF DIRECTOR & EXECUTIVES**

	2023			2022		
	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES
Managerial remuneration	-	-	13,570,929	-	-	7,846,373
Staff retirement gratuity	-	-	1,215,450	-	-	375,000
Provident fund	-	-	773,127	-	-	537,513
House rent allowance	-	-	3,131,753	-	-	1,810,701
Utilities allowance	-	-	1,207,134	-	-	1,207,134
Conveyance	-	-	264,912	-	-	14,052
Others	-	-	715,048	-	-	280,570
	-	-	<u>20,878,353</u>	-	-	<u>12,071,343</u>
Number of persons	-	-	<u>7</u>	-	-	<u>4</u>

Executives are also provided with Company maintained car.

**31 TRANSACTIONS WITH RELATED PARTIES**

Related parties include associated group companies, directors, executives and key management personnel. The remuneration paid to executives has been mentioned in Note 30. During the year aggregate transactions undertaken by the company with the related parties contribution of provident fund amounting to Rs.1.956 million (2022: Rs. 1.811 million).

**32 PLANT CAPACITY AND PRODUCTION**

Installed capacity after conversion into 20's (Kgs)	11,130,330	11,130,330
Actual production after conversion into 20's (Kgs)	7,470,925	10,624,846
Total number of spindles installed	28,800	28,800
Average number of spindles worked	18,709	27,492
Number of shifts worked per day	3	3
Total days worked	237	348

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

**33 NUMBER OF EMPLOYEES**

Total number of employees as at end of the year	61	349
Average number of employees during the year	281	385

**34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**34.1 Financial risk management**

**Overview**

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

- Credit risk
- Liquidity risk
- Market risk

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

**34.2 Credit risk**

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

	2023	2022
	Rupees	
Trade debts - considered good	43,384,112	69,983,502
Loans and advances - unsecured - considered good	10,624,313	12,566,738
Trade deposits & other receivable - considered good.	325,846	2,677,287
Cash and bank balances	2,799,314	10,238,291
	<u>57,133,585</u>	<u>95,465,818</u>

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

**34.3 Liquidity risk**

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

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

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

	2023				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward
	Rupees				
Financial liabilities					
Long term loan	448,271,977	804,722,616	788,316,366	3,125,000	13,281,250
Trade and other payables	142,878,504	142,878,504	142,878,504	-	-
Short term borrowings	412,864,355	437,028,877	437,028,877	-	-
Mark-up payable	390,303,597	390,303,597	390,303,597	-	-
	<u>1,394,318,433</u>	<u>1,774,933,594</u>	<u>1,758,527,344</u>	<u>3,125,000</u>	<u>13,281,250</u>
	2022				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward
	Rupees				
Financial liabilities					
Long term loan	446,553,227	774,790,113	774,790,113	-	-
Trade and other payables	117,891,869	117,891,869	117,891,869	-	-
Short term borrowings	412,864,355	427,837,627	427,837,627	-	-
Mark-up payable	319,474,688	319,474,688	319,474,688	-	-
	<u>1,296,784,139</u>	<u>1,639,994,297</u>	<u>1,639,994,297</u>	<u>-</u>	<u>-</u>



The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2023. The rates of markup have been disclosed in relevant notes to the financial statements.

#### 34.4 Market risk

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

#### 34.5 Currency risk

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

#### 34.6 Interest rate risk

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

	2023	2022
	Carrying amounts	
<b>Fixed rate instruments</b>	-	-
<b>Variable rate instruments</b>	<u>536,787,602</u>	<u>537,959,477</u>
<b>Financial liabilities</b>	<u><u>536,787,602</u></u>	<u><u>537,959,477</u></u>

#### 34.7 Risk management policies

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

#### 34.8 Capital risk management

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

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

## DEWAN FAROOQUE SPINNING MILLS LIMITED

	Notes	2023	2022
		Rupees	
Total borrowings		536,787,602	537,959,477
Less cash and bank balances		<u>2,799,314</u>	<u>10,238,291</u>
Net debt		533,988,288	527,721,186
Total equity		<u>1,524,319,028</u>	<u>1,808,851,246</u>
Total capital		<u>2,058,307,316</u>	<u>2,336,572,432</u>
Gearing ratio		0.26	0.23

### 34.9 Fair value of financial instruments

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

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

### 35 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on September 26, 2023 by the Board of Directors of the company.

