



YD

A YOUSUF DEWAN COMPANY

Vision Statement

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

Mission Statement

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

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

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

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

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

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	:	Dewan Abdul Baqi Farooqui Chief Executive Officer & Director
Non-Executive Director	:	Syed Maqbool Ali (Chairman, Board of Directors) Mr. Imran Ahmed Javed Mr. Ghazanfar Baber Siddiqi Mr. Abdul Basit Mrs. Nida Jamil
Independent Director	:	Mr. Aziz -ul-Haque
Audit Committee	:	Mr. Aziz -ul-Haque (Chairman) Syed Maqbool Ali (Member) Mr. Ghazanfar Baber Siddiqi (Member)
Human Resources & Remuneration Committee	:	Mr. Aziz -ul-Haque (Chairman) Mr. Imran Ahmed Javed (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	:	www.yousufdewan.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of **Dewan Farooque Spinning Mills Limited** (“*DFSML*” or “*the Company*”) will be held on **Thursday, October 27, 2022, at 12:30 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhand, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding General Meeting of the Company held on Wednesday, October 27, 2021;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2022, 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, 2023, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By order of the Board



Muhammad Hanif German
Company Secretary

Karachi: September 28, 2022

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2022 to October 27, 2022 (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, 2022, four board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the board and its committee meetings. All Directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.



Syed Maqbool Ali
Chairman Board of Directors

Date: September 23, 2022

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, 2022 together with the Auditors' Report thereon.

Economic Overview

Financial year (FY) 2022 started off on a positive note where the prospects of economic growth were quite visible and all the macroeconomic indicators were posing a positive image. Pakistan's economy attained a GDP growth of 5.97 per cent in FY22, compared to 5.74 per cent in FY21 owing to robust growth of the industrial sector (7.2% in FY22) and agriculture sector (4.4% in FY22). During the year, despite of record exports of USD 32.5 billion and remittances of USD 31.2 billion, the country witnessed current account deficit of USD 17.4 billion in FY22 due to unprecedented increase in overall imports. The import bill has increased significantly by 42.21% (in USD terms) to USD 80.18 billion in comparison to USD 56.38 billion of last year mainly on account of rising energy import cost combined with increased imports of items covered under Agricultural, Chemicals, Metallic and other heads etc. The impact of increased imports on the foreign reserves was offset to some extent by higher exports of 25.64% mainly on account of growth in exports of textile sector especially the value-added products along with the increase in remittances by 6.07% in the FY22. However, things changed quite significantly in the second half of the FY 22 with political instability, very high inflation on account of acceleration of global oil prices, abrupt devaluation of rupee, increase in domestic demand, supply constraints, coupled with depleting country's foreign reserves. At an international level, the Russia / Ukraine war has also inhibited the overall economic growth with the inflation being a daunting challenge for even the major economies to manage. These factors have compelled the government to take steps to slow down the economy by reducing imports (through cash margin requirement and imposing ban on import of certain items) for some period and increasing the discount rate to 15%. These fiscal measures have not only discouraged imports but have reduced the overall consumer spending, hence, supporting the balance of payment to some extent.

In order to stabilize the economy, Pakistan revived the IMF program with an immediate tranche of \$1.17 billion. The country is expected to have easier access to funds from other international lenders including the multi-donor agencies. Country's GDP growth in FY23 is projected to decline to 3.5% in FY23 as per IMF's estimates on concerns over global recession and growing political and economic instability.

Industrial Background

The textile sector in Pakistan has an overwhelming impact on the economy and has been contributing around 60% to the country's exports. It comprises of 46% of the total manufacturing sector and being the second largest employment generating sector that provides employment to 40% of the total labor force. There was significant increase in the cost of imported raw material owing to devaluation of the rupee in the last quarter of FY22. Moreover, higher international cotton prices and overall challenging supply chain, fraught with shortage of gas, increased political instability and uncertain taxes and levies, have made it difficult for the industry to take a long-term view over its operations.

The spinning industry at the start of cotton year was very optimistic that the demand and price for cotton would be reduced due to anticipated growth in current year cotton crop and carry-over of last year's surplus stocks. Afterwards, because of drought in US, its crop has fallen substantially and likewise devastating rains in Pakistan have also severely damaged the cotton & other crops. Resultantly cotton market has suddenly taken an upturn and prices have started getting elevated. In Pakistan, unprecedented rains have seriously damaged the crops and so far, the quality and quantity both are much less than expected. Estimated forecast of cotton crop yield was approximately 12 to 14 million bales, whereas it now appears to be 6 to 8 million bales which is 45% to 50% of our annual requirement and rest of the requirements have to be met by cotton imports that will be a tremulous task all in all to import and make this cotton available.

Operating results and performance:

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

	"Rupees"
REVENUE	694,230,183
COST OF REVENUE	(811,333,168)
GROSS LOSS	(117,102,985)
OPERATING EXPENSES	(53,213,362)
OPERATING LOSS	(170,316,347)
FINANCE COST	(46,583,983)
LOSS BEFORE TAXATION	(216,900,330)
TAXATION	23,909,334
LOSS AFTER TAXATION	(192,990,996)

During the year ended 30 June, 2022, Company's net revenue has increased to Rs.694.230 million as compared to Rs. 602.428 million of last year. Company has suffered gross loss of Rs. 117.103 million, whereas operating expenses of the company remained at Rs. 53.213 million as compared to Rs. 57.556 million of corresponding year. Finance Cost has increased significantly to Rs.46.584 million as compared to Rs.36.688 million of comparable period of last year because of increase in policy rate enhancement from 7.00% at start of year to 13.75% by the end of year. 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 also increased as compared to last year due to capex incurred during the year to improve quality and quantity of production.

In financial year ended 2012, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain lenders having suits of Rs.66.60 million, did not accept the restructuring proposal at that time. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

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

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

These financial statements have been prepared using going concern assumption as the conditions referred in note 2 are temporary and would reverse in foreseeable future. The company's operating cash flows are positive and sponsors provide the support as and when required to meet working capital requirements. The company production have increased as compared to last year due to certain capital expenditures, which also mitigate the risks involved. Therefore, the preparation of financial statements using going concern assumption is justified.

Future Outlook

The economic stability would largely depend on political firmness, a proactive and prudent monetary policy and access to external financing. The interest rates have significantly gone up from single digit to double digits with an approximate increase of more than 5%. In addition to this, there is a tricky balance between demand and supply as demand for textile has also shrunk and supply of cotton has also reduced. The price gap between Cotton and Polyester has been narrowed so the year ahead will be tough as we do not see any increase in consumption of cotton. Therefore, we foresee that the spinning industry will go through a rough period not only because of shortage of raw material and there is not much demand but also profitability in the coming months will be impacted negatively due to increase in commodity prices, power cost, rupee devaluation, minimum wage increases, mark up rates and increased taxes, etc., resulting in escalation in overall cost of doing business.



