

**YD**

A YOUSUF DEWAN COMPANY

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## COMPANY INFORMATION

BOARD OF DIRECTORS	:	MR. MUHAMMAD IRFAN ALI	-	CHAIRMAN BOARD OF DIRECTORS
NON-EXECUTIVE DIRECTORS	:	MR. FARRUKH SAJJAD MR. MUHAMMAD WAJID MR. SHAFQATULLAH		
EXECUTIVE DIRECTORS	:	MR. ZAFAR ASIM MR. SALEEM-UL-HAQUE	-	CHIEF EXECUTIVE OFFICER
INDEPENDENT DIRECTOR	:	MR. ASGHAR IQBAL		
AUDIT COMMITTEE	:	MR. ASGHAR IQBAL MR. MUHAMMAD WAJID MR. MUHAMMAD IRFAN ALI	-	CHAIRMAN MEMBER MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	MR. ASGHAR IQBAL MR. ZAFAR ASIM MR. MUHAMMAD WAJID	-	CHAIRMAN MEMBER MEMBER
CHIEF FINANCIAL OFFICER	:	MR. SALEEM-UL-HAQUE		
COMPANY SECRETARY	:	MR. MUHAMMAD HANIF GERMAN		
AUDITORS	:	FARUQ ALI & CO. CHARTERED ACCOUNTANTS		
	:	FEROZE SHARIF TARIQ & CO. CHARTERED ACCOUNTANTS		
LEGAL ADVISORS	:	KHALID ANWER & COMPANY – ADVOCATES		
TAX ADVISORS	:	SHARIF & COMPANY – ADVOCATES		
FACTORY OFFICE	:	PLOT NO. 1, DEWAN FAROOQUE INDUSTRIAL PARK, HATTAR, DISTRICT HARIPUR (K.P.K)		
CORPORATE OFFICE	:	FINANCE & TRADE CENTRE BLOCK-A, 2ND FLOOR, SHAHRAH-E-FAISAL, KARACHI.		
REGISTERED OFFICE	:	PLOT NO. 6, STREET NO. 9, FAYYAZ MARKET, G-8/2, ISLAMABAD, PAKISTAN		
SHARE REGISTRAR / TRANSFER AGENTS	:	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, PAKISTAN.		
BANKERS	:	AL BARAKA ISLAMIC INVESTMENT BANK LIMITED ALLIED BANK LIMITED ASKARI BANK LIMITED BANK ALFALAH LIMITED BANK OF KHYBER LIMITED BANK OF PUNJAB LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HONG KONG & SHANGHAI BANKING CORPORATION KASB BANK LIMITED MEEZAN BANK LIMITED SUMMIT BANK LIMITED NATIONAL BANK OF PAKISTAN LIMITED STANDARD CHARTERED BANK LIMITED (PAKISTAN) SILK BANK LIMITED UNITED BANK LIMITED		



## **THE MISSION STATEMENT**

- \* “THE MISSION OF DEWAN SALMAN FIBRE LIMITED IS TO BE THE LEADER IN SYNTHETIC FIBRE MANUFACTURING IN PAKISTAN AND BECOME A GLOBAL PLAYER IN THE FIELD.**
  
- \* TO ASSUME LEADERSHIP ROLE IN THE TECHNOLOGICAL ADVANCEMENT OF THE INDUSTRY AND TO ACHIEVE THE HIGHEST LEVEL OF QUALITATIVE AND QUANTITATIVE INDIGENIZATION.**
  
- \* TO BE THE FINEST ORGANIZATION IN ITS INDUSTRY AND TO CONDUCT ITS BUSINESS RESPONSIBILITY AND IN A STRAIGHT FORWARD MANNER.**
  
- \* TO SEEK LONG-TERM AND GOOD RELATIONS WITH OUR SUPPLIERS AND CUSTOMERS WITH FAIR, HONEST AND MUTUALLY PROFITABLE DEALINGS.**
  
- \* TO ACHIEVE THE BASIC AIM OF BENEFITING OUR CUSTOMERS, EMPLOYEES, SHAREHOLDERS, OTHER STAKE HOLDERS AND TO FULLFIL US COMMITMENTS TO OUR SOCIETY.**
  
- \* TO CREATE A WORK ENVIRONMENT HIGHLIGHTING TEAM WORK, WHICH MOTIVATES, RECOGNIZES AND REWARDS ACHIEVEMENTS AT ALL LEVELS OF THE ORGANIZATION, BECAUSE “IN ALLAH WE TRUST AND BELIEVE” AND HUMAN RESOURCE IS OUR CAPITAL AND ASSET.**
  
- \* TO BE HONEST AND BE ABLE TO RESPOND EFFECTIVELY TO CHANGES IN ALL ASPECTS OF LIFE INCLUDING TECHNOLOGY, CULTURE PROACTIVE AND ENVIRONMENT.**
  
- \* TO BE A CONTRIBUTING CORPORATE CITIZEN FOR THE BETTERMENT OF SOCIETY AND TO EXHIBIT A SOCIALLY RESPONSIBLE BEHAVIOR.**
  
- \* TO CONDUCT BUSINESS WITH INTEGRITY AND STRIVE TO BE THE BEST.”**

## NOTICE OF THE THIRTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirtieth Annual General Meeting of **Dewan Salman Fibre Limited** (“*DSFL*” or “*the Company*”) will be held on **Friday, October 25, 2019, at 11:00 a.m.** at Plot No. 6, Street No. 9, Fayyaz Market, G-8/2, Islamabad, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

### ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Thursday, September 26, 2019;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2019, together with the Directors’ and Auditors’ Reports thereon;
3. To confirm the appointment of the Statutory Auditors’ of the Company for the year ended June 30, 2020, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By Order of the Board



**Muhammad Hanif German**  
Company Secretary

Dated: September 27, 2019  
Place : Karachi.

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 18, 2019 to October 25, 2019 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, 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/DSFL/index.html>.

## CHAIRMAN'S REVIEW

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

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

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

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



**Muhammad Irfan Ali**  
Chairman Board of Directors

Dated: September 24, 2019  
Place : Karachi.



## DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

Your directors present to you the Thirtieth Report of the company together with the Audited Accounts for the year ending June 30, 2019.

### OPERATING AND FINANCIAL RESULTS AT A GLANCE

	(Rupees In '000')
SALES (NET)	(Nil)
COST OF SALES	<b>(689,392)</b>
<b>GROSS LOSS</b>	<b>(689,392)</b>
OPERATING EXPENSES	<b>(43,346)</b>
<b>OPERATING LOSS</b>	<b>(732,738)</b>
FINANCE COST	<b>(1,098,486)</b>
<b>LOSS BEFORE TAXATION</b>	<b>(1,831,224)</b>
TAXATION	<b>121,429</b>
<b>LOSS AFTER TAXATION</b>	<b>(1,709,795)</b>

During the year under review, your company recorded turnover of Rs. Nil (2018: Nil.) There is gross loss amounting to Rs. 689.392 million. (2018: Rs. 759.429 million).

We humbly and gratefully bow our heads before Almighty Allah, and pray for his blessings for early revival of our company during this difficult period.

### THE YEAR UNDER REVIEW

Despite of our best efforts, manufacturing operation of the country's largest polyester and only acrylic manufacturing plant in the current financial year could not be started. It is unfortunate that due to closure of Dewan Salman Fibre Limited (DSFL), short fall in the demand of polyester fibre and acrylic fibre is met by import of these commodities. This not only results in spending of huge foreign exchange but also deprives people of the country to earn honorable livings.

Management of your company has made various proposals for the restructuring of the company and all these proposals have been discussed with financial institutions to make it workable but unfortunately positive results have not yet emerged.

Auditors of the company have qualified their report on certain instances, in para (a) of their report they did not agree with the going concern assumption used in preparation of financial statements accordingly they have given their adverse opinion on the financial statements. The management is in process of negotiation with banks and is confident that the outcome will be positive. The justifications regarding preparation of financial statements on going concern assumption are more fully explained in note 2 to the financial statement.

The company has not made provision of mark-up for the year amounting to Rs.2.042 billion (up to 30 June 2019: Rs.21.358 billion) on its mark-up bearing liabilities.

The management has approached its bankers/financial institutions for restructuring of its long-term and short-term obligations. The management is confident that the company's restructuring proposals will be accepted by the bankers/financial institutions. Therefore, the company has not made any provision for mark-up as they will not be payable.



Para (c) of the report relates to valuation and classification of investment in Dewan Petroleum (Pvt.) Ltd. using the equity method as required under International Accounting Standard – 28 ‘Investment in associates’ which the company has classified as held for sale. The auditors are of the view that since the shareholders’ approval sought by the company in extra ordinary general meeting held on June 23, 2008 stands expired during the year therefore the investment should be valued using equity method. Investment has been classified as held for sale upon management’s intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, although the shareholders’ approval has been expired but the management will seek further shareholder’s approval before disposal of the same.

Para (d) of the report relates to Trade debts amounting to Rs. 1.585 billion are stagnant, not being recovered, against which a provision of Rs.0.657 billion has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had provision been made, loss for the period would have been further higher by Rs.0.928 billion.

Management of your company making utmost efforts to recover these debts and we believe that there will be a positive response from debtors in future.

### **INDUSTRY OVERVIEW**

The year under review faced many challenges both on local and international fronts. However, PSF industry took sigh of relief due the measures taken by Government to enhance its export base sector, which resulted in better working condition for the PSF manufacturers. the overall capacity utilization of all the PSF maker was optimum except for the last quarter during which they reduced the productions due to the ongoing political uncertainty which resulted into a declining economy due to devaluation of the rupee and rising inflation. Over and above, Imposition of sales tax on a zero-rate sector in the federal budget for the next fiscal year will only worsen the situation and trigger more hurdles in obtaining working capital loans and increase the borrowing cost that will eventually further slowdown the economic activity.

The availability of PTA and MEG did not show much fluctuation in terms of price and availability; however, their cost rose considerably due to Pak rupee devaluation. The downstream spinning industry remained under pressure as their cost of production increased due to higher raw material prices and low yarn prices.

However, the operations of your company remained closed during the period under review, while it seems to be quite difficult to resume the operations in the near future.

### **PRINCIPAL ACTIVITIES OF THE COMPANY**

Dewan Salman Fibre Limited is incorporated in Pakistan as a public limited Company and is listed on the Pakistan Stock Exchange. The Company’s principal activity was the manufacturing and sale of Polyester staple fibre (PSF) and Acrylic staple fibre (ACY) and Tow products. Currently the operations of your company are closed.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company consider the following as key risks:

- Significant competition in international PSF market;
- Depreciation of Pak Rupee against US Dollar;
- Non-availability of banking lines.

The Company is endeavoring internally as well as externally to cater with and mitigate the impact of aforesaid risks and uncertainties.

### **CODE OF CORPORATE GOVERNANCE**

- The financial statements for the year ended June 30, 2019, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow and changes in equity;
- Proper books of accounts of the company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2019 and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statements and departure there from, if any, has been adequately disclosed in the financial statements;



- The system of internal control is sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations of the stock exchange of Pakistan;
- Summarized key operating and financial data of last six years is enclosed with the report;
- Information about taxes and levies is given in the notes to and forming part of financial results.

**BOARD**

The composition of board is as follows:

- |                            |  |
|----------------------------|--|
| a. Independent Director    | Mr. Asghar Iqbal   |
| b. Executive Directors     | Mr. Zafar Asim<br>Mr. Saleem Ul Haque  |
| c. Non-Executive Directors | Mr. Muhammad Irfan Ali<br>Mr. Farrukh Sajjad<br>Mr. Muhammad Wajid<br>Mr. Shafqatullah |

During the year, two casual vacancies were occurred on the Board. Which was filled by the directors within stipulated time.

During the year six meetings of the Board of Directors were held. Directors' attendance in these meetings is as under:

<b>Names of Directors</b>	<b>No. of meetings Attended</b>
Mr. Zafar Asim	4
Mr. Hafeez Ahmed	2
Mr. Muhammad Irfan Ali	4
Mr. Saleem-ul-Haque	4
Mr. Muhammad Wajid	4
Mr. Asghar Iqbal	4
Mr. Ahsan Bilal	1
Mr. Farrukh Sajjad	2
Mr. Shafqatullah	2

**AUDIT COMMITTEE**

The audit committee comprises of three directors, one of them is an independent director and two are non-executive directors. During the year four meeting were held, members' attendance in these meeting is as under:

<b>Names of Directors</b>	<b>No. of meetings Attended / Eligibility to attend Meeting</b>
Mr. Asghar Iqbal	4/4
Mr. Muhammad Wajid	4/4
Mr. Muhammad Irfan Ali	2/2
Mr. Hafeez Ahmed	2/2

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

During the year one meeting of the human resource committee was held. Members' attendance in this meeting is as under:

<b>Names of Directors</b>	<b>No. of meetings Attended</b>
Mr. Asghar Iqbal	1
Mr. Zafar Asim	1
Mr. Muhammad Wajid	1

**EARNINGS PER SHARE**

Loss per share during the period under report worked out to Rs. (4.63) [2018: Rs. (3.23)].