### 36 GENERAL

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

36.2 Figures have been rounded off to the nearest rupees.



**Syed Maqbool Ali**  
Chief Executive Officer & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Mehmood-ul-Hassan Asghar**  
Chairman Board of Directors



## PATTERN OF SHAREHOLDING UNDER REGULATION 37(XX)(I) OF THE CODE OF CORPORATE GOVERNANCE

AS AT JUNE 30, 2023

Categories	Number of Shareholders	Number of Shares held	Percentage of Shareholding
<b>Directors, CEO, their Spouses &amp; Minor Children</b>			
Mr. Abdul Basit	1	500	0.00%
Mr. Aziz ul Haque	1	500	0.00%
Mr. Ghazanfar Baber Siddiqui	1	500	0.00%
Mr. Syed Maqbool Ali	1	500	0.00%
Mrs. Nida Jamil	1	500	0.00%
Mr. Mehmood-ul-Hassan Asghar	1	500	0.00%
Mr. Muhammad Hanif German (Nominee Director of DMPL)	-	-	0.00%
<b>Associated Companies</b>			
Dewan Motors (Pvt.) Limited	1	37,750,726	38.62%
<b>NIT and ICP</b>			
	-	-	0.00%
<b>Executives</b>			
	-	-	0.00%
<b>Banks, Development Financial Institutions, Non-Banking Finance Companies</b>			
	-	-	0.00%
<b>Insurance Companies</b>			
	-	-	0.00%
<b>Modarabas and Mutual Funds</b>			
	-	-	0.00%
<b>General Public</b>			
a. Local	2,196	59,538,473	60.91%
b. Foreign	-	-	0.00%
<b>Others (Joint Stock Companies, Brokrage Houses, Employees Funds &amp; Trustees)</b>			
	13	458,527	0.47%
<b>TOTAL</b>	<b>2,216</b>	<b>97,750,726</b>	<b>100.00%</b>

### SHAREHOLDERS HOLDING FIVE PERCENT OT MORE VOTING RIGHTS

NAME OF SHAREHOLDER	Number of Shareholders	Number of Shares held	Percentage of Shareholding
Dewan Motors (Pvt.) Limited	1	37,750,726	38.62%
Dewan Zia-ur-Rehman Farooqui	2	8,622,727	8.82%
Dewan Muhammad Yousuf Farooqui	2	7,052,951	7.22%

### 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.



**PATTERN OF SHAREHOLDING  
AS ON 30TH JUNE 2023**

Number of Shareholders	Shareholding Slab		Total Shares Held	Percentage
	From	To		
85	1	100	1,387	0.00%
758	101	500	375,890	0.38%
291	501	1,000	289,696	0.30%
485	1,001	5,000	1,479,636	1.51%
188	5,001	10,000	1,599,005	1.64%
134	10,001	20,000	2,064,989	2.11%
75	20,001	30,000	1,919,836	1.96%
31	30,001	40,000	1,104,249	1.13%
38	40,001	50,000	1,780,500	1.82%
17	50,001	60,000	957,293	0.98%
14	60,001	70,000	939,500	0.96%
4	70,001	80,000	300,500	0.31%
10	80,001	90,000	843,210	0.86%
21	90,001	100,000	2,084,456	2.13%
17	100,001	150,000	2,138,500	2.19%
13	150,001	200,000	2,377,727	2.43%
9	200,001	250,000	2,030,989	2.08%
3	250,001	300,000	848,500	0.87%
2	300,001	400,000	800,000	0.82%
1	400,001	450,000	400,500	0.41%
3	450,001	500,000	1,499,000	1.53%
2	500,001	600,000	1,072,732	1.10%
3	600,001	700,000	1,841,500	1.88%
4	700,001	1,100,000	4,200,000	4.30%
1	1,100,001	2,000,000	1,602,000	1.64%
1	2,000,001	2,500,000	2,200,000	2.25%
1	2,500,001	3,500,000	3,500,000	3.58%
1	3,500,001	4,000,000	3,552,951	3.63%
2	4,000,001	4,100,000	8,145,454	8.33%
1	4,100,001	8,100,000	8,050,000	8.24%
1	8,100,001	38,000,000	37,750,726	38.62%
<b>2216</b>	<b>TOTAL</b>		<b>97,750,726</b>	<b>100.00%</b>