To be globally competitive, textile sector main priority is availability and cost of energy. The industrial electricity tariff of other textile exporting countries is lower than Pakistan making us uncompetitive in the international market. The objective of the Pakistani textile industry to become an export “powerhouse” cannot be achieved until power tariffs are revised to a competitive and stable level. For the financial year 2022-23, Energy rates have been fixed at USD 9 / MMBTU for Gas and cent 9 per unit for electricity w.e.f August 2022. Even the tariff of July has been changed and bills paid at enhanced cost. A predictable, stable and compatible energy policy is required for improving business confidence levels and increase in investments in Industry. Government also needs to address gas shortage issue to prevent possible downfall of textile industry.

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.

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8. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.
9. Doubts upon the company's Going Concern and mitigating factors have appropriately been disclosed in the financial statements.
10. Information regarding the outstanding taxes and Levies is given in the notes to the financial statements.
11. As required under the Code of Corporate Governance, the following information has been presented in this report:
 - i) Pattern of Shareholding;
 - ii) Shares held by associated undertaking and related persons;

Board

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

The Board of Directors as of June 30, 2022, 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 four meetings of the Board were held. The attendance of directors was as follows:

Names	No. of Meetings attended
Dewan Abdul Baqi Farooqui	2
Mr. Aziz-ul-Haque	4
Mr. Ghazanfar Baber Siddiqi	4
Mr. Haroon Iqbal	4
Mr. Imran Ahmed Javed	4
Syed Maqbool Ali	4
Mr. Abdul Basit	0
Mrs. Nida Jamil	4

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

Audit Committee

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

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



Names	No. of Meetings attended
Mr. Aziz-Ul Haque – Chairman	4
Syed Maqbool Ali	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. Imran Ahmed Javed	1

Earnings per Share

(Loss) per share during the period under review worked out to Rs (1.97) [2021: Rs. (1.15)]

Appointment of Auditors

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

Pattern of Shareholding

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

Key operating and financial data

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

Subsequent Events

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

Vote of Thanks & Conclusion

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

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

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

By and under Authority of the Board of Directors

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

Syed Maqbool Ali
Chairman Board of Directors

Date: September 23, 2022

Place: Karachi

FINANCIAL HIGHLIGHTS

	2017	2018	2019	2020	2021	2022
	(Rupees in Thousands)				(Restated)	
Sales (Net)	952,277	769,189	482,918	431,984	602,428	694,230
Gross (Loss)/ Profit	(120,074)	(247,083)	(110,117)	(99,211)	(24,786)	(117,103)
(Loss)/ Profit Before Tax	(238,696)	(391,807)	(225,131)	(210,263)	(119,029)	(216,900)
(Loss)/ Profit After Tax	(251,012)	(377,120)	(210,213)	(197,869)	(112,601)	(192,991)
Current Assets	825,028	432,652	297,930	267,439	252,909	202,744
Shareholder's Equity	1,508,725	1,139,735	936,849	739,922	2,001,994	1,808,851
Current Liabilities	1,054,713	1,000,203	978,877	1,259,456	1,274,972	1,305,462
(Loss)/ Earning per Share	(2.57)	(3.86)	(2.15)	(2.02)	(1.15)	(1.97)
Breakup value per share (Rs.)	15.43	11.66	9.58	7.57	20.49	18.50
Current ratio (Times)	0.78	0.43	0.30	0.21	0.20	0.16
Gross (Loss)/ Profit %	-12.61%	-32.12%	-22.80%	-22.97%	-4.11%	-16.87%
Net (Loss)/ profit%	-26.36%	(0.49)	(0.44)	(0.46)	(0.19)	(0.28)
Debt equity ratio (Times)	0.62	0.81	0.93	1.18	0.44	0.48



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

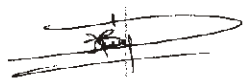
For the Year Ended June 30, 2022

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

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12. The board has formed committees comprising of members given below:
- | | | | |
|----------------------------------|---|--|------------------------------|
| a) Audit Committee | : | Mr. Aziz-ul-Haque
Syed Maqbool Ali
Mr. Ghazanfar Baber Siddiqi | Chairman
Member
Member |
| b) HR and Remuneration Committee | : | Mr. Aziz-ul-Haque
Mr. Imran Ahmed Javed
Syed Maqbool Ali | Chairman
Member
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, 2022 |
| b) HR and Remuneration Committee | : | 1 annual meeting held during the financial year ended June 30, 2022 |
15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Syed Maqbool Ali
Chairman Board of Directors

Date : September 23, 2022
Place : Karachi



FEROZE SHARIF TARIQ & CO.

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

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

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, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

- a) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- b) The chairman of Audit committee 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, 2022.

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

Dated: September 28, 2022
UDIN: CR202210161VGcOJrQCZ
Place: Karachi

CHARTERED ACCOUNTANTS

FEROZE SHARIF TARIQ & CO.

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

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

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, 2022, 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, 2022 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

- 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 (2021: Rs.398.067) million (note 8.1 to the financial Statements) along with markup of Rs. 210.713 (2021:Rs.210.713) million (eligible for waiver outstanding as of date of restructuring) become immediately payable, therefore provision for markup should be made in these financial statements. Further, the short term finance facilities have expired and not been renewed by banks amounting to Rs. 192.10 (2021:Rs. 192.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 66.60 (2021: Rs. 66.60) 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
- 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. 295.371 (2021: Rs 286.454) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. Rs. 295.371 (2021: Rs 286.454) million.

Except for the Possible Effects of the matter described in the Basis of Qualified Opinion section above of our report, 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.

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, 2022 which indicates loss after taxation of Rs. 192.991 (2021: Rs. 112.601) million and as of that date it has accumulated losses of Rs. 1,463.021 (2021: Rs. 1,345.900) million and its current liabilities exceeded its current assets by Rs. 1,102.718 (2021: Rs. 1,022.063) 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. 192.10 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 year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Contingencies	
	<p>The Company is subject to material litigations involving different courts pertaining to GID Cess and Recovery of Loans by Financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations.</p> <p>Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 15 to the financial statements</p> <p>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy</p> <p>In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases.</p> <p>Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible.</p> <p>As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.</p>

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work 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: September 28, 2022
UDIN: AR202210161XkWxz7pwg
Place: Karachi

CHARTERED ACCOUNTANTS
(Mohammad Ghalib)

STATEMENT OF FINANCIAL POSITION

As at 30th June, 2022

		June 30, 2022	(Restated) June 30, 2021
<u>EQUITY AND LIABILITIES</u>		(Rupees)	
SHARE CAPITAL AND RESERVES			
	Notes		
Authorized share capital			
100,000,000 (2021: 100,000,000) Ordinary shares of Rs.10/- each	5	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	6	977,507,260	977,507,260
Revenue reserve - accumulated loss		(1,463,021,085)	(1,345,900,042)
Capital reserve - revaluation surplus on property, plant and equipment	7	2,294,365,071	2,370,386,530
		1,808,851,246	2,001,993,748
NON-CURRENT LIABILITIES			
Long term loan	8	16,406,250	-
Deferred taxation	9	286,108,919	317,159,938
Deferred liability for staff gratuity	10	21,054,094	16,324,662
CURRENT LIABILITIES			
Trade and other payables	11	117,891,869	114,568,403
Accrued mark-up		319,474,688	273,069,999
Short term borrowings	12	412,864,355	412,864,355
Current & overdue portion of long term liabilities	13	446,553,227	463,896,977
Provision for taxation	14	8,677,877	10,572,616
		1,305,462,016	1,274,972,350
CONTINGENCIES AND COMMITMENTS			
	15	-	-
		3,437,882,525	3,610,450,698
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	16	3,196,911,765	3,319,315,029
Long term deposits	17	38,226,745	38,226,745
CURRENT ASSETS			
Stores & spares	18	25,350,641	22,309,317
Stock-in-trade	19	-	361,003
Trade debts- unsecured, considered good	20	69,983,502	83,624,514
Loans and advances- unsecured, considered good	21	19,715,514	18,154,240
Trade deposits and other receivables- considered good	22	40,704,645	53,043,602
Taxes recoverable		36,751,422	31,366,691
Cash and bank balances	23	10,238,291	44,049,557
		202,744,015	252,908,924
		3,437,882,525	3,610,450,698