**DIVIDEND**

In view of the closure of the company and loss after taxation due to adverse business conditions for the year under review, no dividend has been recommended by the Board of Directors.

**PATTERN OF SHARE HOLDING**

The pattern of shareholdings of the company is attached to this report.

**VOTE OF THANKS**

The Board places on record its gratitude to its valued shareholders, Federal and Provincial Government functionaries, banks, financial institutions and customers of Salsbil, whose cooperation, continued support and patronage have enabled the company to achieve the desired results.

The Board also expresses its appreciation for the valuable services, loyalty and laudable efforts continuously rendered by the executives, staff members and workers of the company; it recognizes that they are most valuable assets of the Company.

**AUDITORS**

The Auditors of the Company, M/S Faruq Ali & Company Chartered Accountants and M/S Feroze Sharif Tariq & Company, Chartered Accountants, retire and being eligible, offer themselves for re-appointment under the terms of the code of corporate governance, they have been recommended by the audit committee for re-appointment as auditors until the conclusion of the next annual general meeting.

**CONCLUSION**

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Raheem, in the name of our beloved prophet. Muhammad (Peace Be Upon Him), for continued showering of His blessings, Guidance, Strength, Health and Prosperity on our Nation, Country and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to the whole of Muslim Ummah, Aameen, Summa Aameen.

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

*By and under Authority of the Board of Directors*



**Zafar Asim**  
Chief Executive



**Muhammad Irfan Ali**  
Chairman Board of Directors

**Date:** September 24, 2019

**Place:** Karachi

**FINANCIAL HIGHLIGHTS**

Rupees in million

	2014	2015	2016	2017	2018	2019
Turnover	-	-	-	-	-	-
Less: Govt. Levy & Commission	-	-	-	-	-	-
Sales (Net)	-	-	-	-	-	-
Gross Profit/( Loss)	(693)	(632)	(567)	(519)	(759)	(698)
Profit (loss) before Tax	(1,130)	(1,042)	(868)	(709)	(1,322)	(1,831)
Profit (loss) after Tax	(1,006)	(939)	(777)	(650)	(1,183)	(1,710)
Gross Assets Employed	10,208	9,222	8,400	10,974	10,023	9,125
Return on Equity	-11.15%	-9.42%	-7.23%	-7.20%	-11.64%	-14.45%
Current assets	3,175	2,792	2,500	2,322	2,095	1,847
Shareholders Equity	(9,023)	(9,968)	(10,742)	(9,029)	(10,165)	(11,832)
Long Term Debts & Deferred Liabilities	1,111	1,015	937	1,784	1,617	1,477
Current Liabilities	18,120	18,175	18,204	18,218	18,571	19,480
Gross Profit / Loss Ratio	-	-	-	-	-	-
Net Profit Ratio	-	-	-	-	-	-
Debt/Equity Ratio	(0.12)	(0.10)	(0.09)	(0.20)	(0.16)	(0.12)
Current Ratio	0.18	0.15	0.14	0.13	0.11	0.09
Earning per Sahre Divided (Percentage)	(2.75)	(2.56)	(2.12)	(1.72)	(3.23)	(4.67)
-Cash	-	-	-	-	-	-
-Stock	-	-	-	-	-	-
Production Volume(Tons)	-	-	-	-	-	-

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED JUNE 30, 2019

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

1. The total number of directors are seven as per the following:
  - a. Male: 7
  - b. Female: The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.
2. The composition of board is as follows:

Category	Names
a. Independent Director	Mr. Asghar Iqbal
b. Non-executive Directors	Mr. Muhammad Irfan Ali Mr. Farrukh Sajjad Mr. Muhammad Wajid Mr. Shafqatullah
c. Executive Directors	Mr. Zafar Asim Mr. Saleem Ul Haque

3. All Directors have confirmed that they are not serving as director in more than five listed Companies including this Company.
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 decisions on relevant matters have been taken by the 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 of the Company is trained under Directors Training Program and rest are yet to be trained for which we will arrange Directors Training Program in the coming sessions.
10. The Board has approved appointments 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. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.



12. The board has formed committees comprising of members given below:
- |                                  |   |
|----------------------------------|---|
| a. Audit Committee               | Asghar Iqbal - Chairman<br>Muhammad Wajid – Member<br>Muhammad Irfan Ali – Member |
| b. HR and Remuneration Committee | Asghar Iqbal – Chairman*<br>Zafar Asim – Member<br>Muhammad Wajid – Member        |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- |                                  |  |
|----------------------------------|--|
| a. Audit Committee               | 4 quarterly meetings during the financial year<br>ended June 30, 2019  |
| b. HR and Remuneration Committee | 1 annual meeting held during the financial year<br>ended June 30, 2019 |
15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all the other material principles enshrined in the CCG have been complied with.

**Zafar Asim**  
Chief Executive

**Muhammad Irfan Ali**  
Chairman Board of Directors

Dated: September 24, 2019  
Place : Karachi.

***Feroze Sharif Tariq & Co.*****CHARTERED ACCOUNTANTS**4 / N / 4, BLOCK-6, P.E.C.H. SOCIETY  
KARACHI-75400***FARUQ ALI & CO.*****CHARTERED ACCOUNTANTS**C-88, Ground Floor, KDA Scheme No.1,  
Main Karsaz Road, Opp. Maritime  
Museum, Karachi.**INDEPENDENT AUDITORS' MODIFIED REVIEW REPORT  
TO THE MEMBERS OF DEWAN SALMAN FIBRE LIMITED****REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED  
IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

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

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

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

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

Based on our review, 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 Regulation as applicable to the Company for the year ended 30 June 2019.

Further, we highlight the instance of non-compliance with the requirement of the Regulations as reflected in the paragraph 9 of the Statement of Compliance. The Company is required to have at least half of the directors on its board to be certified under any directors training program as at 30 June 2019, however, the Company has only one director certified under director training program.




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**Chartered Accountants  
(Muhammad Ghalib)**




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**Chartered Accountants  
(Fasih-uz-Zaman)**

Karachi: September 24, 2019



## ***Feroze Sharif Tariq & Co.***

**CHARTERED ACCOUNTANTS**

4 / N / 4, BLOCK-6, P.E.C.H. SOCIETY  
KARACHI-75400

## ***FARUQ ALI & CO.***

**CHARTERED ACCOUNTANTS**

C-88, Ground Floor, KDA Scheme No.1,  
Main Karsaz Road, Opp. Maritime  
Museum, Karachi.

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEWAN SALMAN FIBRE LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

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

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

#### **Basis for Adverse Opinion**

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

- a) The financial statements of the Company for the year ended 30 June 2019 reflect loss after taxation of Rs.1.710 billion and as of that date it has accumulated losses of Rs.19.390 billion which resulted in net capital deficiency of Rs.11.832 billion and its current liabilities exceeded its current assets by Rs.17.632 billion and total assets by Rs.10.355 billion. The operations of the Company are closed since December 2008 due to working capital constraints. Furthermore, the Company has been unable to ensure timely repayment of debts owing to financial institutions due to liquidity problems and short-term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The Company has not made provision of markup for the year amounting to Rs.2.042 billion (up to 30 June 2019: Rs.21.358 billion) (refer note 22.1) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs.2.042 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.21.358 billion.



- c) Investment in associate company ‘Dewan Petroleum (Private) Limited’ is disclosed as non-current assets held for sale (refer note 22 to the financial statements) although the resolution for the permission to sale the same has been expired during the financial year 2009, which is non-compliance of IFRS 5 Non-current assets held for sale. This investment is required to be accounted for at equity method as prescribed in International Accounting Standard – 28 ‘Investment in associates’. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available;
- d) Trade debts amounting to Rs.1.585 billion are stagnant, not being recovered, against which a provision of Rs.0.657 billion has been made so far (refer note 17 to the financial statements). Since these trade debts are doubtful for recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by Rs.0.928 billion;
- e) We did not observe counting of physical inventories as at 30 June 2019 as the management did not carry out the same. We are unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2019 which are stated in the balance sheet at net value of Rs.0.651 billion;

**Key Audit Matter(s)**

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

S.No.	Key Audit Matters(s)	How the matter was addressed in our audit
<b>1.</b>	<b>First time adoption of IFRS 9 – Financial Instruments</b>	
	<p>As referred to in note 4.1.2 to the financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.</p> <p>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information.</p> <p>We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.</p>	<p>Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</p> <p>Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis.</p> <p>In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.</p>

**Information Other Than the Financial Statements and Auditors' Report Thereon**

Management is responsible for the other information. The other information comprises the information in the annual report including, in particular, the Chairman’s Review, Director’s Report, Financial and Business Highlights, Graphical Representation and Horizontal and Vertical Analysis of Financial Statements, but does not include the financial statements and our auditor’s report thereon



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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) Except for the effects of the matters discussed in the Basis for Adverse Opinion paragraph, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) Because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;
- c) Except for the effects of the matters discussed in the Basis for Adverse Opinion paragraph, 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 Fasih uz Zaman.



Chartered Accountants  
(Muhammad Ghalib)



Chartered Accountants  
(Fasih-uz-Zaman)

Karachi: September 24, 2019



## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

### EQUITY AND LIABILITIES

#### SHARE CAPITAL AND RESERVES

	2019	2018 ( Restated )
Notes	----- (Rupees in '000) -----	
Authorized share capital		
630,000,000 (2018: 630,000,000) Ordinary shares of Rs. 10/- each	<b>6,300,000</b>	6,300,000
90,000,000 (2018: 90,000,000) Preference shares of Rs. 10/- each	<b>900,000</b>	900,000
	<b>7,200,000</b>	7,200,000
Issued, subscribed and paid-up share capital	<b>5 3,663,211</b>	3,663,211
Revenue reserves		
General reserves	<b>350,000</b>	350,000
Accumulated losses	<b>(19,389,719)</b>	(17,978,165)
Capital reserves		
Surplus on revaluation of property, plant and equipment	<b>6 3,544,902</b>	3,800,321
	<b>(11,831,606)</b>	(10,164,633)
<b>NON-CURRENT LIABILITIES</b>		
Long term loans	<b>7 223,585</b>	201,120
Deferred liabilities	<b>8 1,253,486</b>	1,416,235
	<b>1,477,071</b>	1,617,355
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>9 946,467</b>	938,597
Short term borrowings	<b>10 13,794,714</b>	13,794,714
Overdue portion of long term liabilities	<b>11 4,576,669</b>	3,675,769
Provision for taxation	<b>161,769</b>	161,769
	<b>19,479,619</b>	18,570,849
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>12 --</b>	--
	<b>9,125,084</b>	<b>10,023,571</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>13 6,932,587</b>	7,583,047
Long term investments	<b>14 25,205</b>	25,205
	<b>6,957,792</b>	7,608,252
<b>CURRENT ASSETS</b>		
Stores and spares	<b>15 650,822</b>	748,482
Stock in trade	<b>16 --</b>	--
Trade debts - Unsecured	<b>17 928,042</b>	1,083,005
Advances	<b>18 13,440</b>	12,199
Short term deposits	<b>19 160,553</b>	160,553
Other receivables - Considered good	<b>20 78,355</b>	78,208
Cash and bank balances	<b>21 16,080</b>	12,872
	<b>1,847,292</b>	2,095,319
Non-current asset held for sale	<b>22 320,000</b>	320,000
	<b>9,125,084</b>	<b>10,023,571</b>

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

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors

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

	Notes	2019 ----- (Rupees in '000) -----	2018 ( Restated )
Sales	23	--	--
Cost of sales	24	(689,392)	(759,429)
Gross loss		(689,392)	(759,429)
Operating expenses			
Distribution cost	25	(1,837)	(1,913)
Administrative expenses	26	(41,509)	(45,094)
		(43,346)	(47,007)
Operating loss		(732,738)	(806,436)
Finance cost	27	(920,652)	(367,744)
Other charges	28	(177,834)	(148,498)
Other income	29	--	498
		(1,098,486)	(515,744)
Loss before taxation		(1,831,224)	(1,322,180)
Taxation - Net	30	121,429	139,573
<b>Loss for the year</b>		<b>(1,709,795)</b>	<b>(1,182,607)</b>
Loss per share - Basic and diluted	31	(4.67)	(3.23)

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



**Zafar Asim**  
Chief Executive



**Saleem-ul-Haque**  
Chief Financial Officer



**Muhammad Irfan Ali**  
Chairman Board of Directors



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

	Notes	2019 ----- (Rupees in '000) -----	2018 ( Restated ) -----
Loss for the year		(1,709,795)	(1,182,607)
<b>Other comprehensive (loss)</b>			
<i>Items that will not be subsequently reclassified to profit or loss:</i>			
Remeasurement of defined benefit liability		950	--
Deferred tax on remeasurement of defined benefit liability		--	--
		950	--
Impact of change in tax rate	6	41,872	46,524
<b>Total comprehensive (loss) for the year</b>		<b>(1,666,973)</b>	<b>(1,136,083)</b>