## آڈیٹرز کی تقرری:

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

## شیئر ہولڈنگ کا پیٹرن:

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

## اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

## بعد از واقعات:

دوسری جگہوں پر واضح طور پر بیان کئے جانے کے تابع، مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں نہیں کی گئیں۔

## اظہار تشکر اور نتیجہ:

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

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

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

بورڈ آف ڈائریکٹرز کی جانب سے

سید مقبول علی

چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر

محمود الحسن اصغر

چیرمین بورڈ آف ڈائریکٹرز

کراچی:

مورخہ: 26 ستمبر 2023ء

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

نام:	میٹنگ میں شرکت کنندہ کی تعداد
دیوان عبدالباقی فاروقی	0
جناب عزیز الحق	6
جناب غضنفر بابر صدیقی	6
جناب عبدالباسط	6
جناب عمران احمد جاوید	1
سید مقبول علی	6
جناب محمود الحسن اصغر	5
جناب محمد حنیف جرمن	3
محترمہ نادیا یہ چیمیل	6

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:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق۔ چیئرمین	4
عبدالباسط	4
جناب غضنفر بابر صدیقی	4

ہیومن ریسورس اور اجرتی کمیٹی:

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

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

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق۔ چیئرمین	1
سید مقبول علی	1
جناب محمود الحسن اصغر	1

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (2.93) روپے (2022: مبلغ (1.97) روپے) فی شیئر خسارہ ہوا۔

**صحت، حفاظت اور ماحول:**

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

**انسانی ذرائع (ہیومن ریسورس):**

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

**کوڈ آف کارپوریٹ گورننس پر عملدرآمد:**

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

- ۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ۲۔ کھاتے مناسب طریقہ سے مرتب کئے جاتے ہیں۔
- ۳۔ اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور حیطہ فیصلوں پر مبنی ہوتے ہیں۔
- ۴۔ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، اور باقاعدہ طور پر اس کا لحاظ رکھا جاتا ہے۔
- ۵۔ اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ۶۔ کارپوریٹ گورننس پر عملدرآمد کے حوالے سے کوئی بھی انحراف نہیں کیا گیا سوائے ان کے جن کا ذکر آڈیٹرز کی جائزہ رپورٹ میں ہے۔
- ۷۔ کمپنی نے اپنے بورڈ کے غیر ایکویٹی ہولڈنگ ممبران میں سے ایک آڈٹ کمیٹی تشکیل دی ہے۔
- ۸۔ بورڈ نے اپنے ممبران اور کمپنی کے ملازمین میں سے اسٹیٹمنٹ برائے اصول اور کاروباری عمل کیلئے مرتب کر کے جاری کیا ہے۔
- ۹۔ آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں ماسوائے وہ جس کا انکشاف مالیاتی حسابات میں کیا گیا ہے۔
- ۱۰۔ مینیجرز، ڈیپوٹیز اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- ۱۱۔ کوڈ آف کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کا پیٹرن

(۲) متعلقین اور دیگر افراد کے شیئرز

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 2023 تک بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل تھے:

ڈائریکٹرز	ممبرز
☆ مرد	6
☆ عورت	1
تشکیل	ممبرز
☆ آزاد ڈائریکٹر	1
☆ دیگر غیر ایکویٹی ہولڈنگ ڈائریکٹرز	5
☆ ایکویٹی ہولڈنگ ڈائریکٹرز	1