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


Dewan Abdul Baqi Farooqui
 Chief Executive Officer & Director


Muhammad Irfan Ali
 Chief Financial Officer


Syed Maqbool Ali
 Chairman Board of Directors



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30TH JUNE 2022

	Notes	2022	2021
		(Rupees)	
Sales / Revenue - Net	24	694,230,183	602,428,290
Cost of sales / revenue	25	(811,333,168)	(627,213,998)
Gross (loss)		(117,102,985)	(24,785,708)
Operating expenses			
Administrative expenses	26	(45,057,397)	(50,423,033)
Selling and distribution expenses	27	(8,155,965)	(7,132,733)
		(53,213,362)	(57,555,766)
Operating (loss)		(170,316,347)	(82,341,474)
Finance cost	28	(46,583,983)	(36,687,185)
(Loss) before taxation		(216,900,330)	(119,028,659)
Taxation			
Current		(8,677,877)	(10,572,616)
Prior		1,536,192	-
Deferred		31,051,019	17,000,484
		23,909,334	6,427,868
(Loss) after taxation		(192,990,996)	(112,600,791)
(Loss) per share - basic and diluted	29	(1.97)	(1.15)

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

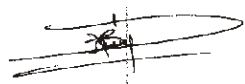
Muhammad Irfan Ali
Chief Financial Officer

Syed Maqbool Ali
Chairman Board of Directors

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2022**

	2022	2021
	(Rupees)	
(Loss) after taxation	(192,990,996)	(112,600,791)
Items that will not be subsequently reclassified to profit or loss:		
Other Comprehensive Income		
Revaluation during the year	-	1,536,836,784
Related deferred tax	-	(161,480,756)
	-	1,375,356,028
Remeasurement of defined benefit liability	151,506	-
	151,506	-
Total comprehensive income /(loss) for the year	(192,839,490)	1,262,755,237

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2022 (Rupees)	2021
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(216,900,330)	(119,028,659)
Adjustments for non cash and other items:			
Depreciation		160,682,914	115,705,737
Financial charges		46,583,983	36,687,185
Provision for doubtful debts		12,350,000	20,767,580
Provision for gratuity		8,499,911	6,932,025
Cash flow before working capital changes		11,216,478	61,063,868
Working Capital changes			
<i>(Increase)/ Decrease in current assets:</i>			
Stores & spares		(3,041,324)	3,003,796
Stock in trade		361,003	-
Trade debts		1,291,012	(18,373,055)
Loans & advances		(1,561,274)	4,156,470
Trade deposits & other receivables		12,338,957	22,716,018
<i>Increase/ (Decrease) in current liabilities:</i>			
Trade and other payables		3,323,466	(24,944,733)
Cash generated from /(used in) operations		23,928,318	47,622,364
Taxes paid - net of refund		(14,421,155)	16,146,795
Gratuity paid		(3,921,985)	(1,789,651)
Financial charges paid		(179,294)	(318,622)
		5,405,884	61,660,886
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(38,279,650)	(21,293,839)
Long term deposits		-	-
Net cash outflow from investing activities		(38,279,650)	(21,293,839)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loan		(937,500)	-
Net cash Inflow / (out flow) from financing activities		(937,500)	-
Net increase / (decrease) in cash and cash equivalents		(33,811,266)	40,367,047
Cash and Cash equivalents at the beginning of the year		44,049,557	3,682,510
Cash and Cash equivalents at the end of the year	30	10,238,291	44,049,557

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

Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

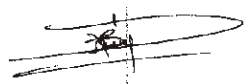
Muhammad Irfan Ali
Chief Financial Officer

Syed Maqbool Ali
Chairman Board of Directors

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2022

	Revenue reserve	Capital Reserve	Total	
	Accumulated loss	Revaluation surplus on property, plant & equipment		
Issued subscribed and paid-up capital				
(Rupees)				
Balance as at July 01, 2020	977,507,260	(1,274,237,669)	1,036,652,377	739,921,968
Total comprehensive loss for the year				
(Loss) for the year	--	(112,600,791)	--	(112,600,791)
Other comprehensive income	--	--	1,375,356,028	1,375,356,028
	--	(112,600,791)	1,375,356,028	1,262,755,237
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	41,621,875	(41,621,875)	--
Balance as at June 30, 2021 as reported	977,507,260	(1,345,216,585)	2,370,386,530	2,002,677,205
Restatement of difference charge to gratuity as per revaluation report June 30, 2021	--	(683,457)	--	(683,457)
Balance as at June 30, 2021 as restated	977,507,260	(1,345,900,042)	2,370,386,530	2,001,993,748
Balance as at July 01, 2021	977,507,260	(1,345,900,042)	2,370,386,530	2,001,993,748
Total comprehensive income / (loss) for the year				
(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)	--
Balance as at June 30, 2022	977,507,260	(1,463,021,085)	2,294,365,071	1,808,851,246

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2022

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, 2022 reflect that company sustained net loss after taxation of Rs. 192.991 million (2021: Rs. 112.601 million) and as of that date its negative reserves of Rs. 1,463.021 (2021: Rs. 1,345.900) million and its current liabilities exceeded its current assets by Rs. 1,102.718 million (2021: 1,022.063). 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. The company's operating cash flows are positive and sponsors provide support as and when required to meet working capital requirements. The company production have increased as compared to last year due to certain capital expenditures, which also mitigate the risks involved. Therefore the preparation of financial statements using going concern assumption is justified.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 28.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

3.2 Basis of measurement

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

Item	Measurement basis
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

Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year.

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Amendment or Framework

IFRS 3 - Business Combinations - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
"IAS 1 / IAS 8 - Definition of Material (Amendments)"
Conceptual Framework for Financial Reporting

The adoption of above amendments to the approved accounting standards and the framework for financial reporting did not have any material impact on the Company's financial statements.

Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements 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		Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendment)	01 January 2022
IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2022	01 April 2022
IFRS 3	Reference to the Conceptual Framework (Amendments)	01 January 2022
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	01 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments)	01 January 2023
IAS 8	Definition of Accounting Estimates (Amendments)	01 January 2023
IAS 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	01 January 2023
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
Improvements to Accounting Standards Issued by the IASB (2018-2021 cycle)		
IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41	Agriculture – Taxation in fair value measurements	01 January 2022
IFRS 16	Leases: Lease incentives	01 January 2022

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

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

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2023
IFRS 17	Insurance Contracts	01 January 2023



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 13 to the financial statements. The depreciation for assets acquired or disposed of during the year is charged from the month of acquisition or up to the month of disposal of such assets respectively.

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

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.

Right-of-use assets

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.

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.

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	- Average cost
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.

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 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 is 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.

DEWAN FAROOQUE SPINNING MILLS LIMITED

	2022	2021
	Rupees	
5 AUTHORIZED SHARE CAPITAL		
100,000,000 (2020: 100,000,000) Ordinary shares of Rs.10/- each	<u><u>1,000,000,000</u></u>	<u><u>1,000,000,000</u></u>
6 ISSUED, SUBSCRIBED AND PAID UP-CAPITAL		
97,750,726 (2020: 97,750,726) Ordinary shares of Rs.10/- each fully paid in cash	<u><u>977,507,260</u></u>	<u><u>977,507,260</u></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 (2021: 37,750,726) & 5,125,727 (2021: 5,125,727) ordinary shares of Rs. 10 each were held by associated companies and directors of the Company respectively.		
7 REVALUATION SURPLUS ON PROPERTY PLANT AND EQUIPMENT		
Opening Balance	2,370,386,530	1,036,652,377
Surplus arising on revaluation during the year	-	1,536,836,784
Related deferred tax liability	-	(161,480,756)
Transferred to accumulated loss in respect of incremental depreciation for the year	<u><u>(76,021,459)</u></u>	<u><u>(41,621,875)</u></u>
	<u><u>2,294,365,071</u></u>	<u><u>2,370,386,530</u></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:



	Notes	2022	2021
		Rupees	
8 LONG TERM LOANS			
Syndicated long term loans - Secured	8.1	-	-
Restructured long term loan - Secured	8.2	16,406,250	-
		<u>16,406,250</u>	<u>-</u>
8.1 SYNDICATED LONG TERM LOANS - SECURED			
Syndicated Long Term Loan - Secured		398,066,977	398,066,977
Less: Paid during the year		-	-
		<u>398,066,977</u>	<u>398,066,977</u>
Less: Transferred 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.		
8.2 RESTRUCTURED LONG TERM LOAN - SECURED			
Restructured long term loan - Secured		18,750,000	-
Less: Paid during the year		(937,500)	-
		<u>17,812,500</u>	<u>-</u>
Less: Transferred to current maturity	13	1,406,250	-
		<u>16,406,250</u>	<u>-</u>
8.2.1	Suit # 210 filed by M/s Pak Libya Holding was decreed on 23/12/2019 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 and consequently thereof the execution pending at Banking Court at Lahore is adjourned as sign die vide order dated April 18, 2022.		
9 DEFERRED TAXATION			
Credit balance arising due to:			
- accelerated tax depreciation		86,235,061	135,054,624
- revaluation - Net of related depreciation		286,108,919	317,159,938
Debit balance arising due to			
- finance lease transactions		2,344,794	3,558,460
- staff gratuity		(6,105,687)	(4,535,949)
- carried over losses		<u>(320,178,766)</u>	<u>(291,196,288)</u>
		<u>48,404,321</u>	<u>160,040,785</u>
Deferred tax asset not recognized		237,704,598	157,119,153
		<u>286,108,919</u>	<u>317,159,938</u>

DEWAN FAROOQUE SPINNING MILLS LIMITED

	Notes	2022	2021
		Rupees	
9.1 Movement of deferred tax liabilities			
Balance as at beginning of the year		317,159,938	172,679,666
Tax charge recognized in statement of profit or loss		(31,051,019)	(17,000,484)
Tax charge recognized in other comprehensive income		-	161,480,756
Balance as at end of the year		<u>286,108,919</u>	<u>317,159,938</u>
10 DEFERRED LIABILITY FOR STAFF GRATUITY			(Restated)
Opening balance		16,324,662	10,498,831
Provision for the year	10.1	8,499,911	7,615,482
Payments during the year		(3,921,985)	(1,789,651)
Actuarial gain		151,506	-
	10.2	<u>21,054,094</u>	<u>16,324,662</u>
10.1 Provision for the year			
Current service cost		7,317,339	6,938,374
Interest cost on defined benefit obligation		1,182,572	677,108
		<u>8,499,911</u>	<u>7,615,482</u>
10.2 Balance sheet liability			
Present value of defined benefit obligation		<u>21,054,094</u>	<u>16,324,662</u>
10.3 Changes in Present Value of Defined Benefit Obligations			
Present value of defined benefit obligation		16,324,662	10,498,831
Current service cost		8,499,911	7,615,482
Benefits paid during the year		(3,921,985)	(1,789,651)
Remeasurements chargeable in other comprehensive income		151,506	-
		<u>21,054,094</u>	<u>16,324,662</u>
10.4 Significant Actuarial Assumptions			
Discount rate used for interest cost in P&L charge		10.00%	9.00%
Discount rate used for year end obligation		13.25%	8.50%
Salary increase used for year end obligation		N/A	7.50%
Next salary increased at		July 01, 2022	July 01, 2021
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
10.5 Year End Sensitivity Analysis on Defined Benefit Obligation			
Discount Rate + 100 bps		17,031,229	8,785,135
Discount Rate - 100 bps		19,290,064	9,954,755
Salary Increase + 100 bps		19,345,025	9,986,618
Salary Increase - 100 bps		16,962,268	8,745,856
11 TRADE AND OTHER PAYABLES			
Creditors		60,970,055	52,774,946
Accrued expenses		54,383,127	53,680,561
Employees provident fund	11.1	170,376	114,750
Sales tax payable		2,368,311	7,998,146
		<u>117,891,869</u>	<u>114,568,403</u>



11.1 Investments of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

12 SHORT TERM BORROWING	Notes	2022	2021
		Rupees	
Short term finances from banks	12.1 & 12.2	75,000,000	75,000,000
Sponsors loan	12.3	337,864,355	337,864,355
		<u>412,864,355</u>	<u>412,864,355</u>

12.1 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 three month KIBOR plus 2%.

12.2 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 three month KIBOR plus 3%.

12.3 SPONSORS LOAN

Opening Balance	337,864,355	124,083,000
Add: Transfer from long term loan from sponsor	-	213,781,355
	<u>337,864,355</u>	<u>337,864,355</u>

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

13 OVERDUE PORTION OF LONG TERM LIABILITIES

Liabilities against assets subject to finance lease	13.1	29,580,000	29,580,000
Redeemable capital - PPTFCs	13.2	17,500,000	36,250,000
Over due portion of syndicated long term loans	8.1	398,066,977	398,066,977
Current portion of restructured long term loan	8.2	1,406,250	-
		<u>446,553,227</u>	<u>463,896,977</u>

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 filled 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 13,250 PPTFCs which were not converted into long term loan. Total number of PPTFCs were 130,000 out of which 116,750 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

Balance at the beginning of the year	10,572,616	6,479,762
Provision made during the year	8,677,877	10,572,616
	<u>19,250,493</u>	<u>17,052,378</u>
Payment/ Adjusted during the year	(10,572,616)	(6,479,762)
	<u>8,677,877</u>	<u>10,572,616</u>

Income tax returns of the company have been filed up to tax year 2021 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001.