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

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors

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

	2019	2018 (Restated)
	Notes ----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,831,224)	(1,322,180)
<b>Adjustments for non-cash and other items:</b>		
Depreciation	13.1 650,353	723,009
Unwinding of discount	27 22,465	20,209
Gain on sale of fixed assets	29 --	(498)
Loss of fixed assets due to fire	28 495	
Provision for gratuity	8.1.7 3,284	3,678
Provision for doubtful debts / advances / receivables	28 79,679	83,391
Provision for obsolescence and slow moving stocks and stores	28 97,660	65,107
Finance cost	27 900,901	348,606
Cash outflows before working capital changes	(76,387)	(78,678)
<b>Movement in working capital</b>		
<i>(Increase) / decrease in current assets</i>		
Trade debts - Unsecured	75,695	84,567
Advances	(1,241)	(3,677)
Other receivables	(410)	(338)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	7,870	3,986
	81,914	84,538
Cash generated from / (used in) from operations	5,527	5,860
<b>Payments for:</b>		
Staff gratuity	8.1.5 (1,783)	(4,486)
Finance cost	(1)	(6)
Taxation	(147)	(265)
	(1,931)	(4,757)
Net cash inflows / (outflows) from operating activities	3,596	1,103
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(388)	(137)
Sale proceeds of fixed assets	--	575
Net cash inflows from investing activities	(388)	438
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in cash and cash equivalents	3,208	1,541
Cash and cash equivalents at beginning of the year	(2,960,023)	(2,961,564)
<b>Cash and cash equivalents at end of the year</b>	32 (2,956,815)	(2,960,023)

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



**Zafar Asim**  
Chief Executive



**Saleem-ul-Haque**  
Chief Financial Officer



**Muhammad Irfan Ali**  
Chairman Board of Directors



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

Issued, subscribed and paid-up share capital	Revenue Reserves			Capital Reserves		Total equity	
	General Reserve	Accumulated Loss	Total revenue reserves	Surplus on revaluation of property, plant and equipment	Total capital reserves		
----- (Rupees) -----							
Balance as on 1 July 2017 - <i>As restated</i>	3,663,211	350,000	(17,121,229)	(16,771,229)	4,079,468	4,079,468	(9,028,550)
Loss for the year ended 30 June 2018	--	--	(1,182,607)	(1,182,607)	--	--	(1,182,607)
Other comprehensive income	--	--	--	--	46,524	46,524	46,524
Total comprehensive loss for the year	--	--	(1,182,607)	(1,182,607)	46,524	46,524	(1,136,083)
Transfer to accumulated losses on account of incremental depreciation - Net of tax	--	--	325,671	325,671	(325,671)	(325,671)	--
<b>Balance as at 30 June 2018</b>	<b>3,663,211</b>	<b>350,000</b>	<b>(17,978,165)</b>	<b>(17,628,165)</b>	<b>3,800,321</b>	<b>3,800,321</b>	<b>(10,164,633)</b>
Loss for the year ended 30 June 2019	--	--	(1,709,795)	(1,709,795)	--	--	(1,709,795)
Other comprehensive income	--	--	950	950	41,872	41,872	42,822
Total comprehensive loss for the year	--	--	(1,708,845)	(1,708,845)	41,872	41,872	(1,666,973)
Transfer to accumulated losses on account of incremental depreciation - Net of tax	--	--	297,291	297,291	(297,291)	(297,291)	--
<b>Balance as at 30 June 2019</b>	<b>3,663,211</b>	<b>350,000</b>	<b>(19,389,719)</b>	<b>(19,039,719)</b>	<b>3,544,902</b>	<b>3,544,902</b>	<b>(11,831,606)</b>

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

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors



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

### 1 STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan on 4 October 1989 and its shares are listed on Pakistan Stock Exchange. It is engaged in manufacturing and sale of polyester, acrylic fibre and tow products. However, the operations of the Company are closed since December 2008.

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

- The registered office of the Company is situated at Plot No. 6, street no. 9, Fayyaz market, G-8/2, Islamabad, Pakistan.
- The factory office of the Company is situated at Plot No. 1, Dewan Farooque Industrial Park, Hattar, District Haripur (K.P.K), Pakistan.
- The corporate office of the Company is situated at Finance and Trade Centre, Block-A, 2nd Floor, Shahrah-e-Faisal, Karachi, Pakistan.

### 2 GOING CONCERN ASSUMPTION

The financial statements for the year ended 30 June 2019 reflect loss after taxation of Rs.1.710 billion (2018: Rs.1.183 billion) and as of that date it has accumulated losses of Rs.19.390 billion (2018: Rs.17.978 billion) which have resulted in net capital deficiency of Rs.11.832 billion (2018: Rs.10.165 billion) and its current liabilities exceeded its current assets by Rs.17.632 billion (2018: Rs.16.476 billion) and total assets by Rs.10.355 billion (2018: Rs.8.547 billion). The operations of the Company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. 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 on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the Company is negotiating re-profiling of the debt with all the lenders and is expected to be closed in near future. Accordingly the Company has approached its lenders for the restructuring of its entire debt in the following manner:

- a) All the debt obligations of the Company be converted into interest bearing long term loan in proportion to their respective current exposures;
- b) Principal to be repaid in 12 years in equal quarterly installments commencing from the 28th month of the restructuring date;
- c) Mark-up payable as on 31 December 2008 to be freezed and paid quarterly over a period of three years commencing after 3 months from the restructuring date;

The management believes that the restructuring proposal presented is workable and would enable the Company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders. Accordingly, these financial statements have been prepared on a going concern basis.

### 3 BASIS OF PREPARATION

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 27.1 to the financial statements, for which the management concludes that provisioning of mark up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

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



- Provisions of and directives issued under the Companies Act, 2017.

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

### 3.2 Basis of measurement

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

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

#### 3.3.1 Adoption of standards and amendments effective during the year

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

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

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

#### **IFRS 15 Revenue from Contracts with Customers**

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

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

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

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

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

#### **IFRS 9 Financial Instruments**

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

***Classification and measurement***

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

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

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

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

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

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

***Impairment***

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

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

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

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

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



<b>Standards or interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
IFRS 3 Definition of a Business (Amendments)	1-Jan-20
IFRS 3 Business Combinations: Previously held interests in a joint operation	1-Jan-19
IFRS 9 Prepayment Features with Negative Compensation (Amendments)	1-Jan-19
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	"Not yet finalised"
IFRS 11 Joint Arrangements: Previously held interests in a joint operation	1-Jan-19
IFRS 16 Leases	1-Jan-19
IAS 1/IAS 8 Definition of Material (Amendments)	1-Jan-20
IAS 12 Income Taxes: Income tax consequences of payments on financial instruments classified as equity	1-Jan-19
IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization	1-Jan-19
IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRIC 23 Uncertainty over Income Tax Treatments	1-Jan-19

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

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

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

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

<b>Standards or Interpretation</b>	<b>IASB Effective date (annual periods beginning on or after)</b>
IFRS 14 Regulatory Deferral Accounts	1-Jan-16
IFRS 17 Insurance Contracts	1-Jan-21

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

### 3.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

### 3.5 Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect 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 and amount due from related parties

The Company reviews its doubtful debts at each reporting dates to access whether provision should be recorded in the statement of profit or loss. 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 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.

#### 3.5.5 Staff retirement benefits

Certain actuarial assumptions have been used as disclosed in these financial statements (note 8.1.2) for the actuarial valuation of unfunded gratuity scheme. Changes in these assumptions in future years may effect the liability under this scheme in those years.

## 4 SIGNIFICANT ACCOUNTING POLICIES

Except as described below in note 4.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier period presented.

### 4.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:



#### 4.1.1 IFRS 15 'Revenue from Contracts with Customers

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described below. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Control of the underlying goods could be transferred and revenue recognized when the product leaves the seller's location, based on legal title transfer, the entity's right to receive payment, or the customer's ability to redirect and sell the goods, but there might be additional performance obligations for shipping and in-transit risk of loss. The Company allocates the transaction price to each of the performance obligations, and recognize revenue when each performance obligation is satisfied, which might be at different times.

Revenue is measured based on the consideration specified in a contract with a customer, net of sales commission and excludes amounts collected on behalf of third parties.

The Company manufactures and contracts with customers for the sale of exercise books and prolables, which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. Invoices are usually payable within 30 days. No discounts, sales commission and return are offered. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company.

The Company also receives short term advances from some of its customers. Prior to adoption of IFRS 15, advance consideration received from customers was included in 'Trade and other payables' which now is reclassified as 'Contract liabilities' and presented separately on statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers for prior year to provide comparison.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of transaction prices for the time value of money. As required for the financial statements, the Company disaggregated revenue recognised from contracts with customers into primary geographical markets and major product lines.

#### 4.1.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### **Classification and measurement of financial assets and financial liabilities**

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

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

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets; and
- "Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss account or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets are not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial instruments are stated in note 4.17 to the financial statements.

**Impairment**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts. Impairment losses related to trade debts are presented separately in the statement of profit or loss account. Trade debts are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

**4.2 Property, plant and equipment and depreciation*****Owned:***

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

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

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

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

Capital work in process is stated at cost, less any recognized impairment loss. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold and freehold 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. Depreciation on additions is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis.



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 statement.

Leased:

Assets subject to finance lease are initially recorded at lower of the present value of minimum lease payments under the lease agreements and the fair value of leased assets. The related obligation under the finance lease less financial charges allocated to future periods are shown as liability.

Depreciation charge is based on the reducing balance method at the rates specified in Note 13. Depreciation on additions is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

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 statement.

#### **4.3 Staff retirement benefits**

The Company operates an unfunded Gratuity Scheme (the Plan) for eligible employees of the Company. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other

The Company determines the net interest expense (income) on the net defined benefit liability (asset) 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-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in statement of profit or loss. The latest actuarial valuation was conducted by a qualified professional firm of actuaries as of 31 July 2017 using the "Projected Unit Credit Method".

#### **4.4 Taxation**

##### ***Current***

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

##### ***Deferred***

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

#### **4.5 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

#### **4.6 Borrowing costs**

Borrowings costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

#### **4.7 Investment in associates**

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



recognised in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognising its share of further losses. If the associate subsequently reports profits, the investor or joint venturer resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

#### **4.8 Stores and spares**

These are valued at average cost except for those in transit, which are valued at cost. Provision for obsolete items is based on their condition as at the financial position date depending upon the management's judgement.

#### **4.9 Stock in trade**

Raw and packing materials except for those in transit are valued at lower of average cost and net realizable value.

Work-in-process is valued at material cost only. Conversion costs are not included as these are not significant.

Finished goods are valued at lower of cost, which includes prime cost and appropriate portion of production overheads, and net realizable value.

Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

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

#### **4.10 Trade debts**

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

#### **Offsetting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.11 Foreign currency translation**

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to statement of profit or loss.

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

All transactions with related parties are priced on an arm's length basis using Comparable Uncontrolled Price Method.

#### **4.13 Revenue recognition**

- Sales are recorded on dispatch of goods to customers.
- Return on bank deposits and investments are recognised on accrual basis.
- Dividend income is recognised when the Company's right to receive the dividend is established.

#### **4.14 Provisions**

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a 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 the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

**4.15 Cash and cash equivalent**

Cash and cash equivalents comprise cash and cheques in hand, balances with banks, term deposits with original maturity period of three months or less, short term running finances and temporary book overdrawn balances.

**4.16 Non-current assets held for sale**

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

**4.17 Financial instruments**

**4.17.1 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.

**4.17.2 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.

**4.17.2.1 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.

**4.17.2.2 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.

**4.17.3 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.

**4.17.3.1 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.

**4.17.3.2 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.

**4.17.4 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.

**4.17.5 Derivative financial instruments - cash flow hedges**

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

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

**4.17.6 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.

**4.18 Impairment****4.18.1 Financial assets**

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

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

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

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

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

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

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

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

**4.18.2 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.

**5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

2019 ---- (Number of shares) ----	2018		2019 ----- (Rupees in '000) -----	2018
<b>65,000,000</b>	65,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	<b>650,000</b>	650,000
<b>267,849,938</b>	267,849,938	Ordinary shares of Rs. 10/- each issued as bonus shares	<b>2,678,499</b>	2,678,499
<b>1,215,345</b>	1,215,345	Ordinary shares of Rs. 10/- each issued	<b>12,154</b>	12,154
<b>32,255,800</b>	32,255,800	Ordinary shares of Rs. 10/- each issued in exchange for	<b>322,558</b>	322,558
<b>366,321,083</b>	366,321,083	96,767,400 shares of Rs.10/- each of Dhan Fibres Limited	<b>3,663,211</b>	3,663,211

5.1 At reporting date, 156,433,140 shares (2018: 156,433,140 shares) were held by associated companies.

**6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

Surplus on revaluation of property, plant and equipment - Opening	<b>3,800,321</b>	4,079,468
Impact of change in tax rate	<b>41,872</b>	46,524
Transfer to accumulated losses on account of incremental depreciation - Net of tax	<b>(297,291)</b>	(325,671)
Surplus on revaluation of property, plant and equipment - Closing	<b>3,544,902</b>	3,800,321

6.1 This represents surplus on revaluation of freehold land, leasehold land, non-factory building, factory building and plant and machinery. The latest revelation has been carried out at 30 June 2017 by an independent valuer M/s. Anderson Consulting (Private) Limited. The basis of revaluation are stated below:

***Land***

Valuation of land is determined by obtaining key market data from property brokers, dealers and estate agents to ascertain the asking and selling prices of the property of the same nature in the immediate neighborhood and adjoining areas.