30 جون 2023 کو ختم ہونے والے سال کے دوران کمپنی کمپنی کی خالص آمدنی گزشتہ سال کی آمدنی 694.230 ملین روپے کے مقابلے میں کم ہو کر 488.344 ملین روپے رہ گئی۔ کمپنی کو مبلغ 2277.976 ملین روپے کا مجموعی خسارہ ہوا جبکہ کمپنی کے آپریٹنگ اخراجات 53.213 ملین روپے کے مقابلے میں 9.475 ملین روپے رہے۔ مالیاتی لاگت میں اضافہ ہوا جو کہ 71.024 ملین روپے ہو گئی جس کا موازنہ گزشتہ سال کی مدت کے سال کے آغاز میں پالیسی ریٹ میں 13.75 فیصد سے سال کے آخر تک 22.00 فیصد تک اضافہ کے باعث 46.584 ملین روپے سے کیا جاسکتا ہے۔ ورکنگ کپیکل کی رکاوٹوں کی وجہ سے کمپنی نے کمپنی کو آپریٹنگ رکھنے کے لیے کثیر کیٹ کی بنیاد پر پارن کی پیداوار جاری رکھی۔ زیر جائزہ سال کے دوران، مالی سال 2023 کی آخری سہ ماہی میں بنیادی طور پلانٹ کی مرمت اور دیکھ بھال اور خام مال کی کمی کی وجہ سے عارضی طور پر بند ہونے کی وجہ سے پیداواری حجم میں گزشتہ سال کے مقابلے میں کمی واقع ہوئی۔ اب آپ کی کمپنی نے ملک میں کپاس کے نئے میزن کی آمد پر اپنی پیداواری پلانٹ آپریٹنگ کو کامیابی کے ساتھ دوبارہ شروع کر دیا ہے۔

2012 کو اختتام پذیر ہونے والے مالیاتی سال میں، کمپنی نے اپنے قرض دہندگان کے ساتھ معاہدہ تصفیہ کیا جس کے خلاف سندھ ہائی کورٹ، کراچی نے رضامندی کے احکامات منظور کئے۔ کمپنی کے قلیل مدتی اور طویل مدتی قرضہ جات کو طویل مدتی قرضہ جات کی شکل میں تبدیل کیا گیا، تاہم کچھ قرض دہندگان کے پاس 37.405 ملین روپے کے سوٹ ہیں، انہوں نے اس وقت تنظیم نو کی تجویز کو قبول نہیں کیا۔ تصفیہ معاہدے کے تحت تنظیم نو کی ذمہ داریوں کی ادائیگی میں ڈیفالٹ کے نتیجے میں، قرض دہندگان نے رضامندی کے احکامات پر عمل درآمد کے لیے ایگزیکٹو ڈائری کی کمپنی نے معزز عدالت عالیہ سندھ کراچی میں مقدمہ دائر کیا جس میں اس کا مقابلہ کیا گیا کہ ایگزیکٹو ڈائری کو نانا انصافی اور خلاف قانون ہے۔ کمپنی کی انتظامیہ اس سے بہتر نتائج کی توقع رکھتا ہے۔

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں وضاحت کے ساتھ تنظیم نو کی ذمہ داریوں کی منطوق کی ادائیگی اور مارک اپ کی عدم فراہمی میں ڈیفالٹ پر اپنی ماہر رائے کا اظہار کیا ہے۔ انہوں نے اپنی رپورٹ میں اہم پیو گراف کے معاملات کو بھی شامل کیا ہے تاکہ آنے والے وقتوں میں کمپنی کی قابلیت کے بارے میں شکوک و شبہات نہ ہوں۔

کمپنی نے اپنے قرضہ جات کو دوبارہ مرتب کرنے کے لئے اپنے قرض خواہوں سے رابطہ کیا ہے جو کہ زیر غور ہے۔ انتظامیہ ہر امید ہے کہ جلد از جلد اسے مکمل کر دیا جائے گا اس کے علاوہ دوبارہ ترتیب کردہ تاریخ تک مبلغ 210.713 ملین روپے واجب الادا مارک اپ پر لازم ہو گئے اور کمپنی معاہدہ کی شرائط میں کوتاہی کی صورت میں یہ ادائیگی کرنے کی ذمہ دار ہوگی۔ چونکہ دوبارہ ترتیب کا عمل زیر غور ہے لہذا انتظامیہ کو یقین ہے کہ یہ رقم واجب الادا نہیں ہوگی۔ اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

یہ مالیاتی حسابات تشریح کے مفروضے کو استعمال کرتے ہوئے تیار کئے گئے ہیں کیونکہ نوٹ 2 میں مذکورہ شرائط عارضی ہیں اور مستقبل میں بھی مد نظر رکھی جائیں گی۔ اس پر ضرورت کے وقت ورکنگ کپیکل کی ضروریات کو پورا کرنے میں مدد کرتے ہیں۔ لہذا تشریح کے مفروضے کا استعمال کرتے ہوئے مالیاتی حسابات کی تیاری جائز ہے۔