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14.1 Relationship between income tax expense and accounting profit	Notes	2022	2021
		Rupees	
Accounting (loss) as per profit and loss account		<u>(216,900,330)</u>	<u>(119,028,659)</u>
Applicable tax rate		<u>29%</u>	<u>29%</u>
Tax on accounting (loss)		(62,901,096)	(34,518,311)
Tax effect of timing difference on depreciation		35,169,680	31,142,711
Tax effect of expenses / provisions that are not deductible in determining taxable loss charged to profit and loss account		4,909,099	7,513,887
Effect of Loss carried / (brought) forward		22,822,317	(4,138,287)
		-	-
Minimum tax payable under Income Tax Ordinance, 2001		<u>8,677,877</u>	<u>10,572,616</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 and 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.



16 PROPERTY, PLANT AND EQUIPMENT	Notes	2022	2021
		Rupees	
Operating fixed assets	16.1	3,196,911,765	3,316,315,029
Capital work in progress	16.5	-	3,000,000
		3,196,911,765	3,319,315,029

16.1 Operating Fixed Assets

The following is a statement of operating fixed assets:

	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	
Cost / Revalued Amount												
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	-	-	-	-	-	-	-	-	-	-	-	-
As at June 30, 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
Accumulated Depreciation												
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	-	-	-	-	-	-	-	-	-	-	-	-
As at June 30, 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
Net book value												
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	
	2021										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	
Cost / Revalued Amount												
Cost As at 01 July 2020	699,300,000	303,920,605	140,515,320	2,227,365,947	65,076,005	8,795,459	26,595,062	5,717,906	1,192,944	200,449,275	3,000,000	3,681,928,523
Addition/ Transfer from CWIP	2,693,410	-	-	10,774,924	-	-	4,430,505	395,000	-	-	-	18,293,839
Transfers/ Deletion	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on Revaluation	980,006,590	68,932,979	28,335,647	459,561,568	-	-	-	-	-	-	-	1,536,836,784
As at June 30, 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
Accumulated Depreciation												
As at 01 July 2020	-	172,201,704	54,260,075	1,326,985,426	57,676,215	6,852,078	24,766,419	5,484,429	792,813	153,948,664	2,070,557	1,805,038,380
Charge for the year	-	13,171,890	4,312,762	90,663,014	1,109,969	194,338	495,052	139,195	40,013	4,650,061	929,443	115,705,737
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
As at June 30, 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
Net book value												
As at June 30, 2021	1,682,000,000	187,479,990	110,278,130	1,280,053,999	6,289,821	1,749,043	5,764,096	489,282	360,118	41,850,550	-	3,316,315,029
Depreciation rate % per annum	-	10	5	10	15	10	20	30	10	10	25	

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

Free hold land	88,108,490	88,108,490
Factory Building on Free hold land	94,007,820	104,453,133
Non Factory Building	61,196,881	64,417,770
Plant and Machinery	323,140,472	315,286,258
	566,453,663	572,265,651

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16.3 Allocation of Depreciation	Notes	2022	2021
Depreciation / amortization for the year has been allocated as follows :		Rupees	
Cost of goods manufactured		159,238,733	114,665,801
Administrative expenses		1,444,181	1,039,936
		<u>160,682,914</u>	<u>115,705,737</u>
16.4	The company's freehold land is located in 54-Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab, area of land is 70 Acres.		
16.5 Capital Work in progress - Plant and Machinery		-	3,000,000
		<u>-</u>	<u>3,000,000</u>
Capital Work in progress - movement			
Opening		-	-
Additions during the year		-	3,000,000
Less: Capitalized during the year		-	-
		<u>-</u>	<u>3,000,000</u>
17 LONG TERM DEPOSITS			
Sui Northern Gas Pipelines		35,496,745	35,496,745
Lahore Electric Supply Corporation		2,730,000	2,730,000
		<u>38,226,745</u>	<u>38,226,745</u>
18 STORES & SPARES			
Packing material		3,597,704	697,216
Store & spares		21,752,937	21,612,101
		<u>25,350,641</u>	<u>22,309,317</u>
19 STOCK IN TRADE			
Raw material		-	-
Finished goods		-	361,003
		<u>-</u>	<u>361,003</u>
20 TRADE DEBTORS - UNSECURED			
Trade debts - local - considered good		69,983,502	83,624,514
- considered doubtful		136,401,290	124,051,290
		<u>206,384,792</u>	<u>207,675,804</u>
Provision for doubtful debts		<u>(136,401,290)</u>	<u>(124,051,290)</u>
		<u>69,983,502</u>	<u>83,624,514</u>
20.1 Provision for doubtful debts			
Opening balance		124,051,290	103,283,710
Provision during the year		12,350,000	20,767,580
		<u>136,401,290</u>	<u>124,051,290</u>
20.2 The aging of debtors at the reporting date:			
Up to one month		-	-
1 to 6 months		57,852,515	-
More than 6 months		12,130,987	83,624,514
		<u>69,983,502</u>	<u>83,624,514</u>
21 LOANS AND ADVANCES - UNSECURED, CONSIDERED GOOD			
Advances to suppliers of goods & services		21,799,156	23,799,156
Advances to employees	21.1	10,932,821	7,371,547
Others		1,633,917	1,633,917
Provision for doubtful advances		<u>(14,650,380)</u>	<u>(14,650,380)</u>
		<u>19,715,514</u>	<u>18,154,240</u>



21.1 Advance to Employees includes Rs. 4.454 million (2021: Rs. 2.177) due from the executive of the company.

	Notes	2022	2021
		Rupees	
22 TRADE DEPOSITS AND OTHER RECEIVABLES - CONSIDERED GOOD			
Trade deposits		2,677,287	2,677,287
Prepayments		-	375,000
Sales tax receivable		38,027,358	49,991,315
		<u>40,704,645</u>	<u>53,043,602</u>
23 CASH AND BANK BALANCES			
In hand - Cash		874,058	54,420
At banks - Current accounts		7,912,365	42,543,271
At banks - Saving account		1,451,868	1,451,866
		<u>10,238,291</u>	<u>44,049,557</u>
24 SALES / REVENUE - NET			
Local sales		470,501	-
Spinning charges		811,778,813	704,841,099
		812,249,314	704,841,099
Sales Tax		(118,019,131)	(102,412,809)
		<u>694,230,183</u>	<u>602,428,290</u>
25 COST OF SALES / REVENUE			
Opening stock of finished goods		361,003	361,003
Cost of goods manufactured	25.1	810,972,165	627,213,998
		811,333,168	627,575,001
Less: closing stock of finished goods		-	361,003
		<u>811,333,168</u>	<u>627,213,998</u>
25.1 Cost of goods manufactured			
Raw material consumed / sold		-	-
Stores and spares consumed		41,064,042	40,770,742
Packing material consumed		26,112,519	23,354,867
Salaries, wages & other benefits	25.1.1	209,570,397	183,937,414
Insurance		2,644,260	2,154,675
Repair & maintenance		8,812,126	6,765,790
Fuel & power		356,622,350	250,506,652
Vehicle running & maintenance		2,893,415	1,941,487
Communication		843,506	734,139
Rent, rates & taxes		765,268	1,023,887
Entertainment		844,379	467,160
Travelling & conveyance		524,039	139,593
Other manufacturing expenses		1,037,131	751,791
Depreciation	16.3	159,238,733	114,665,801
		<u>810,972,165</u>	<u>627,213,998</u>
Work-in-process - Opening		-	-
Work-in-process - Closing		-	-
Cost of Goods Manufactured		<u>810,972,165</u>	<u>627,213,998</u>

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25.1.1 Salaries and benefits include Rs. 8.500 million (2021: Rs. 6.932 million) in respect of post employment benefits.