***Building***

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical conditions and level of preventive maintenance carried out by the Company.

***Plant and machinery***

Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking into consideration the existence, level of maintenance and assessment of value of the machinery on the basis of its present conditions. Since the plant is not operational therefore assessment is carefully made to establish if the machinery can be put into operation after routine maintenance. New price is calculated according to the market values, applied suitable depreciation as per their condition, usage, life and maintenance and determined its Current Market Values. The latest

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

7 LONG TERM LOANS		2019	2018
		------(Rupees in '000)-----	
From bank and financial institutions - Secured	7.1	4,522,524	3,621,624
Overdue portion - Shown under current liabilities	11	(4,522,524)	(3,621,624)
		--	--
From related parties - Director - Unsecured, interest free			
Original loan amount	7.2	379,645	379,645
Effects of fair value adjustments			
Opening balance		(178,525)	(198,734)
Unwinding of interest / discount for the year	27	22,465	20,209
Shareholder's contribution included in equity		(156,060)	(178,525)
Shareholders' loan / fair value of the loan		223,585	201,120
		<b>223,585</b>	<b>201,120</b>

**7.1 From bank and financial institutions - Secured**

Financier	Installments payable	Repayment period	Mark-up rate	Notes	2019	2018
					------(Rupees in '000)-----	
Syndicate of banks	Half yearly	2003-2008	3.75% over 6 months T-bill rate	7.1.1	58,333	58,333
International Finance Corporation (IFC) FCY-LOAN	Half yearly	2005-2011	6.9% p.a.	7.1.2	2,796,500	2,067,200
International Finance Corporation (IFC) FCY-LOAN	Annual	2010	5% p.a.	7.1.3	658,000	486,400
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	Quarterly	2009	3% over six months KIBOR	7.1.4	49,000	49,000
National Bank of Pakistan	Quarterly	2011	2% over three months KIBOR	7.1.5	500,000	500,000
Allied Bank Limited	Monthly	2010	3.25% over three months KIBOR	7.1.6	460,691	460,691
					<b>4,522,524</b>	<b>3,621,624</b>

**7.1.1** These represents term loans obtained from syndicate of commercial banks and are secured by way of first pari passu hypothecation charge on all the present and future property, plant and equipment of the Company.

**7.1.2** This represents US Dollars 30 million term loan obtained from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of hypothecation charge on all the present and future property, plant and equipment of the Company.

**7.1.3** This represents the financing of US Dollars 4 million obtained under the "Convertible C Loan Agreement" dated 16 June 2003 from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of first ranking security interests in all assets subject to the security documents.

A commitment fee shall be paid to IFC @ 0.5 % per annum beginning on the date of this agreement until the date of disbursement on the basis of a 360-days year and the actual number of days in the relevant period.



This loan shall repay the entire outstanding amount of the C Loan on the fourteenth interest payment date @ 5% per annum from the date of execution of this agreement i.e., February 24, 2004 unless prior to the fourteenth interest payment date, subject to any prior conversion of all or part of the C Loan pursuant to the conversion option. "The conversion option may be exercised by IFC one or several times, each time by delivering a notice of conversion. IFC shall subscribe for the conversion shares at the conversion price and shall pay by setting off with the C Loan. The conversion period commencing on the second anniversary of the date of this agreement and ending on the date when all amounts of whatsoever nature, outstanding has been paid to the entire satisfaction of IFC.

According to agreement the basic conversion price is Rs.20/- per share. The conversion price per share obtained by applying the formula "to multiply the basic conversion price with initial number of share divided by number of issued, subscribed, paid up shares as of the settlement date." and the conversion shares calculated by applying the formula "the part of the C Loan to be converted into US / Pak Rs official rate as of the settlement date divided by conversion price per share".

There is further extension of convertible C Loan agreement with the acceptance of US Dollar 1 million dated 14 May 2004 with all the terms and conditions of the said agreement remains unchanged.

**7.1.4** This represents loan for the purpose of working capital requirements and is secured by way of first pari passu hypothecation charge over fixed assets with 25% margin.

**7.1.5** This represents term finance facility for the purpose of restructuring of the balance sheet of the Company and is secured by way of ranking charge over fixed assets with 25% margin and first pari passu hypothecation charge over all future stocks and receivables.

**7.1.6** This represents term finance facility for the purpose of retiring present running finance & FADB outstanding and is secured by way of first pari passu charge over fixed assets with 25% margin.

**7.2** This represents interest free loan and is repayable in lump sum on 30 June 2024. The loan from director has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of 11.17% per annum.

		2019	2018
		----- (Rupees in '000) -----	
<b>8 DEFERRED LIABILITIES</b>			
Staff gratuity payable	<b>8.1</b>	160,626	160,075
Deferred tax liability - Net	<b>8.2</b>	1,092,860	1,256,160
		<u>1,253,486</u>	<u>1,416,235</u>

#### **8.1 Staff gratuity payable**

The Company operates unfunded gratuity scheme for its permanent eligible employees. Gratuity benefit is payable under the scheme to employees on cessation of employment due to death, retirement and resignation.

The gratuity is payable based on the last drawn gross pay and the number of years of services.

	2019	2018
<b>8.1.1</b> Number of employees under the scheme	<u>54</u>	<u>55</u>

#### **8.1.2 Principal actuarial assumptions**

The latest actuarial valuations of the above gratuity scheme were carried out as at 30 June 2019 under the Project Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme is as follows:



**Financial assumptions**

Expected rate of increase in salaries	13.25% p.a.	6.25% p.a.
Discount rate	14.25% p.a.	7.25% p.a.
Average expected remaining working life times of employees	7 years	7 years

Mortality rate is based on adjusted SL1C 2001-2005 with one year age set back mortality table.

8.1.3 Staff gratuity payable		2019	2018
		----- (Rupees in '000) -----	
Present value of defined benefit obligations	8.1.4	31,613	25,682
Frozen gratuity		129,013	134,393
	8.1.5	<u>160,626</u>	<u>160,075</u>
<b>8.1.4 Reconciliation of present value of defined benefit obligation</b>			
Present value of defined benefit obligation - opening		25,682	26,489
Frozen gratuity - opening		134,393	134,393
Service cost		1,519	1,758
Interest on defined benefit liability		1,765	1,920
Benefits paid		(1,484)	--
Liability transferred to other account		(299)	(4,486)
Frozen gratuity - closing		(129,013)	(134,393)
Actuarial gain		(950)	--
		<u>31,613</u>	<u>25,681</u>
<b>8.1.5 Movement in present value of defined benefit obligations</b>			
Net defined benefit liability - Opening		160,075	160,883
Expense chargeable to profit and loss account	8.1.6	3,284	3,678
Remeasurement gain transferred to OCI		(950)	--
Transfer to final settlement payable		(299)	(4,486)
Payments during the year		(1,484)	--
		<u>160,626</u>	<u>160,075</u>
<b>8.1.6 Expense chargeable to profit and loss account</b>			
Service cost		1,519	1,758
Net interest on net defined benefit liability		1,765	1,920
	8.1.7	<u>3,284</u>	<u>3,678</u>
<b>8.1.7 Allocation of charge for the year</b>			
Cost of sales	24	962	2,683
Administrative expenses	26	2,322	995
		<u>3,284</u>	<u>3,678</u>

**8.1.9 Sensitivity analysis**

Sensitivity analysis has been performed by varying on assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the gratuity scheme. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarized below:

*Present value of defined benefit obligation*

Discount rate + 1%	29,162	23,395
Discount rate - 1%	34,409	28,320
Salary increase + 1%	34,409	28,320
Salary increase - 1%	29,121	23,363

**8.2 Deferred tax liabilities - Net**

Deferred taxation comprises temporary difference relating to:

	2019	2018
	------(Rupees in '000)-----	
Accelerated tax depreciation	309,512	343,621
Surplus on revaluation of fixed assets	1,092,860	1,256,160
Finance lease transactions	23,118	25,497
Provisions and others	(592,774)	(560,294)
Accumulated tax losses	(3,403,600)	(3,510,283)
Deferred tax (asset)	(2,570,884)	(2,445,299)
Deferred tax asset not recognized	3,663,744	3,701,459
Deferred tax liability in respect of revaluation surplus	1,092,860	1,256,160

**9 TRADE AND OTHER PAYABLES**

Trade creditors	642,136	642,136
Accrued expenses	297,821	289,179
Withholding income tax payable	3,259	4,031
Unclaimed TFCs redemption warrants	2,228	2,228
Others	1,023	1,023
	946,467	938,597

**10 SHORT TERM BORROWINGS**

From banks and financial institutions - Secured

- Morabaha finance	621,530	621,530
- Short term loans	4,242,259	4,242,259
Short term running finance - Secured	2,970,019	2,970,019
Overdue letter of credits	5,958,030	5,958,030
Temporary book overdraft - Unsecured	2,876	2,876
	13,794,714	13,794,714

**10.1** The facilities for various loans and finances under mark-up arrangements available from various banks amount to Rs.8.766 billion (2018: Rs.8.766 billion) and carry mark up ranging from 1% to 4% (2018: 1% to 4%) over one to six months KIBOR. These facilities are secured by hypothecation of the Company's stock-in-trade and book debts and are generally for a period of one year renewable at the end of the period. These facilities have not been renewed by the banks, however, the renewal would take place at the finalization of the financial restructuring process. The lenders listed above are in litigation with the Company as more fully explained in note 12.1(a) to the financial statements.

**11 OVERDUE PORTION OF LONG TERM LIABILITIES**

Overdue portion of long term loans	7	4,522,524	3,621,624
Overdue portion of lease liabilities	11.1	54,145	54,145
		4,576,669	3,675,769

**11.1** The Company entered into lease agreements with various leasing companies to acquire gas generators to reduce the power costs. The rentals under these lease agreements are payable quarterly up to the period ended June 2011. Mark up rate ranging from 13.71% to 14.38% (2018: 13.71% to 14.38%) per annum have been used as discounting factors. The cost of operating and maintaining the leased assets will be borne by the Company. The Company intends to exercise its option to purchase the leased assets at its aggregate residual value of Rs.8.498 upon the completion / settlement of the respective lease. The lenders are in litigation with the Company as more fully explained in note 12.1(a) to the financial statements.

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

(a) In respect of liabilities towards banks / financial institutions disclosed in note 7, 9, 10 and 11 to the financial statements, most of banks / financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 22.297 billion, out of total suits amount four of the banks having suit to the extent of Rs. 2.435 billion has also filed winding up petition u/s 301 of the Companies Act, 2017. Since the Company is in dispute with banks / financial institutions therefore the estimated financial effect of litigations is not being disclosed, as it may have adverse affect on Company's position in the suits.

The management has disputed the claim and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged mark-up on mark-up and other levies higher than the rate of mark-up agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan. The management is hopeful that the decision will be in favour of the Company and the base less suits shall be rejected by the concerned courts. Since all the cases are pending before Honorable Courts therefore the ultimate outcome cannot be established at this stage. Since the banks / financial institutions are in litigation with the Company, therefore balance confirmations have not been received there from.

(b) The Company is defendant in a legal proceeding initiated by certain transporters for an aggregate amount of Rs.31.127 million (being pending bill of Rs.27.127 million and Rs.4 million as delayed payment charges) which is pending before Hon'able Lahore High Court (Rawalpindi Bench), the outcome of which cannot be established at this stage. The management, based on the strength of its case and the advice of its lawyers, believes that no additional liability will arise out of these proceedings; hence no provision for delayed payment charges has been made in these financial statements.

(c) Guarantees given by the commercial banks on behalf of the company amounted to Rs.78.30 million (2018: Rs.78.30 million).