### مستقبل کا نظریہ:

معاشی نقطہ نظر، مقامی اور عالمی دونوں، فطری طور پر غیر یقینی ہے۔ پالیسیوں میں سختی، سیلاب کے اثرات، درآمدات میں کمی اور سیاسی بے یقینی صورتحال کے باعث معاشی بد حالی نے پاکستان کی معیشت کو شدید متاثر کیا ہے۔ ملکی معاشی استحکام کا زیادہ تر انحصار سیاسی مضبوطی، فعال اور سمجھدار مالیاتی پالیسی اور پیرورنی ٹرانسنگ تک رسائی پر ہوگا۔ لہذا، ہم توقع کرتے ہیں کہ اسپیننگ انڈسٹری نہ صرف زیادہ مانگ نہ ہونے کی وجہ سے مشکل دور سے گزرے گی بلکہ منافع پر بھی اثر پڑے گا کیونکہ اشیاء کی قیمتوں میں اضافہ بجلی کی قیمت، روپے کی قدر میں کمی، کم از کم اجرت میں اضافہ، مارک اپ ریٹ اور ٹیکسز میں اضافہ وغیرہ، جس کے نتیجے میں کاروباری مجموعی لاگت میں اضافہ ہوگا۔ تاہم، ملک کی ٹیکسٹائل انڈسٹری کے لیے ایک اہم پیش رفت اس سال بہتر کوئی کے ساتھ کپاس کی ابتدائی آمد ہے۔ اگر ملک میں موسمی حالات سازگار رہے اور پیداواری ہدف 12.7 ملین گانٹھیں (پنی سی جی اے) حاصل کر لیا گیا تو اس سے نہ صرف کپاس کی قیمتوں میں استحکام آئے گا اور مقامی ٹیکسٹائل کی صنعت کو بچھلنے پھولنے میں مدد ملے گی اور ملک کو نمایاں زرمبادلہ حاصل کرنے میں بھی مدد ملے گی۔

عالمی سطح پر مسابقتی ہونے اور اس معاشی بحران پر قابو پانے کے لیے، ہم توقع کرتے ہیں کہ نئی حکومت اسٹریٹجکل اصلاحات پر توجہ دے گی، ان بنیادی خامیوں کو دور کرے گی جو بار بار آنے والے معاشی بحرانوں کا باعث بنتی ہیں۔ برآمدات اور زرمبادلہ کو فروغ دینے اور برآمد کنندگان کو بین الاقوامی سطح پر مقابلہ کرنے کے قابل بنانے کے لیے حکومت کو ٹیکسٹائل انڈسٹری سمیت برآمدات پر پٹنی شجوں کو ترجیح دینی چاہیے اس میں خام مال، پرزہ جات اور لوازمات کی درآمد میں سہولت فراہم کرنا، موجودہ شرح سود میں کمی جو کسی بھی کاروبار کو برقرار رکھنے کے لیے بہت زیادہ ہے اور معقول نرخ پر پوٹیلٹیجز کی دستیابی کو یقینی بنانا بھی شامل ہے۔ مزید یہ کہ ٹیکس کے اسٹریٹجی سے کاروبار کرنے میں آسانی پیدا کرنے اور موجودہ ٹیکس دہندگان پر زیادہ بوجھ ڈالنے کی بجائے ٹیکس کی بنیاد کو بڑھانے پر توجہ دینے کی توقع ہے۔ آئندہ سال نہ صرف کمپنی بلکہ پاکستان کی معیشت کے لیے بھی چیلنجنگ سال ہے۔