	Notes	2022 Rupees	2021
26 ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	18,568,038	17,977,611
Travelling & conveyance		181,553	20,630
Printing & stationary		607,023	581,399
Legal & professional		105,000	973,004
Auditor's remuneration	26.2	700,000	550,000
Vehicle running expenses		1,732,755	1,567,964
Communication		427,119	350,376
Fees & subscription		2,659,381	2,279,602
Rent, rates & taxes		528,252	824,052
Donations	26.3	-	518,000
Depreciation / Amortization	16.3	1,444,181	1,039,936
Provision for doubtful debts		12,350,000	20,767,580
Miscellaneous expenses		1,643,299	641,620
Other expenses		4,110,796	2,331,259
		<u>45,057,397</u>	<u>50,423,033</u>

26.1 Salaries and benefits include Rs.0.477 million (2021: Rs.0.414 million) in respect of post employment benefits.

26.2 Audit Fee	550,000	350,000
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>500,000</u>

26.3 (i) None of the directors had any interest in the donee's fund.
(ii) Donataion Rs. Nil (2021: Rs.0.500 million) paid to Divisional Public School Pattoki.

27 SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	27.1	6,806,871	6,545,068
Travelling & conveyance		265,899	21,360
Vehicle running expenses		895,542	483,490
Communication		187,653	82,815
		<u>8,155,965</u>	<u>7,132,733</u>

27.1 Salaries and benefits include Rs.0.428 million (2021: Rs.0.310 million) in respect of post employment benefits.



28 FINANCE COST	Notes	2022	2021
		Rupees	
Markup on :			
Syndicate long term loans		37,406,845	29,015,702
Short term loan		8,997,844	7,416,862
Bank & other charges		179,294	254,621
		<u>46,583,983</u>	<u>36,687,185</u>

28.1 The Company has not made the provision of markup for the year amounting to Rs.8.917 million (up to June 30, 2022: Rs.75.741 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the year would have been higher by Rs. 8.917 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.84.658 million.

29 (LOSS) PER SHARE - Basic and diluted

(Loss) after taxation	(192,990,996)	(112,600,791)
Weighted average number of ordinary shares	97,750,726	97,750,726
(Loss) per share - Basic and diluted	<u>(1.97)</u>	<u>(1.15)</u>

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

30 CASH AND CASH EQUIVALENTS

Cash and Bank balances	10,238,291	44,049,557
	<u>10,238,291</u>	<u>44,049,557</u>

31 REMUNERATION OF DIRECTOR & EXECUTIVES

	2022			2021		
	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES	CHIEF EXECUTIVE	DIRECTOR	EXECUTIVES
Managerial remuneration	-	-	7,846,373	-	-	8,840,316
Staff retirement gratuity	-	-	375,000	-	-	-
Provident fund	-	-	537,513	-	-	477,072
House rent allowance	-	-	1,810,701	-	-	2,040,073
Utilities allowance	-	-	1,207,134	-	-	1,360,049
Conveyance	-	-	14,052	-	-	470,539
Others	-	-	280,570	-	-	412,437
	-	-	<u>12,071,343</u>	-	-	<u>13,600,486</u>
Number of persons	-	-	<u>4</u>	-	-	<u>3</u>

Executives are also provided with Company maintained car.

32 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives and key management personnel. The remuneration paid to executives has been mentioned in Note 31. During the year aggregate transactions undertaken by the company with the related parties contribution of provident fund amounting to Rs.1.811 million (2021: Rs. 1.449 million).

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	Notes	2022	2021
		Rupees	
33 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)		10,624,846	10,578,493
Total number of spindles installed		28,800	28,800
Average number of spindles worked		27,492	27,365
Number of shifts worked per day		3	3
Total days worked		348	347

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

34 NUMBER OF EMPLOYEES			
Total number of employees as at end of the year		349	399
Average number of employees during the year		385	397

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 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.

35.2 Credit risk

Trade Debts - Considered Good	69,983,502	83,624,514
Loans and Advances - Unsecured - Considered good	12,566,738	9,005,464
Trade deposits & other receivable - Considered Good.	2,677,287	3,052,287
Cash and bank balances	10,238,291	44,049,557
	<u>95,465,818</u>	<u>139,731,822</u>

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

35.3 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:



	2022				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One year onward
Financial liabilities	Rupees				
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	-	-
	1,296,784,139	1,639,994,297	1,639,994,297	-	-

	2021				
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two year
Financial liabilities	Rupees				
Long term loan	463,896,977	768,371,151	768,371,151	-	-
Trade and other payables	114,568,403	114,568,403	114,568,403	-	-
Short term Borrowings	412,864,355	421,177,627	421,177,627	-	-
Mark-up payable	273,069,999	236,701,435	236,701,435	-	-
	1,264,399,734	1,540,818,616	1,540,818,616	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2022. The rates of markup have been disclosed in relevant notes to the financial statements.

35.4 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.

35.5 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.

35.6 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:

	2022	2021
	Carrying amounts	
Fixed rate instruments	-	-
Variable rate instruments	<u>537,959,477</u>	<u>538,896,977</u>
Financial liabilities	<u>537,959,477</u>	<u>538,896,977</u>

35.7 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.

35.8 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'.

	Notes	2022 Rupees	2021
Total borrowings		537,959,477	538,896,977
Less cash and bank balances		10,238,291	44,049,557
Net debt		527,721,186	494,847,420
Total equity		1,808,851,246	2,001,993,748
Total capital		2,336,572,432	2,496,841,168
Gearing ratio		0.23	0.20

35.9 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.

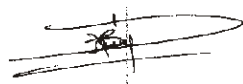
36 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on September 23, 2022 by the Board of Directors of the company.