		2019	2018
		----- (Rupees in '000) -----	
<b>13</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets - At cost less accumulated depreciation	13.1	6,789,774
	Capital work in progress	13.4	142,813
		<u>6,932,587</u>	<u>7,583,047</u>



**13.1 Operating fixed assets - At cost less accumulated depreciation**

PARTICULARS	2019								Carrying value as at 30 June 2019	Rate %
	COST/ REVALUATION				Accumulated depreciation					
	As at 1 July 2018	Additions during the year	Disposals during the year	As at 30 June 2019	As at 1 July 2018	(On disposals / write off)	Charge for the year	As at 30 June 2019		
	(Rupees)									
<b>PSF - Units - Owned</b>										
Freehold land	155,000	--	--	155,000	--	--	--	--	155,000	-
Leasehold land	787,200	--	--	787,200	--	--	--	--	787,200	-
Factory building	2,537,807	--	--	2,537,807	1,486,962	--	105,085	1,592,047	945,760	10
Non-factory building	1,046,985	--	--	1,046,985	901,600	--	14,538	916,138	130,847	10
Tank terminal	16,453	--	--	16,453	15,351	--	110	15,461	992	10
Plant and machinery	16,307,085	--	--	16,307,085	12,603,788	--	370,330	12,974,118	3,332,967	10
Vehicles	159,076	--	--	159,076	151,745	--	1,466	153,211	5,865	20
Furniture and fixtures	80,027	--	--	80,027	68,295	--	1,173	69,468	10,559	10
Office equipment	136,631	388	(1,392)	135,627	115,791	(897)	1,894	116,788	18,839	10
<b>Leased assets</b>										
Plant and machinery (Generator)	178,517	--	--	178,517	125,764	--	5,275	131,039	47,478	10
<b>Sub total</b>	<b>21,404,781</b>	<b>388</b>	<b>(1,392)</b>	<b>21,403,777</b>	<b>15,469,296</b>	<b>(897)</b>	<b>499,871</b>	<b>15,968,270</b>	<b>5,435,507</b>	
<b>Acrylic Unit</b>										
Factory building	812,171	--	--	812,171	508,636	--	30,354	538,990	273,181	10
Non-factory building	32,871	--	--	32,871	7,511	--	2,536	10,047	22,824	10
Plant and machinery	4,665,576	--	--	4,665,576	3,490,140	--	117,544	3,607,684	1,057,892	10
Vehicles	3,604	--	--	3,604	3,539	--	13	3,552	52	20
Furniture and fixtures	890	--	--	890	751	--	14	765	125	10
Office equipment	1,370	--	--	1,370	1,156	--	21	1,177	193	10
<b>Sub total</b>	<b>5,516,482</b>	<b>--</b>	<b>--</b>	<b>5,516,482</b>	<b>4,011,733</b>	<b>--</b>	<b>150,482</b>	<b>4,162,215</b>	<b>1,354,267</b>	
<b>GRAND TOTAL</b>	<b>26,921,263</b>	<b>388</b>	<b>(1,392)</b>	<b>26,920,259</b>	<b>19,481,029</b>	<b>(897)</b>	<b>650,353</b>	<b>20,130,485</b>	<b>6,789,774</b>	

PARTICULARS	2018								Carrying value as at 30 June 2018	Rate %
	COST/ REVALUATION				Accumulated depreciation					
	As at 1 July 2017	Additions during the year	Disposals during the year	As at 30 June 2018	As at 1 July 2017	(On disposals / write off)	Charge for the year	As at 30 June 2018		
	(Rupees)									
<b>PSF - Units - Owned</b>										
Freehold land	155,000	--	--	155,000	--	--	--	--	155,000	-
Leasehold land	787,200	--	--	787,200	--	--	--	--	787,200	-
Factory building	2,537,807	--	--	2,537,807	1,370,201	--	116,761	1,486,962	1,050,845	10
Non-factory building	1,046,985	--	--	1,046,985	885,447	--	16,153	901,600	145,385	10
Tank terminal	16,453	--	--	16,453	15,229	--	122	15,351	1,102	10
Plant and machinery	16,307,085	--	--	16,307,085	12,192,310	--	411,478	12,603,788	3,703,297	10
Vehicles	159,927	48	(899)	159,076	150,745	(823)	1,823	151,745	7,331	20
Furniture and fixtures	80,027	--	--	80,027	66,991	--	1,304	68,295	11,732	10
Office equipment	136,542	89	--	136,631	113,489	--	2,302	115,791	20,840	10
<b>Leased assets</b>										
Plant and machinery (Generator)	178,517	--	--	178,517	119,902	--	5,862	125,764	52,753	10
<b>Sub total</b>	<b>21,405,543</b>	<b>137</b>	<b>(899)</b>	<b>21,404,781</b>	<b>14,914,314</b>	<b>(823)</b>	<b>555,805</b>	<b>15,469,296</b>	<b>5,935,485</b>	
<b>Acrylic Unit</b>										
Factory building	812,171	--	--	812,171	474,910	--	33,726	508,636	303,535	10
Non-factory building	32,871	--	--	32,871	4,693	--	2,818	7,511	25,360	10
Plant and machinery	4,665,576	--	--	4,665,576	3,359,536	--	130,604	3,490,140	1,175,436	10
Vehicles	3,604	--	--	3,604	3,523	--	16	3,539	65	20
Furniture and fixtures	890	--	--	890	735	--	16	751	139	10
Office equipment	1,370	--	--	1,370	1,132	--	24	1,156	214	10
<b>Sub total</b>	<b>5,516,482</b>	<b>--</b>	<b>--</b>	<b>5,516,482</b>	<b>3,844,529</b>	<b>--</b>	<b>167,204</b>	<b>4,011,733</b>	<b>1,504,749</b>	
<b>GRAND TOTAL</b>	<b>26,922,025</b>	<b>137</b>	<b>(899)</b>	<b>26,921,263</b>	<b>18,758,843</b>	<b>(823)</b>	<b>723,009</b>	<b>19,481,029</b>	<b>7,440,234</b>	

13.2 The depreciation charge for the year has been allocated as follows :

	2019			2018		
	PSF - Units	Acrylic Unit	Total	PSF - Units	Acrylic Unit	Total
	(Rupees in '000)			(Rupees in '000)		
Cost of sales	497,372	149,730	647,102	553,026	166,368	719,394
Administrative expenses	2,499	752	3,251	2,779	836	3,615
	<b>499,871</b>	<b>150,482</b>	<b>650,353</b>	<b>555,805</b>	<b>167,204</b>	<b>723,009</b>

## DEWAN SALMAN FIBRE LIMITED

	2019	2018
	------(Rupees in '000)-----	
<b>13.4 Capital work in progress</b>		
Plant and machinery - Owned	56,429	56,429
Plant and machinery - Leased	86,384	86,384
	142,813	142,813

**13.5** Had there been no revaluation the carrying value of revalued assets as at 30 June, would have been as follows:

**PSF-Units**

Freehold land	70,652	70,652
Leasehold land	2,269	2,269
Factory building	234,807	260,897
Non-factory building	61,342	68,158
Plant and machinery	1,168,427	1,298,253
<b>Acrylic Unit</b>		
Factory building	48,614	54,016
Non-factory building	512	569
Plant and machinery	481,287	534,763
	2,067,910	2,289,577

**13.6** Particulars of immovable properties in the name of the Company are as follows:

Location	Usage of immovable property	Total area
Plot Number 1, Dewan Farooque Industrial Park, Hattar District	Production plant	2624 canals
Phase IV, Hattar Industrial Estate, District Haripur, KPK	Production plant	443 canals

**13.7** The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.6,450.704 million.

### 14 LONG TERM INVESTMENTS

Global Securities (Pvt) Limited

(495,000 Shares (2018: 495,000 shares)

of Rs.10/- each at a premium of Rs.40.92/- per share

	25,205	25,205
--	--------	--------

**14.1** Since these investments are in unquoted companies therefore these are measured at cost less accumulated impairment because the fair value can not be measured reliably.

### 15 STORES AND SPARES

Consumable stores		1,009,218	1,009,218
Packing material		12,501	12,501
Chemicals		51,107	51,107
Fuel, oil and lubricants		12,288	12,288
		1,085,114	1,085,114
Provision for obsolescence and slow moving items	<b>15.1</b>	(434,292)	(336,632)
		650,822	748,482
<b>15.1</b> Movement in provision for obsolescence and slow moving items			
Opening balance		336,632	271,525
Provision during the year		97,660	65,107
Closing balance		434,292	336,632



		2019	2018
		----- (Rupees in '000) -----	
<b>16</b>	<b>STOCK IN TRADE</b>		
	Raw materials	308,497	308,497
	Work-in-process	103,879	103,879
	Stock in transit	194,940	194,940
	Waste	19,086	19,086
		<u>626,402</u>	<u>626,402</u>
	Provision for obsolescence and slow moving stocks	<u>(626,402)</u>	<u>(626,402)</u>
		--	--
<b>17</b>	<b>TRADE DEBTS - Unsecured</b>		
	Considered good	928,042	1,083,005
	Considered doubtful	657,328	578,059
		<u>1,585,370</u>	<u>1,661,064</u>
	Provision for doubtful debts	<u>(657,328)</u>	<u>(578,059)</u>
		<u>928,042</u>	<u>1,083,005</u>
<b>17.1</b>	Trade debts include Rs.121.074 million (2018: Rs.121.074 million) due from Dewan Khalid Textile Mills Limited (associated company).		
<b>17.2</b>	Trade debts also include a sum of Rs.21.673 million (2018: Rs.21.673 million) receivable from Nazir of High Court of Sindh representing receivable against sales made on account of auction of the Company's stock as per order of court. All the sale proceeds are being deposited by the successful bidder directly with Nazir of High Court. The said amount will be adjusted against liability of bank under litigation upon lifting of all pledged stock.		
<b>17.3</b>	<b>Movement in provision for doubtful debts</b>	2019	2018
		----- (Rupees in '000) -----	
	Opening balance	578,059	495,006
	Provision during the year	79,269	83,053
	Closing balance	<u>657,328</u>	<u>578,059</u>
<b>18</b>	<b>ADVANCES</b>		
	<i>Against expenses / employees</i>		
	Considered good	13,440	12,199
	Considered doubtful	80,126	80,126
		<u>93,566</u>	<u>92,325</u>
	Provision for doubtful advances	<u>(80,126)</u>	<u>(80,126)</u>
		<u>13,440</u>	<u>12,199</u>
<b>19</b>	<b>SHORT TERM DEPOSITS</b>		
	Deposits	10,258	10,258
	Margin	150,295	150,295
		<u>160,553</u>	<u>160,553</u>
<b>20</b>	<b>OTHER RECEIVABLES - Considered good</b>		
	Sales tax	67,334	66,924
	Duty drawback receivable	73,872	73,872
	Duties refundable	4,691	4,691
	Insurance claim receivable	14,730	14,730
	Advance income tax	4,483	4,336
		<u>165,110</u>	<u>164,553</u>
	Less: Provision for doubtful receivable	<u>(86,755)</u>	<u>(86,345)</u>
		<u>78,355</u>	<u>78,208</u>

# DEWAN SALMAN FIBRE LIMITED

	2019	2018
	----- (Rupees in '000) -----	
<b>20.1 Movement in provision for other receivable</b>		
Opening balance	86,345	86,007
Provision during the year	410	338
Closing balance	86,755	86,345
<b>21 CASH AND BANK BALANCES</b>		
Cash in hand	325	437
Cash at banks		
- Current accounts	5,274	4,668
- Foreign currency accounts	10,481	7,767
	16,080	12,872
<b>22 NON-CURRENT ASSET HELD FOR SALE</b>		
Investment in Dewan Petroleum (Pvt) Limited 12,600,000 Shares (2018: 12,600,000 shares) of Rs.10/- each at a premium of Rs.15.397/- per share	320,000	320,000

**22.1** Rally Energy Pakistan Limited (REPL) has transferred its entire 40% working interest in Safed Koh Block to Dewan Petroleum (Private) Limited (DPL) (an associated company of DSFL). By virtue of the Company's ownership of 49% of 40% indirect working interest in Safed Koh Block through REPL, the Company has acquired 12 million ordinary shares of Rs.10/- each of the DPL (33.33% of DPL equity) in lieu of its equity investment and advance against cash calls under authority of the special resolution passed under section 208 of the Companies Ordinance, 1984 in Extra Ordinary General Meeting held on 30 August 2006.

**22.2** The investment has been classified as held for sale upon management intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the Company. For this purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on June 23, 2008, which was expired during the financial year 2009, however the management will seek further shareholders' approval before disposal of the same.