### کارپوریٹ معاشرتی ذمہ داریاں:

ہم کارپوریٹ معاشرتی ذمہ داریوں (CSR) کے حوالے سے اس بات کا بھی عہد کرتے ہیں کہ ہم اپنی معمول کے مطابق کاروباری سرگرمیوں کے عمل کو مضبوط کرنا چاہتے ہیں۔ کمپنی تمام اسٹیک ہولڈرز، خاص طور پر جس معاشرے میں ہم رہتے ہیں اور ایسے درک زو جو ہمارے کاروبار کا محور ہیں، کے مفادات پر غور اور توازن پیدا کرنے کیلئے شعوری طور پر کوشش کرنے کیلئے پرعزم ہیں۔ ہم نے اپنی کامیابی کو نہ صرف مالیاتی سرگرمیوں کیلئے وقف کیا ہے بلکہ ہم اپنے صارفین کا اطمینان بھی چاہتے ہیں اور ان تمام برادر یوں کو بھی سپورٹ کرنا چاہتے ہیں جن کی ہم خدمت کرتے ہیں۔



## ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،  
السلام علیکم،

آپ کی کہنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2023ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات جمع آؤ بیگز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### معاشی جائزہ:

مالی سال 2023ء میں سانحہ کمزوریوں اور سیاسی بے یقینی صورتحال کے باعث پاکستان شدید اقتصادی چیلنجز کا شکار رہا۔ جغرافیائی سیاسی صورتحال، مشکل مالیاتی ماحول، اور بڑھتے ہوئے افراط زر کے دباؤ نے عالمی ترقی کے امکانات پر کافی اثر ڈالا۔ ان تمام عوامل نے بھی پاکستان کی معیشت کے لیے اہم اقتصادی خطرات پیدا کیے۔ اس طرح، مالی سال 2023 پاکستان کی معیشت کے لیے معاشی عدم توازن، سیلاب سے ہونے والے نقصانات، سپلائی میں کمی، اور بین الاقوامی اقتصادی سست روی کے زبردست چیلنجز کا سامنا کرتے ہوئے ایک مصائبی سال رہا ہے جس کے باعث مالی سال 2023 میں اقتصادی ترقی میں صرف 0.29 فیصد (مالی سال 2022 میں 6.1 فیصد)، زراعت میں 1.55 فیصد (مالی سال 2022 میں 4.4 فیصد)، صنعتی شعبے میں 2.94 فیصد (مالی سال 2022 میں 7.2 فیصد) کمی آئی ہے۔ بنیادی اقتصادی شعبہ ایل ایس ایم، جو کہ ملکی صنعتی پیداوار کی نمائندگی کرتا ہے، کی شرح نمو منفی رہی، مالی سال 2023 میں اس شعبہ کی شرح نمو منفی 8.11 فیصد رہی جبکہ گزشتہ سال کی اسی مدت میں شرح نمو 10.61 فیصد تھی۔ پالیسی شرح 13.75 فیصد سے بڑھ کر 22.0 ہو گئی جس میں تقریباً 8 فیصد سے زیادہ اضافہ ہوا۔ درآمدات کنٹرول پالیسی نے ملک کی برآمدات پر نقصان دہ حصہ ڈالا، جس میں 12.7 فیصد کمی ہوئی۔ اسی طرح، ترسیلات زر بھی SPLY کے مقابلے میں 13.74 فیصد کم ہو کر 27 بلین امریکی ڈالر پر رہ گئی کیونکہ عالمی اقتصادی ترقی تاریخی معیارات کے لحاظ سے کم رہی اور بلند افراط زر کے ساتھ مالیاتی خطرات میں اضافہ ہوا۔ رواں سال، پاکستان نے گزشتہ سال کے مقابلے میں اب تک کی سب سے زیادہ افراط زر 37.97 فیصد پوسٹ کی ہے اور توقع ہے کہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 40 فیصد کمی کا جبہ آج کی کے ساتھ قریب ترین مدت میں زیادہ رہے گی۔

عالمی اقتصادی سست روی اور سیلاب سے ہونے والے نقصانات سمیت خطرات کے پھیلاؤ کی وجہ سے، اسٹیٹ بینک آف پاکستان کی پابندی والی پالیسیوں جیسے کہ بلند شرح سود، درآمدی پابندیاں، اور تیزی سے سخت مانیٹری پالیسی، ادائیگیوں کے توازن کو درست کرنے کے لیے ایل سی کی بندش اور کنٹرول، افراط زر اور مالیاتی منڈی کے اتار چڑھاؤ نے کاروبار، صارفین کے اعتماد اور سرمایہ کاری کے لیے مشکلات پیدا کر دی ہیں۔ اگرچہ، اسٹیٹ بینک کے اس طرح کے اقدامات کے نتیجے میں مالی سال کے آخری مہینے میں 504 بلین روپے کا کرنٹ اکاؤنٹ سرپلس ہوا لیکن اس نے ملک کی برآمدات پر بھی نقصان دہ اثر ڈالا، لہذا، بڑھتی ہوئی افراط زر پر قابو رکھنے اور قیمتوں میں استحکام کے مقصد کو حاصل کرنے کے لیے، اسٹیٹ بینک نے اپنے حالیہ ہنگامی اجلاس میں پالیسی ریٹ کو 22 فیصد تک بڑھانے کا فیصلہ کیا ہے۔