37 GENERAL

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

37.2 Figures have been rounded off to the nearest rupees.



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors



DEWAN FAROOQUE SPINNING MILLS LIMITED CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2022

Categories	Number of Shareholders	Number of Shares held	Percentage of Shareholding
Directors, CEO, their Spouses & Minor Children			
Dewan Abdul Baqi Farooqui	1	4,072,727	4.17%
Mrs. Nada Jabri	1	1,050,000	1.07%
Mr. Abdul Basit	1	500	0.00%
Mr. Aziz ul Haque	1	500	0.00%
Mr. Ghazanfar Babar Siddiqui	1	500	0.00%
Mr. Syed Maqbool Ali	1	500	0.00%
Mr. Imran Ahmed Javed	1	500	0.00%
Mrs. Nida Jamil	1	500	0.00%
Associated Companies			
Dewan Motors (Pvt.) Limited	1	37,750,726	38.62%
NIT and ICP	-	-	0.00%
Executives	-	-	0.00%
Banks, Development Financial Institutions, Non-Banking Finance Companies	-	-	0.00%
Insurance Companies	-	-	0.00%
Modarabas and Mutual Funds	-	-	0.00%
General Public			
a. Local	2,058	54,119,246	55.36%
b. Foreign	-	-	0.00%
Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	13	755,027	0.77%
TOTAL	2,080	97,750,726	100.00%

SHAREHOLDERS HOLDING FIVE PERCENT OF 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.

DEWAN FAROOQUE SPINNING MILLS LIMITED

DEWAN FAROOQUE SPINNING MILLS LIMITED

**PATTERN OF SHAREHOLDING
AS ON 30TH JUNE 2022**

Number of Shareholders	Shareholding Slab		Total Shares Held	Percentage
	From	To		
77	1	100	1,201	0.00%
742	101	500	369,004	0.38%
264	501	1,000	262,405	0.27%
421	1,001	5,000	1,270,476	1.30%
181	5,001	10,000	1,536,212	1.57%
121	10,001	20,000	1,848,199	1.89%
77	20,001	30,000	1,975,530	2.02%
28	30,001	40,000	1,010,376	1.03%
35	40,001	50,000	1,682,500	1.72%
17	50,001	60,000	951,793	0.97%
20	60,001	70,000	1,325,500	1.36%
3	70,001	80,000	226,500	0.23%
12	80,001	90,000	1,029,500	1.05%
14	90,001	100,000	1,381,456	1.41%
20	100,001	150,000	2,555,000	2.61%
14	150,001	200,000	2,580,227	2.64%
5	200,001	250,000	1,034,489	1.06%
4	250,001	300,000	1,073,000	1.10%
2	300,001	350,000	619,500	0.63%
2	350,001	400,000	783,500	0.80%
3	400,001	450,000	1,294,000	1.32%
2	450,001	500,000	960,500	0.98%
2	500,001	600,000	1,146,227	1.17%
1	600,001	700,000	601,000	0.61%
1	700,001	1,000,000	930,000	0.95%
4	1,000,001	1,100,000	4,200,000	4.30%
1	1,100,001	2,000,000	1,903,500	1.95%
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%
2080	TOTAL		97,750,726	100.00%

**YD**

A YOUSUF DEWAN COMPANY

اہم آپریٹنگ اور مالیاتی تفصیل:
چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

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

اظہار تشکر اور نتیجہ:
بورڈ کی جانب سے میں تمام ایگزیکٹو، اسٹاف ممبران اور ورکرز کا کمپنی کیلئے ان کی بہترین خدمات پر شکر یہ 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 ثلثہ آمین۔

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

سید مقبول علی
چیرمین بورڈ آف ڈائریکٹرز
کراچی؛
مورخہ: 23 ستمبر 2022ء

دیوان عبدالباقی فاروقی
چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر

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

نام:	میٹنگ میں شرکت کنندہ کی تعداد
دیوان عبدالباقی فاروقی	2
جناب عزیز الحق	2
جناب غضنفر بابر صدیقی	4
جناب ہارون اقبال	4
جناب عمران احمد جاوید	4
جناب عبدالماسط	0
محترمہ نادیا چیمیل	4

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

آڈٹ کمیٹی:

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

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

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق۔ چیئرمین	4
سید مقبول علی	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 مبنی جواز سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کر سکیں۔ اس کے علاوہ انتخاب، تنجینہ، معاوضہ اور انتظامیہ کی اہم کامیابی کی منصوبہ بندی بورڈ کے ساتھ تعاون کر سکے۔

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

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق۔ چیئرمین	1
سید مقبول علی	1
جناب عمران احمد جاوید	1

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (1.97) (2021: مبلغ (1.15)) فی شیئر خسارہ ہوا۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس رینائر ہو رہے ہیں انہوں نے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ آپ کی 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۔

شیئرس ہولڈنگ کا پٹرن:

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

**صحت، حفاظت اور ماحول:**

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

انسانی ذرائع (ہیومن ریسورس):

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

کوڈ آف کارپوریٹ گورننس پر عملدرآمد:

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

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

(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 2022 تک بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل تھے:

ڈائریکٹرز	ممبرز
☆ مرد	6
☆ عورت	1
تفصیل	ممبرز
☆ آزاد ڈائریکٹرز	1
☆ دیگر غیر ایگزیکٹو ڈائریکٹرز	5
☆ ایگزیکٹو ڈائریکٹرز	1

30 جون 2022ء کو ختم ہونے والے سال کے دوران کمپنی نے مبلغ 694.230 ملین روپے کی خالص آمدنی حاصل کی جس کا موازنہ گذشتہ سال کی اسی مدت کی آمدنی مبلغ 602.428 ملین روپے سے کیا جاسکتا ہے۔ کمپنی کو مبلغ 117.103 ملین روپے کا مجموعی خسارہ ہوا جبکہ کمپنی کے آپریٹنگ اخراجات 57.556 ملین کے مقابلے میں 53.213 ملین رہے۔ سال کے آغاز میں پالیسی ریٹ میں 7.00 فیصد سے سال کے آخر تک 13.75 تک اضافہ کے باعث مالیاتی لاگت میں اضافہ ہوا جو کہ 46.584 ملین روپے ہو گئی جس کا موازنہ گذشتہ سال کی مدت کے 36.688 ملین روپے سے کیا جاسکتا ہے۔ کمپنی نے ورکنگ کپٹل کی رکاوٹوں کی وجہ سے کمپنی کو آپریٹنگ رکھنے کے لیے کنٹریکٹ کی بنیاد پر یاران کی پیداوار جاری رکھی۔ زیر جائزہ سال کے دوران، پیداوار کے معیار اور مقدار کو بہتر بنانے کیلئے دوران سال ٹیکنیکس کی وجہ سے پیداواری حجم میں بھی گذشتہ سال کے مقابلے میں اضافہ ہوا۔

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 66.60 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 کا 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 تسطوں کی ادائیگی اور مارک اپ کی عدم فراہمی میں ڈیفالٹ پر اپنی ماہر اندر رائے کا اظہار کیا ہے۔ انہوں نے اپنی رپورٹ میں اہم پیرا 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 بڑا 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 توثیق کے مفروضے کو استعمال کرتے ہوئے تیار کئے گئے ہیں کیونکہ نوٹ 2 میں مذکورہ شرائط عارضی ہیں اور مستقبل میں بھی مد نظر رکھی جائیں گی۔ کمپنی کا آپریٹنگ کیش فلو مثبت ہے اور اسپانسرز ضرورت کے وقت ورکنگ کپٹل کی ضروریات کو پورا کرنے میں مدد کریں گے۔ گذشتہ سال کے مقابلے میں کمپنی کی پیداوار میں اضافہ ہوا جو کہ منسلک خطرات میں بھی کمی کرتا ہے۔ لہذا توثیق کے مفروضے کا استعمال کرتے ہوئے مالیاتی حسابات کی تیاری جائز ہے۔