**22.3** The investment is made in accordance with the requirements of Companies Act, 2017.

## 23 OPERATING RESULTS

		2019			2018		
		PSF	Acrylic	Total	PSF	Acrylic	Total
		Unit	Unit		Unit	Unit	
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Sales		--	--	--	--	--	
Cost of sales	24	(535,576)	(153,816)	(689,392)	(589,193)	(170,236)	(759,429)
Gross loss		(535,576)	(153,816)	(689,392)	(589,193)	(170,236)	(759,429)
Distribution cost	25	(1,660)	(177)	(1,837)	(1,728)	(185)	(1,913)
Administrative expenses	26	(37,062)	(4,447)	(41,509)	(40,251)	(4,843)	(45,094)
		(38,722)	(4,624)	(43,346)	(41,979)	(5,028)	(47,007)
Operating loss		(574,298)	(158,440)	(732,738)	(631,172)	(175,264)	(806,436)
Finance cost	27	(920,652)	--	(920,652)	(367,744)	--	(367,744)
Other charges	28	(177,834)	--	(177,834)	(148,498)	--	(148,498)
Other income	29	--	--	--	498	--	498
		(1,098,486)	--	(1,098,486)	(515,744)	--	(515,744)
Loss before taxation		(1,672,784)	(158,440)	(1,831,224)	(1,146,916)	(175,264)	(1,322,180)



**24 COST OF SALES**

Notes	2019			2018		
	PSF	Acrylic	Total	PSF	Acrylic	Total
	Unit	Unit		Unit	Unit	
----- (Rupees in '000) -----						
Raw material consumed						
Opening stock	98,766	209,731	308,497	98,766	209,731	308,497
Closing stock	(98,766)	(209,731)	(308,497)	(98,766)	(209,731)	(308,497)
Raw material consumed	--	--	--	--	--	--
Salaries, wages and other benefits	27,241	2,913	30,154	26,017	2,782	28,799
Electricity, fuel and power	9,189	983	10,172	8,636	924	9,560
Depreciation	13.2 497,372	149,730	647,102	553,026	166,368	719,394
Repairs and maintenance	80	9	89	85	9	94
Vehicle running expenses	1,132	121	1,253	847	91	938
Travelling expenses	14	1	15	31	3	34
General expenses	548	59	607	551	59	610
Opening stock of work-in-process	63,011	40,868	103,879	63,011	40,868	103,879
Closing stock of work-in-process	(63,011)	(40,868)	(103,879)	(63,011)	(40,868)	(103,879)
Cost of goods manufactured	535,576	153,816	689,392	589,193	170,236	759,429
Opening stock of finished goods and waste	19,086	--	19,086	19,086	--	19,086
Closing stock of finished goods and waste	(19,086)	--	(19,086)	(19,086)	--	(19,086)
	<u>535,576</u>	<u>153,816</u>	<u>689,392</u>	<u>589,193</u>	<u>170,236</u>	<u>759,429</u>

**25 DISTRIBUTION COST**

	2019			2018		
	PSF	Acrylic	Total	PSF	Acrylic	Total
	Unit	Unit		Unit	Unit	
----- (Rupees in '000) -----						
Salaries and other benefits	1,660	177	1,837	1,728	185	1,913

**26 ADMINISTRATIVE EXPENSES**

Notes	2019			2018		
	PSF	Acrylic	Total	PSF	Acrylic	Total
	Unit	Unit		Unit	Unit	
----- (Rupees in '000) -----						
Salaries and other benefits	21,792	2,330	24,122	21,780	2,329	24,109
Entertainment	44	5	49	58	6	64
Communication	200	21	221	317	34	351
Depreciation	13.2 2,499	752	3,251	2,779	836	3,615
Vehicle running expenses	1,258	135	1,393	968	104	1,072
Legal and professional charges	5,125	548	5,673	6,970	745	7,715
Printing and stationery	124	13	137	890	95	985
Repair and maintenance	269	29	298	753	80	833
Rent, rates and taxes	3,689	394	4,083	3,624	388	4,012
Travelling expenses	225	24	249	177	19	196
Auditors' remuneration	26.1 1,220	130	1,350	1,220	130	1,350
General expenses	617	66	683	715	77	792
	<u>37,062</u>	<u>4,447</u>	<u>41,509</u>	<u>40,251</u>	<u>4,843</u>	<u>45,094</u>



**26.1 Auditors' remuneration**

	2019			2018		
	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Annual audit fee	500	500	1,000	500	500	1,000
Fee for half yearly review	100	100	200	100	100	200
Other certifications	50	50	100	50	50	100
Out of pocket	25	25	50	25	25	50
	<b>675</b>	<b>675</b>	<b>1,350</b>	<b>675</b>	<b>675</b>	<b>1,350</b>

**27 FINANCE COST**

	2019			2018		
	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total	Feroze Sharif Tariq & Co.	Faruq Ali & Co.	Total
	----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Bank charges	1	--	1	6	--	6
Unwinding of discount	22,465	--	22,465	20,209	--	20,209
Exchange loss - Net	898,186	--	898,186	347,529	--	347,529
	<b>920,652</b>	<b>--</b>	<b>920,652</b>	<b>367,744</b>	<b>--</b>	<b>367,744</b>

**27.1** The Company has not made the provision of mark-up amounting to Rs.2.042 billion (Upto 30 June 2019: Rs.21.358 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been increased by Rs.2.042 billion and accrued mark-up would have been increased and shareholders' equity would have been decreased by Rs.21.358 billion. The said non-provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

	2019	2018
	----- (Rupees in '000) -----	
<b>28 OTHER CHARGES</b>		
Provision for doubtful debts / advances / receivables	79,679	83,391
Provision for obsolescence and slow moving stores and spares	97,660	65,107
Loss of fixed assets due to fire	495	--
	<b>177,834</b>	<b>148,498</b>
<b>29 OTHER INCOME</b>		
<i>Income from financial assets</i>		
Gain on sale of fixed vehicle	--	498
<b>30 TAXATION - Net</b>		
Current year tax	--	--
Deferred tax	(121,429)	(139,573)
	<b>(121,429)</b>	<b>(139,573)</b>

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

**30.2** The income tax assessments of the Company deemed to have been finalized up to tax year 2018.

**31 LOSS PER SHARE - Basic and diluted****31.1 Basic loss per share**

Loss after taxation attributable to ordinary shareholders		<u>(1,709,795)</u>	<u>(1,182,607)</u>
		----- (Number of shares) -----	
Weighted average number of ordinary shares outstanding during the year		<u>366,321,083</u>	<u>366,321,083</u>
		----- (Rupees) -----	
Loss per share - Basic		<u>(4.67)</u>	<u>(3.23)</u>

**31.2 Diluted loss per share**

Effect of convertible C loan shares is not included in diluted earnings per share calculation since the effect is anti-dilutive, resulting in a decrease in diluted loss per share.

**32 CASH AND CASH EQUIVALENTS**

Cash and bank balances	21	16,080	12,872
Short term finances:			
Short term running finances	10	(2,970,019)	(2,970,019)
Book overdraft	10	(2,876)	(2,876)
		<u>(2,972,895)</u>	<u>(2,972,895)</u>
		<u>(2,956,815)</u>	<u>(2,960,023)</u>

**33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

**Risk management framework**

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

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

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

**33.1 Credit risk**

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

**Exposure to credit risk**

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

## DEWAN SALMAN FIBRE LIMITED

	2019		2018	
	Financial	Maximum	Financial	Maximum
	assets	exposure	assets	exposure
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
Long term investments	25,205	25,205	25,205	25,205
Trade debts	928,042	928,042	1,083,005	1,083,005
Short term deposits	160,553	160,553	160,553	160,553
Advances	13,440	13,440	12,199	12,199
Other receivables	78,355	78,355	78,208	78,208
Cash at banks	15,755	15,755	12,435	12,435
	<b>1,221,350</b>	<b>1,221,350</b>	<b>1,371,605</b>	<b>1,371,605</b>

The Company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The Company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and dealing banks possess good credit ratings.

### 33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities by continuous monitoring of forecast and actual cash outflows. The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

#### Exposure to liquidity risk

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

	Carrying	Contractual	Six months	Six to twelve	One to	Two to
	amounts	cash flows	or less	months	two years	five years
	----- (Rupees in '000) -----					
<b>2019</b>						
<i>Non-derivative financial liabilities</i>						
Long term loans	4,746,109	4,902,169	4,522,524	--	--	379,645
Lease liabilities	--	--	--	--	--	--
Trade and other payables	2,756,786	2,756,786	2,756,786	--	--	--
Short term borrowings	11,981,136	--	--	--	--	--
	<b>19,484,031</b>	<b>7,658,955</b>	<b>7,279,310</b>	--	--	<b>379,645</b>
<b>2018</b>						
<i>Non-derivative financial liabilities</i>						
Long term loans	3,822,744	4,001,269	3,621,624	--	--	379,645
Lease liabilities	--	--	--	--	--	--
Trade and other payables	2,748,144	2,748,144	2,748,144	--	--	--
Short term borrowings	11,981,136	7,153,055	7,153,055	--	--	--
	<b>18,552,024</b>	<b>13,902,468</b>	<b>13,522,823</b>	--	--	<b>379,645</b>

All the financial liabilities of the Company are non derivative financial liabilities. The contractual cash flow relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at 30 June.

**33.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**33.3.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to foreign currency risk primarily with respect to loans and bank balances denominated in US Dollars (USD).

**Exposure to currency risk**

The summary of the quantitative data about the Company's exposure to foreign currency risk is as follows:

	2019	2018
	----- (Rupees in '000) -----	
<b><u>Assets / (liabilities)</u></b>		
Loans	(3,454,500)	(2,553,600)
Bank balances	10,481	7,767
	<u>(3,444,019)</u>	<u>(2,545,833)</u>
The following significant exchange rate has been applied:		
USD to PKR (Reporting date rate in Rupees)	<u>164.50</u>	<u>121.60</u>

**Sensitivity analysis**

At reporting date if PKR against US Dollar had strengthened by 10% against the US Dollar with all other variables held constant loss / profit for the year would have been lower / higher by the amounts shown below, mainly as a result of foreign exchange loss on translation of foreign currency liabilities.

Effect on loss	<u>344,402</u>	<u>254,583</u>
----------------	----------------	----------------

The 10% weakening of the PKR against US Dollar would have had an equal but opposite impact on the loss for the year on the basis that all other variables remain constant.

**33.3.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2019	2018
	----- (Rupees in '000) -----	
<b><i>Fixed rate instruments at carrying amounts:</i></b>		
Financial assets		
Balance with banks	<u>10,481</u>	<u>7,767</u>
Financial liabilities		
Long term loans	<u>3,454,500</u>	<u>2,553,600</u>
<b><i>Variable rate instruments at carrying amounts:</i></b>		
Financial liabilities		
Loans	1,068,024	1,068,024
Short term borrowings	<u>11,978,260</u>	<u>11,978,260</u>
	<u>13,046,284</u>	<u>13,046,284</u>

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

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

**Cash flows sensitivity analysis for variable rate instruments:**

Since the company has not made provision for mark-up on its variable rate instruments therefore cash flow sensitivity analysis is not being given.

**33.4 Fair value of the financial instruments**

The carrying amounts of financial assets and financial liabilities approximate their fair value as assets and liabilities are either short term or are repriced frequently. The fair value is determined on the basis of non observable market data. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

**Fair value hierarchy**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company does not have any investments to be carried at fair value.

**33.5 Capital risk management**

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

**34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration, including all benefits, to the Chief Executive, Director and Executives of the Company was as follows:

	Chief Executive		Director		Executive		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	----- (Rupees in '000) -----							
Managerial remuneration	4,248	3,926	715	660	1,290	1,183	6,253	5,769
Retirement benefits	1,105	1,192	104	109	255	272	1,464	1,573
House rent allowance	1,912	1,767	322	297	581	532	2,815	2,596
Utilities	425	393	71	66	129	118	625	577
Conveyance	4	4	4	4	4	4	12	12
	<b>7,694</b>	<b>7,282</b>	<b>1,216</b>	<b>1,136</b>	<b>2,259</b>	<b>2,109</b>	<b>11,169</b>	<b>10,527</b>
Number of persons	1	1	1	1	1	1	3	3

The Chief Executive, Director and Executive are provided with free use of Company cars.

**35 TRANSACTION WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors, key management personnel, entities with common directorships, and employee retirement funds. Balances with related parties are shown in trade debts (note 17.1) , and Non-current asset held for sale (note 22) to the financial statements. During the year, no transaction with related parties except as disclosed in note 34, Remuneration to chief executive, director and executive of the Company.



**36 INFORMATION ABOUT BUSINESS SEGMENTS**

**36.1** For management purposes, the activities of the Company are organized into business segments based on their products and has two reportable operating segments. The PSF segment mainly relates to production and sale of Polyester Staple Fibre. ASF segment includes production and sale of Acrylic Staple Fibre. The operations of the Company are closed since December 2008.

**36.2** The transaction relating to sales and collection of sales are recorded on the basis of actual sale of PSF and ASF. Conversion costs, distribution cost and administrative expenses are allocated on the basis of production capacity of PSF And ASF Unit respectively.

**36.3** All non-current assets of the Company as of 30 June 2019 are located in Pakistan.

**37 PLANT CAPACITY AND PRODUCTION**

	----- 2019 -----		----- 2018 -----	
	Annual (tons)	Production (tons)	Annual (tons)	Production (tons)
PSF Units	240,900	--	240,900	--
Acrylic Unit	25,760	--	25,760	--
	<b>266,660</b>	<b>--</b>	<b>266,660</b>	<b>--</b>

The operation of the Company are closed since December 2008 due to working capital constraints.

**38 NUMBER OF EMPLOYEES**

Number of employees at 30 June

Regular

Contractual

Average number of employees during the year

Regular

Contractual

Number of factory employees as at 30 June

Average number of factory employees during the year

	2019	2018
	----- (Rupees in '000) -----	
	<b>57</b>	55
	<b>81</b>	80
	<b>56</b>	60
	<b>65</b>	70
	<b>126</b>	122
	<b>118</b>	117

**39 CORRESPONDING FIGURES**

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, however there is no significant restatements / reclassification were made in these financial statements.

**40 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on September 24, 2019 in accordance with the resolution by the Board of Directors of the Company.