### صنعتی جائزہ:

پاکستان میں یکساں کی صنعت کا معیشت پر گہرا اثر ہے اور ملکی برآمدات میں تقریباً 60 فیصد حصہ ڈال رہا ہے۔ یہ کل میٹروپولیٹن چکرنگ سیکٹر کا 46 فیصد پر مشتمل ہے اور دوسرا سب سے بڑا روزگار پیدا کرنے والا سیکٹر ہونے کی وجہ سے کل لیبر فورس کا 40 فیصد روزگار فراہم کرتا ہے۔ مالی سال 2022-23 کے دوران، یکساں سیکٹر کی شرح نمو منفی 16.03 فیصد اور برآمدات میں 14.06 فیصد کمی کی ریکارڈ ہوئی ہے۔ کپاس کے سال کے آغاز میں اسپیننگ انڈسٹری بہت پر امید تھی کہ رواں سال کپاس کی فصل میں متوقع شرح نمو اور گزشتہ سال کے زائد ذخائر کے کیری اور کمی کی وجہ سے کپاس کی مانگ اور قیمت میں کمی آئے گی۔ بعد ازاں مالی سال 2022-23 کے دوران، سیلاب کے نقصانات کے نتیجے میں کپاس کی صنعت کو نقصان ہوا جو اس صنعت کی کپاس کی مطلوبہ بان پٹ کا نصف ہے۔ سال 2022 کے سیلاب سے زرعی شعبے کی کارکردگی کو شدید نقصان پہنچا جس نے کپاس اور دیگر فصلوں کو بھی شدید نقصان پہنچایا۔ کپاس میں 41.0 فیصد کمی ہوئی جس کے نتیجے میں گزشتہ سال 8.329 بلین گانٹھوں کے مقابلے میں 4.910 بلین گانٹھیں تیار ہوئیں۔ نتیجتاً کاشن مارکیٹ میں اچانک اتار چڑھاؤ آیا اور قیمتوں میں اضافہ ہونا شروع ہو گیا۔ مزید برآں، بین الاقوامی سطح پر کپاس کی زائد قیمتوں اور مجموعی طور پر چیلنجنگ سپلائی چین، گیس کی قلت، افراط زر، بڑھتا ہوا سیاسی عدم استحکام اور غیر یقینی ٹیکسز اور محصولات نے صنعت کے لیے اپنے آپریشنز پر طویل مدتی نظریہ رکھنا مشکل بنا دیا ہے۔

### مالیاتی نتائج اور کارکردگی:

زیر چاہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

(روپے)	
488,343,690	آمدنی
(716,320,054)	آمدنی کی لاگت
<b>(227,976,364)</b>	کل خسارہ
(9,474,916)	آپریٹنگ اخراجات
<b>(237,451,280)</b>	آپریٹنگ خسارہ
(71,024,481)	مالیاتی لاگت
<b>(308,475,761)</b>	قبل از ٹیکس خسارہ
21,874,869	ٹیکسیشن
<b>(286,600,892)</b>	بعد از ٹیکس خسارہ