مستقبل کا نظریہ:

معاشی استحکام کا زیادہ تر انحصار سیاسی مضبوطی، ایک فعال اور سمجھدار مالیاتی پالیسی اور بیرونی فنانسنگ تک رسائی پر ہوگا۔ شرح سود منگول ہندسوں سے دوہرے ہندسوں تک نمایاں طور پر بڑھ گئی ہے جس میں تقریباً 5% سے زیادہ اضافہ ہوا ہے۔ اس کے علاوہ طلب اور رسد کے درمیان ایک مشکل توازن ہے کیونکہ ٹیکسٹائل کی طلب بھی محدود ہو گئی ہے اور کپاس کی رسد بھی کم ہو گئی ہے۔ کاٹن اور پالیسٹریسٹ کے درمیان قیمت کا فرق کم ہو گیا ہے اس لیے آنے والا سال مشکل ہوگا کیونکہ ہمیں کپاس کی کھپت میں کوئی اضافہ نظر نہیں آتا۔ لہذا، ہم پیش گوئی کرتے ہیں کہ اسپننگ انڈسٹری نہ صرف خام مال کی کمی کی وجہ سے ایک مشکل دور سے گزرے گی، اور اس کی زیادہ مانگ نہیں ہے بلکہ لیکن آنے والے لمبیزوں میں ایشیا کی قیمتوں میں اضافے، بجلی کی لاگت، روپے کی قدر میں کمی، کم از کم اجرت میں اضافے، مارک اپ ریٹ اور بڑھے ہوئے ٹیکس وغیرہ کی وجہ سے منافع بھی متاثر ہوگا، جس کے نتیجے میں کاروبار کرنے کی لاگت میں اضافہ ہوگا۔

عالمی سطح پر مسابقتی ہونے کے لیے ٹیکسٹائل سیکٹر کی بنیادی ترجیح توانائی کی دستیابی اور قیمت ہے۔ ٹیکسٹائل برآمد کرنے والے دیگر ممالک کی صنعتی بجلی کا ٹیرف پاکستان سے کم ہے جس کی وجہ سے ہم بین الاقوامی مارکیٹ میں مقابلہ نہیں کر سکتے۔ پاکستانی ٹیکسٹائل انڈسٹری کا برآمدی "پاور ہاؤس" بننے کا مقصد اس وقت تک حاصل نہیں ہو سکتا جب تک کہ بجلی کے نرخوں میں مسابقتی اور مستحکم سطح پر نظر ثانی نہیں کی جاتی۔ مالیاتی سال 2022-23 کے لیے، توانائی کی شرح گیس کے لیے 19 امریکی ڈالر/IMBTU اور اگست 2022 سے بجلی کے لیے 9 فیصد فی یونٹ مقرر کی گئی ہیں۔ یہاں تک کہ جولائی کا ٹیرف تبدیل کر دیا گیا ہے اور اضافی قیمت پر بل ادا کیے گئے ہیں۔ کاروباری اعتماد کی سطح کو بہتر بنانے اور صنعت میں سرمایہ کاری میں اضافے کے لیے ایک متوقع، مستحکم اور ہم آہنگ توانائی کی پالیسی کی ضرورت ہے۔ حکومت کو ٹیکسٹائل انڈسٹری کی مکمل ترقی کو روکنے کے لیے گیس کی قلت کے مسئلے کو بھی حل کرنے کی ضرورت ہے۔

مزید یہ حکومتی ٹیکس کا اسٹریکچر ایسا ہونا چاہیے جس سے کاروبار کرنے میں آسانی پیدا ہو اور موجودہ بنیاد پر بوجھ ڈالنے کی بجائے ٹیکس کی بنیاد کو بڑھانے پر توجہ دی جائے۔ آنے والا سال نہ صرف کمپنی بلکہ پاکستان کی معیشت کے لیے بھی ایک 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 دور کردار جو ہمارے کاروبار کا محور ہیں، کے مفادات پر غور اور توازن پیدا کرنے کیلئے شعوری طور پر کوشش کرنے کیلئے پرعزم ہیں۔ ہم نے اپنی کامیابی کو نہ صرف مالیاتی سرگرمیوں کیلئے وقف کیا ہے بلکہ ہم اپنے صارفین کا اطمینان بھی چاہتے ہیں اور ان تمام برادریوں کو بھی سپورٹ کرنا چاہتے ہیں جن کی ہم خدمت کرتے ہیں۔

(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 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 2008 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 ریکورڈنگ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

**YD**

A YOUSUF DEWAN COMPANY

دیوان فاروق اسپینگ ملز لمیٹڈ سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان فاروق اسپینگ ملز لمیٹڈ (ڈی ایف ایس ایم ایل یا کمپنی) کا انیسواں (19) سالانہ اجلاس عام جمعرات 27 اکتوبر 2022 کو دوپہر 12:30 بجے دیوان سہنٹ لمیٹڈ۔ فیکٹری سائٹ واقع دیہڑ ہنڈو دھانجی 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 سالانہ اجلاس عام منعقدہ بدھ 27 اکتوبر 2021 کی کارروائی کی توثیق۔
- (2) 30 جون 2022 کو مکمل ہونے والے سال کیلئے آڈٹ شدہ مالی گوشواروں مع آڈیٹرز اور ڈائریکٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2023 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 جومان
کمپنی سیکریٹری

کراچی 28 ستمبر 2022ء

نوٹ:

- (1) کمپنی کی منتقلی حصص کی کتب 20 اکتوبر 2022 تا 27 اکتوبر 2022 (دونوں دن شامل) بند رہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹر اٹریانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع اہم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست 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 براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 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 انفرادی صورت میں یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈ ہوں اپنی شناخت کے لیے اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اجلاس میں شرکت کے موقع پر پیش کرنا ہوگا۔
- (ii) کارپوریٹ 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 اکاؤنٹ ہولڈر اور یا انفرادی صورت میں جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ ہوں پروکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- (ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم سے منسلک کرنی ہوں گی۔
- (iv) پروکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ 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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DEWAN FAROOQUE SPINNING MILLS LIMITED
19th 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 19th Annual General Meeting of the Company to be held on **Thursday, October 27, 2022, at 12:30 p.m.** And any adjournment thereof.

Signed this _____ day of _____ 2022.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____

پراکسی فارم
۱۹واں سالانہ اجلاس عام

اہم اعلان

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

میں / ہم _____ کا (مکمل پتہ)

_____ بحیثیت ممبر

دیوان 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 ۱۹واں سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۷ اکتوبر ۲۰۲۲ کو دوپہر ۳:۳۰ بجے، ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز _____ بتاریخ _____ ۲۰۲۲ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____

نام: _____

مکمل پتہ: _____

گواہ: _____

نام: _____

مکمل پتہ: _____