**Zafar Asim**  
Chief Executive

**Saleem-ul-Haque**  
Chief Financial Officer

**Muhammad Irfan Ali**  
Chairman Board of Directors

**PATTERN OF SHAREHOLDING  
THE CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2019**

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	3	156,433,140	42.70%
2.	NIT and ICP	6	550,691	0.15%
3.	Directors, CEO, their Spouses & Minor Children	5	2,500	0.00%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	109	42,512,276	11.61%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	85	2,964,979	0.81%
7.	Individuals	20,849	163,857,497	44.73%
<b>TOTAL</b>		<b>21,057</b>	<b>366,321,083</b>	<b>100.00%</b>

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
<b>1. <u>Associated Companies</u></b>				
1.1	Dewan Textile Mills Limited	1	104,288,773	28.47%
1.2	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
1.3	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%
		<b>3</b>	<b>156,433,140</b>	<b>42.70%</b>
<b>2. <u>NIT and ICP</u></b>				
2.1	Investment Corporation of Pakistan	1	100	0.00%
2.2	National Bank of Pakistan, Trustee Department	1	1,111	0.00%
2.3	NATIONAL BANK OF PAKISTAN TRUSTEE WING	1	500	0.00%
2.4	National Bank of Pakistan	1	3,238	0.00%
2.5	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	18,501	0.01%
2.6	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	527,241	0.14%
		<b>6</b>	<b>550,691</b>	<b>0.15%</b>
<b>3. <u>Directors, CEO, their Spouses &amp; Minor Children</u></b>				
<b><u>Directors and CEO</u></b>				
3.1	Mr. Zafar Asim	1	500	0.00%
3.2	Mr. Muhammad Irfan Ali	1	500	0.00%
3.3	Mr. Muhammad Wajid	1	500	0.00%
3.4	Mr. Saleem-Ul-Haque	1	500	0.00%
3.5	Mr. Asghar Iqbal	1	500	0.00%
3.6	Mr. Farrukh Sajjad (Nominee Director DTML)	1	-	0.00%
3.7	Mr. Shafqatullah (Nominee Director DMTML)	1	-	0.00%
		<b>7</b>	<b>2,500</b>	<b>0.00%</b>
<b><u>Spouses of Directors and CEO</u></b>				
		-	-	0.00%
		-	-	0.00%
<b><u>Minor Children of Directors and CEO</u></b>				
		-	-	0.00%
		-	-	0.00%

**SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY**

<b>Srl #</b>	<b>Names</b>	<b>Number of Shareholders</b>	<b>Number of Shares held</b>	<b>% of Shareholding</b>
1	M/s Dewan Textile Mills Limited	1	104,288,773	28.47%
2	Mitsubishi Corporation	1	40,349,814	11.01%
3	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
4	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%

**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 SALMAN FIBRE LIMITED

**THE COMPANIES ORDINANCE, 1984**  
(Section 236(1) and 464)

**FORM 34**

## PATTERN OF SHAREHOLDING

1. Incorporation Number 0020315
2. Name of the Company DEWAN SALMAN FIBRE LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 6 2 0 1 9

4.	Number of Shareholders	Shareholdings				Total Shares held
	5792	1	-	100	Shares	150,716
	7686	101	-	500	Shares	1,831,115
	1558	501	-	1,000	Shares	1,359,418
	2989	1,001	-	5,000	Shares	8,517,708
	1059	5,001	-	10,000	Shares	8,533,104
	790	10,001	-	20,000	Shares	12,200,987
	340	20,001	-	30,000	Shares	8,617,820
	152	30,001	-	40,000	Shares	5,467,678
	159	40,001	-	50,000	Shares	7,565,681
	66	50,001	-	60,000	Shares	3,668,846
	49	60,001	-	70,000	Shares	3,201,608
	48	70,001	-	80,000	Shares	3,647,315
	37	80,001	-	90,000	Shares	3,170,074
	78	90,001	-	100,000	Shares	7,725,136
	43	100,001	-	120,000	Shares	4,684,111
	23	120,001	-	140,000	Shares	2,957,024
	35	140,001	-	160,000	Shares	5,290,033
	16	160,001	-	180,000	Shares	2,765,500
	25	180,001	-	200,000	Shares	4,923,024
	25	200,001	-	250,000	Shares	5,703,348
	26	250,001	-	300,000	Shares	7,324,535
	13	300,001	-	350,000	Shares	4,275,593
	6	350,001	-	400,000	Shares	2,265,903
	3	400,001	-	450,000	Shares	1,313,000
	9	450,001	-	500,000	Shares	4,370,001
	5	500,001	-	550,000	Shares	2,634,741
	2	550,001	-	600,000	Shares	1,196,129
	1	600,001	-	650,000	Shares	645,481
	2	650,001	-	700,000	Shares	1,360,000
	2	700,001	-	750,000	Shares	1,462,000
	2	750,001	-	800,000	Shares	1,579,000
	1	800,001	-	850,000	Shares	829,000
	4	850,001	-	1,000,000	Shares	3,888,388
	1	1,000,001	-	2,000,000	Shares	2,000,000
	1	2,000,001	-	2,200,000	Shares	2,109,634
	1	2,200,001	-	2,400,000	Shares	2,400,000
	1	2,400,001	-	2,600,000	Shares	2,585,699
	1	2,600,001	-	5,000,000	Shares	4,200,000
	1	5,000,001	-	9,000,000	Shares	8,594,963
	1	9,000,001	-	13,000,000	Shares	12,523,816
	1	13,000,001	-	20,000,000	Shares	19,864,518
	1	20,000,001	-	35,000,000	Shares	32,279,849
	1	35,000,001	-	45,000,000	Shares	40,349,814
	1	45,000,001	-	104,500,000	Shares	104,288,773
	<b>21,057</b>	<b>TOTAL</b>				<b>366,321,083</b>



5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	2,500	0.00%
5.2	Associated Companies, undertakings and related parties	156,433,140	42.70%
5.3	NIT and ICP	550,691	0.15%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	796,993	0.22%
5.5	Insurance Companies	2,109,634	0.58%
5.6	Modarabas and Mutual Funds	58,352	0.02%
5.7	Shareholders holding 5%	196,782,954	53.72%
5.8	<u>General Public</u>		
	a. Local	163,538,279	44.64%
	b. Foreign	319,218	0.09%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	42,512,276	11.61%

## ہومن ریورسز اور ریویو نیشن کمیٹی

دوران مدت ہومن ریورسز کا ایک اجلاس منعقد ہوا، تفصیلات درج ذیل ہیں:

حاضری کی تفصیلات	ڈائریکٹرز کے نام
1	جناب محمد عرفان
1	جناب ظفر عاصم
1	جناب محمد واجد

## حصص کی آمدنی

زیر جائزہ مدت کے دوران حصص کا خسارہ منفی 4.67 روپوٹ ہوا جبکہ گزشتہ سال 2017 میں یہ خسارہ منفی 3.23 روپوٹ ہوا تھا۔

## حصص یافتگی:

حصص کی حصول کی درخواست، سالانہ روپوٹ کے ساتھ منسلک ہے۔

## اظہار تشکر:

بورڈ کمپنی کو اپنے قابل قدر حصص یافتگان، وفاقی اور صوبائی حکومت کے کارکنوں، بینکوں اور مالیاتی اداروں اور سلیبیل کے گاہکوں سے امید ہے کہ، ماضی کی طرح ان کا تعاون، حمایت اور سرپرستی جاری رہے گی۔

بورڈ اپنی کمپنی کے ایگزیکٹوز، عملے کے ارکان کی طرف سے پیش کی گئی گراں قدر خدمات، وفاداری اور قابل ستائش کوششوں کو نہ صرف سراہتا ہے بلکہ وہ انہیں کمپنی کا سب سے قیمتی اثاثہ سمجھتا ہے۔

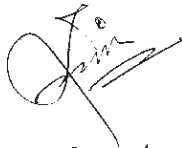
## آڈیٹرز:

کمپنی کے موجودہ آڈیٹرز میسرز فاروق علی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ اور میسرز فیروز شریف طارق اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ نے اس سال اپنی خدمات کی مدت مکمل کر لی اور کارپوریٹ گورننس کے کوڈ کے مطابق دوبارہ اپنی خدمات مہیا کرنے کی خواہش ظاہر کی ہے۔ آڈٹ کمیٹی نے بھی اگلے سال کی عمومی اور سالانہ اجلاس تک کے لیے انکی دوبارہ تقرری کی سفارش کی ہے۔

## اختتام:

آخر میں ہم؟؟ کے حضور یہ دعا مانگتے ہیں کہ رسول؟ حضرت محمد صلی اللہ علیہ وسلم کے صدقے میں اپنے رحم و کرم اور برکتیں ہم پر نازل فرمائے۔ ہمیں صراطِ مستقیم عطا فرمائے۔ ہماری قوم اور ملک میں خوشحالی، امن، ہم آہنگی، تمام امت مسلمہ میں حقیقی اسلامی روح، بھائی چارگی اور اتحاد عطا فرمائے۔ آمین، حمد، آمین۔

منجانب بورڈ

  
ظفر عاصم

چیف ایگزیکٹو

کراچی

تاریخ: ۲۳ ستمبر، ۲۰۱۹



محمد عرفان علی

چیرمین بورڈ آف ڈائریکٹرز



د) مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے وہ تمام بین الاقوامی معیار، جو کہ پاکستان میں قابل اطلاق ہیں، مد نظر رکھے گئے ہیں۔

ه) انٹرنل کنٹرول کا نظام مستحکم اور مؤثر طور پر لاگو ہے اور اسکی مستعد نگرانی ہوتی ہے۔

و) پاکستان کے اسٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط میں دی گئیں تفصیلات کے عین مطابق، کارپوریٹ گورننس کی حکمت عملی میں کوئی ظاہری تبدیلی نہیں کی گئی ہے۔

ز) گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ اس سال کی رپورٹ سے منسلک ہے۔

ح) ٹیکسوں اور محصولات کے بارے میں معلومات نوٹس میں دی گئیں ہیں اور مالیاتی گوشوارے کا حصہ ہیں۔

## بورڈ

بورڈ کی تفصیلات درج ذیل ہیں:

جناب اصغر اقبال	ا) خود مختار ڈائریکٹر
جناب ظفر عاصم	ب) ایگزیکٹو ڈائریکٹر
جناب سلیم الحق	
جناب محمد عرفان علی	ج) نان-ایگزیکٹو ڈائریکٹر
جناب فرخ سجاد	
جناب محمد واجد	
جناب شفقت اللہ	

زیر جائزہ سال کے دوران کسی ڈائریکٹر کی نشست خالی نہیں ہوئی۔ ڈائریکٹرز کے اجلاس اور حاضری کی تفصیلات درج ذیل ہیں

حاضری کی تفصیلات	ڈائریکٹرز کے نام
4	جناب ظفر عاصم
2	جناب حفیظ احمد
4	جناب محمد عرفان علی
4	جناب سلیم الحق
4	جناب محمد واجد
4	جناب اصغر اقبال
1	جناب احسن بلال
2	جناب فرخ سجاد
2	جناب شفقت اللہ

## آڈٹ کمیٹی

آڈٹ کمیٹی تین ڈائریکٹرز پر مشتمل ہوتی ہے جن میں سے ایک خود مختار جبکہ دو نان ایگزیکٹو ڈائریکٹرز ہوتے ہیں۔ دوران مدت آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن کی تفصیلات

درج ذیل ہیں:

حاضری کی تفصیلات	ڈائریکٹرز کے نام
4	جناب اصغر اقبال
4	جناب محمد واجد
4	جناب عرفان علی

آڈٹ رپورٹ یہ بھی واضح کرتی ہے۔ کہ تجارتی قرض 1.585 بلین روپے جس پر 0.657 بلین روپے کے سود کا تخمینہ لگایا گیا ہے ابھی تک واپس نہیں لیے گئے اور محمود کاشکار ہیں۔ چونکہ ان قرضوں کی واپسی مشکوک ہے اس لیے نقصان کا تخمینہ لگانا ضروری ہے۔ اس بات کو مد نظر رکھتے ہوئے کمپنی نے مزید 0.928 بلین روپے نقصان کا تخمینہ لگایا ہے۔ آپ کی کمپنی کی انتظامیہ ان قرضوں کی وصولی کے لیے اپنی انتہائی کوشش کر رہی ہے۔ ہمیں قرضداروں سے مثبت رویے اور جلد از جلد قرضوں کی وصولی کی امید ہے۔

### صنعت کا مجموعی جائزہ

زیر جائزہ مالی سال کو مقامی اور بین الاقوامی محاذوں پر بہت سے اتار چڑھاؤ کا سامنا کرنا پڑا۔ دوران مدت جاری سیاسی غیر یقینی صورتحال روپے کی قدر میں بتدریج کمی اور افراط زر میں مسلسل اضافے کی وجہ سے گرتی ہوئی معیشت پر برا اثر چھوڑا۔ تاہم، حکومت کی جانب سے برآمدی ٹیکس کو توسیع دینے کے لیے کئی متاثر کن اقدامات کیے گئے جن کی وجہ سے پی ایس ایف کی صنعت سمیت برآمدات سے تعلق رکھنے والے لاتعداد صنعت کاروں نے کچھ سکون کا سانس لیا۔ اور اس کے نتیجے میں صنعت کاروں کے لیے کام کرنے کے مواقع بہتر محسوس ہوئے۔ سوائے گزشتہ سہ ماہی کے، تمام پی ایس ایف بنانے والی صنعت کی مجموعی صلاحیت بہتر طریقے سے استعمال ہوئی۔