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

سکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 831(1)/2012 مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارنٹس وغیرہ کے اجراء کے لیے سی این آئی سی لازمی ہے جس کی عدم موجودگی میں ڈیویڈنڈ کی ادائیگی ایس ای سی پی کی مندرجہ بالا ہدایات کے مطابق روکی جاسکتی ہے لہذا جن حصص یافتگان نے تاحال اپنے سی این آئی سی فراہم نہیں کیے ہیں ان کو ایک بار پھر ہدایت کی جاتی ہے کہ اپنے سی این آئی سی کی تصدیق شدہ کاپی بلا تاخیر براہ راست ہمارے شیئرز رجسٹرار کو فراہم 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 الیکٹرونک طور پر وصول کر سکتے ہیں اس طریقہ سے ڈیویڈنڈ ان کے بینک اکاؤنٹ میں منتقل ہو جائے گا اور بذریعہ ڈاک گمشدگی، عدم وصولی اور غلط پتے پر وصولی وغیرہ کے خدشات نہیں ہوں گے، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹس نمبر 8(4) ایس ایم / سی ڈی سی 2008ء مورخہ 15 اپریل 2013ء کے ذریعہ تمام لسٹڈ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکنزم کو اختیار کرنے کی ہدایات جاری کی گئی ہیں، مندرجہ بالا کے پیش نظر آپ کو ڈیویڈنڈ مینڈیٹ فارم پر اور دستخط کے ہمراہ جمع کرا کے ڈیویڈنڈ مینڈیٹ فراہم کیا جا رہا ہے۔

(7) مالی گوشواروں وغیرہ کی الیکٹرونک 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 متنی ہیں مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنے کے خواہشمند ممبران سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ <http://www.yousufdewan.com/DFSML/index.html> اسٹینڈرڈ ریگولیشن فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

**YD**

A YOUSUF DEWAN COMPANY

## دیوان فاروق اسپیننگ ملز لمیٹڈ سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان فاروق اسپیننگ ملز لمیٹڈ (ڈی ایف ایس ایم ایل یا کمپنی) کا بیسواں (20) سالانہ اجلاس عام جمعرات 26 اکتوبر 2023 کو دوپہر 02:00 بجے دیوان سینٹ لمیٹڈ۔ فیکٹری سائٹ واقع دیہہ ڈھنڈو دھاتی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت قرآن پاک سے ہوگا۔

### عمومی امور

- (1) کمپنی کے گزشتہ غیر معمولی اجلاس عام منعقدہ جمعرات 26 جنوری 2023 کی کارروائی کی توثیق۔
- (2) 30 جون 2023 کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں معہ آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2024ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

محمد حنیف جومن  
ڈائریکٹر اور کمپنی سیکریٹری

کراچی 28 ستمبر 2023ء

### نوٹ:

- (1) کمپنی کی منتقلی حصص کی کتب 19 اکتوبر 2023 تا 26 اکتوبر 2023 (دونوں دن شامل) بند رہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع انیم اسٹیٹ بلڈنگ کرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی میں شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست کی جاتی ہے۔
- (3) اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم اڑھتالیس 48 گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکل نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایت پر عمل کرنا ہوگا۔

### الف) برائے اجلاس میں شرکت

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

### ب) پروکسی کی تقرری

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



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
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# DEWAN FAROOQUE SPINNING MILLS LIMITED

## 20th ANNUAL GENERAL MEETING

### PROXY FORM

#### IMPORTANT

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

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

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

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

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

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

\_\_\_\_\_ of

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

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

and Account No. \_\_\_\_\_ my/our proxy to vote for me/our behalf at the 20th Annual General

Meeting of the Company to be held on **Thursday, October 26, 2023, at 2:00 p.m.** And any

adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

Affix  
Revenue  
Stamp  
Rs. 5/-

Signature \_\_\_\_\_

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

Signature

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

Signature

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

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

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

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

\_\_\_\_\_

\_\_\_\_\_

## پراکسی فارم ۲۰ سالانہ اجلاس عام

### اہم اعلان

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

میں / ہم \_\_\_\_\_ کا (مکمل پتہ)

\_\_\_\_\_ بحیثیت ممبر

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

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

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

جو بذات خود بھی \_\_\_\_\_

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

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

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۲۰ سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۶ اکتوبر ۲۰۲۳ کو دوپہر ۲:۰۰ بجے، ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ ۲۰۲۳ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix  
Revenue  
Stamp  
Rs. 5/-

دستخط \_\_\_\_\_

گواہ: \_\_\_\_\_

نام: \_\_\_\_\_

مکمل پتہ: \_\_\_\_\_

گواہ: \_\_\_\_\_

نام: \_\_\_\_\_

مکمل پتہ: \_\_\_\_\_