مزید برآں، رواں اور اگلے مالی سال میں صفر شرح کے سیکٹر پر سیلز ٹیکس پر نفاذ مستقبل میں نہ صرف صورتحال کو بیجا بوجھ لگائے گا بلکہ ورکنگ کپینٹل اور قرض کے حصول میں مزید رکاوٹیں پیدا کرے گا۔ جس کے باعث قرض لینے کے اخراجات میں اضافہ ہوگا جو بالآخر معاشی سرگرمیوں کو مزید دست کرے گا۔

پی ٹی اے اور ایم ای جی کی دستیابی قیمت اور رسد کے لحاظ سے زیادہ اتار چڑھاؤ نہیں دکھائی۔ تاہم، پاکستانی روپے کی قدر میں کمی کی وجہ سے ان کی لاگت میں کافی اضافہ ہوا۔ زہوں حال سوت کاتے کی صنعت بھی دباؤ کا شکار رہی کیونکہ اعلیٰ خام مال کی قیمتوں اور سوت کی کم قیمتوں کی وجہ سے ان کی پیداواری لاگت میں اضافہ ہوا ہے۔ تاہم، زیر جائزہ مدت کے دوران آپ کی کمپنی کی پیداوار معطل رہی۔ اور مستقبل میں بھی پیداوار بحال کرنا مشکل ہے۔

### کمپنی کی بنیادی سرگرمیاں

دیوان سلمان فائبر لیٹڈ ایک پبلک لمیٹڈ کمپنی ہے اور پاکستان اسٹاک ایکسچینج میں ایک لسٹڈ کمپنی کے طور پر درج ہے۔ کمپنی کی بنیادی سرگرمی پالینسٹر اسٹیمپل فائبر، آکرائلک اسٹیمپل فائبر اور ٹائو کی صنعت کاری اور فروخت ہے۔ تا حال آپ کی کمپنی کی پیداواری سرگرمیاں معطل ہیں۔

### بنیادی خطرات اور تحفظات

کمپنی مندرجہ ذیل نکات کو اہم خطرات تصور کرتی ہے:

بین الاقوامی پی ایس ایف مارکیٹ میں مقابلہ بازی امریکی ڈالر کے خلاف پاک روپیہ کا عدم استحکام بینکنگ لائسنس کی غیر دستیابی

کمپنی اندرونی اور بیرونی خطرے اور غیر یقینی صورتحال کے اثرات کو کم کرنے کے لیے کوشاں ہے۔

### کارپوریٹ گورننس کا کوڈ

ا) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کے کاروباری سرگرمیوں کے نتائج، یکیش فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔

ب) کمپنی اپنے اکاؤنٹس کے کھاتے درست طریقے سے سنبھال رہی ہے۔

ج) 30 جون، 2019 کو ختم ہونے والے مالیاتی سال کے لئے گوشواروں کی تیاری میں مسلسل اکاؤنٹنگ کی پالیسیوں کو مد نظر رکھا گیا ہے اور شاریاتی تخمینہ معقول اور پر اعتماد فیصلے پڑتی ہے۔

**YD**

A YOUSUF DEWAN COMPANY

## ڈائریکٹرز کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2018-2019 کی سالانہ یعنی کہ 30 جون 2019 کے لیے تیسویں آڈٹ شدہ مالیاتی گوشوارے حاضر خدمت ہیں۔

مالیاتی صورتحال کا جائزہ	
(000 روپے)	
(0)	مجموعی فروخت
(689,392)	فروخت اور ترسیل کے اخراجات
(689,392)	مجموعی نقصان
(43,346)	انتظامی اخراجات
(732,738)	انتظامی نقصان
(1,098,486)	مالیاتی نقصان
(1,831,224)	قبل از ٹیکس نقصان
121,429	ٹیکس
(1,709,795)	بعد از ٹیکس نقصان

زیر جائزہ مدت کے دوران کمپنی کی مجموعی فروخت صفر رہی (2018: صفر)، کمپنی کا مجموعی نقصان 689.392 ملین روپے (2018: 759.429 ملین روپے) رہا۔

ہم اللہ تبارک و تعالیٰ کے حضور سر بسجود ہیں اور دعا گو ہیں کہ وہ اپنی رحمت سے ہماری کمپنی پر سے مشکل وقت کو آسان فرمادے۔ (آمین)

### زیر جائزہ مالیاتی سال

باوجود انتھک محنت اور کوششوں کے آپ کی کمپنی جو کہ ملک کے سب سے بڑے پالیسٹرو اور ملک کے واحد آکرائٹک کی پیداوار کا باعث تھی۔ اس سال بھی اپنے آپریشن شروع کرنے میں ناکام رہی ہے۔ اسکی بنیادی وجہ آپ کی کمپنی کا مسلسل دس سال سے بند رہنا، بین الاقوامی اور مقامی مارکیٹوں میں پالیسٹرو آکرائٹک کی طلب میں نمایاں کمی ہیں۔ جسکی وجہ سے کمپنی کو زرمبادلہ کی مدد میں بھاری نقصان تو اٹھانا پڑی رہا ہے ساتھ ساتھ کمپنی سے منسلک ملازمین کی بنیادی ضروریات زندگی بھی متاثر ہو رہی ہیں۔

آپ کی کمپنی کے انتظامیہ نے کمپنی کی بحالی کے لئے مختلف تجاویز پیش کی ہیں اور ان تمام تجاویز کو مالیاتی اداروں کے ساتھ قابل عمل بنانے کے بارے میں تبادلہ خیال کیا گیا ہے لیکن بد قسمتی سے مثبت نتائج ابھی تک ابھرتے نظر نہیں آتے ہیں۔

آپ کی کمپنی کے آڈیٹرز نے اپنی رپورٹ میں کچھ مشاہدات کی نشاندہی کی ہے۔ جیسے کہ پیرا (ا) میں رپورٹ کرتے ہیں کہ وہ گوبینگ کنسرن کے مفروضے پر مالیاتی رپورٹس کی تیاری پر راضی نہیں، اور اپنی نفی رائے رکھتے ہیں۔ جبکہ کمپنی کے مطابق مینجمنٹ بینکاروں سے مسلسل مذاکرات کے عمل میں ہیں اور پر امید ہیں کہ نتیجہ مثبت ہوگا۔ مالیاتی رپورٹس کی گوبینگ کنسرن کے مفروضے پر تیاری کی مزید تاویلات اگلے پیرا میں دیکھی جاسکتی ہے۔

زیر جائزہ مدت میں کمپنی نے بینکوں کو واجب الادا رقم پر سود جو کہ 2.042 ملین روپے (جون 2019 تک 21.358 ملین روپے) بنتا ہے پر سود کا تخمینہ نہیں لگایا۔ کمپنی کی انتظامیہ بینکوں/مالیاتی اداروں سے رابطے میں ہے تاکہ قرضوں کی واپسی کی نئی شرائط پر غور کیا جاسکے۔ انتظامیہ کو یقین ہے کمپنی کی قرضوں سے متعلق گذارشات کو مالیاتی اداروں کی طرف سے قبول کیا جائے گا، لہذا کمپنی نے سود کے حوالے سے کوئی تخمینہ نہیں لگایا ہے۔

پیرا (ج) رپورٹ کے مطابق کمپنی نے دیوان پٹرولیم میں سرمایہ کاری کی درجہ بندی انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ کی شق 28 کے مطابق تعلق داروں کے ساتھ سرمایہ کاری میں کی ہے جبکہ یہ سرمایہ کاری فروخت کے لیے رکھ چھوڑے اثاثہ جات کے خانے میں موجود ہے۔ کمپنی اس سرمایہ کاری کو اگلے مالیاتی سال میں فروخت کرنے کا ارادہ رکھتی ہے تاکہ حاصل ہونے والی رقم کمپنی کی پیداواری سرگرمیاں دوبارہ شروع کرنے میں مددگار ثابت ہو۔ اس مقصد کے لیے 2008 میں ایک خصوصی قرارداد منظور کی گئی تھی جو کہ مذکورہ سال میں ہی اپنی معیاد پوری کر چکی۔ چنانچہ اس سرمایہ کاری کو فروخت کرنے کے لیے حصص یافتگان سے دوبارہ منظوری لی جائے گی۔

**5. تاحالی سی این آئی سی فراہم نہ کرنے والے شیئر ہولڈرز کو نوٹس**

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

**6. شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ**

نقد منافع تقسیمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میکانزم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرانکلی 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 5 اپریل 2013ء کے ذریعہ تمام لسٹڈ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکانزم 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 الیکٹرانکلی ترسیل**

ایس ای سی پی نے اپنے اعلامیہ نمبر ایس آر او (1)787/2014 مورخہ 8 ستمبر 2014ء کمپنیوں کو سالانہ آڈٹ شدہ مالی گوشواروں مع سالانہ اجلاس کے نوٹس ڈاک کی بجائے بذریعہ ای میل ان ممبران کو ارسال کرنے کی اجازت دے دی ہے جو اس سہولت سے استفادہ حاصل کرنے کے منتہی 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/DSFL/index.html> شیئر رجسٹرار کی ویب سائٹ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

**YD**

A YOUSUF DEWAN COMPANY


## اطلاع برائے سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان سلمان فابریکس (ڈی ایس ایف ایل یا کمپنی) کا تیسواں (۳۰) سالانہ اجلاس عام جمعہ ۲۵ اکتوبر ۲۰۱۹ء کو صبح گیارہ بجے پلاٹ نمبر ۱۶ اسٹریٹ نمبر ۹ فیاض مارکیٹ، جی ۱۸/۲ اسلام آباد پاکستان میں مندرجہ ذیل امور کی انجام دہی کے لیے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

### عمومی امور

1. گزشتہ غیر معمولی اجلاس عام منعقد جمعرات ۲۶ ستمبر ۲۰۱۹ء کی کارروائی کی توثیق۔
2. ۳۰ جون ۲۰۱۹ء کو مکمل ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی گوشواروں مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
3. آئندہ سال کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
4. چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

  
محمد حنیف جرمن  
کمپنی سیکریٹری

کراچی

۲۷ ستمبر ۲۰۱۹ء

### نوٹ:

1. کمپنی کی منتقلی حصص کی کتب ۱۱۸ اکتوبر ۲۰۱۹ء تا ۱۲۵ اکتوبر ۲۰۱۹ء (دو دنوں دن شامل) بند رہیں گی۔
2. ممبران سے درخواست ہے کہ وہ اپنے پتے میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے سیکرٹری جنرل انفراسٹرکچر اینڈ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع انیم اسٹیٹ بلڈنگ کمرہ نمبر 311-310 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کریں۔
3. اجلاس ہذا میں شرکت اور رائے دی کا اہل ممبر اپنی جانب سے شرکت اور رائے دی کے لیے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے پروکسی کی تقرری کی دستاویز مندرجہ بالا پتے پر کمپنی کو اجلاس کے انعقاد سے کم از کم اڑھتالیس گھنٹے قبل مل جانی چاہیے۔
4. سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایات پر عمل کرنا ہوگا۔

### الف) برائے اجلاس میں شرکت

- i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ 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 اینٹیٹی 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 افراد کی صورت میں جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ ہوں پروکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
- iii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم سے منسلک کرنی ہوں گی۔
- iv) پروکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- v) کارپوریٹ اینٹیٹی 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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**FORM OF PROXY**  
**30TH ANNUAL GENERAL MEETING**

**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 SALMAN FIBRE 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 SALMAN FIBRE LIMITED** vide Registered Folio No./CDC Participant's ID and Account No. \_\_\_\_\_ my/our proxy to vote for me/our behalf at the 30th Annual General Meeting of the Company to be held **Friday, October 25, 2019, at 11:00 a.m.** at Plot No. 6, Street No. 9, Fayyaz Market, G-8/2, Islamabad, Pakistan.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Affix  
Revenue  
Stamp  
Rs. 5/-

Signature \_\_\_\_\_

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

Signature

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

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

\_\_\_\_\_

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

Signature

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

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

\_\_\_\_\_

# پراکسی فارم ۳۰ واں سالانہ اجلاس عام

## اہم اعلان

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

میں / ہم \_\_\_\_\_ کا (مکمل پتہ)

\_\_\_\_\_ بحیثیت ممبر

دیوان سلمان فائبر لمیٹڈ کے \_\_\_\_\_ حصص کے مالک، رجسٹرڈ فون نمبر /

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

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

جو بذات خود بھی \_\_\_\_\_

\_\_\_\_\_ دیوان سلمان فائبر لمیٹڈ

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

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۳۰ واں سالانہ اجلاس عام جو کہ بروز جمعہ، ۲۵ اکتوبر ۲۰۱۹ کو صبح ۱۱:۰۰ بجے، بمقام پلاٹ نمبر ۶، گلی نمبر ۹، فیاض مارکیٹ، جی۔ ۸/۲، اسلام آباد، پاکستان میں منعقد کیا جا رہا ہے، میری / ہماری جانب سے ووٹ دے۔

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

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