

## CONTENTS

Company Information.....	3
Directors' Report.....	4
Condensed Interim Balance Sheet.....	5
Condensed Interim Profit and Loss Account .....	6
Condensed Interim Statement of Comprehensive Income.....	7
Condensed Interim Cash Flow Statement.....	8
Condensed Interim Statement of Changes in Equity.....	9
Notes to the Condensed Interim Financial Information.....	10
ڈائریکٹرز رپورٹ .....	13

## DEWAN FAROOQUE SPINNING MILLS LIMITED

### COMPANY INFORMATION

BOARD OF DIRECTORS	:	
Executive Directors	:	Dewan Abdul Baqi Farooqui Chief Executive Officer & Director
Non-Executive Director	:	Dewan Muhammad Yousuf Farooqui Chairman, Board of Directors Mr. Imran Ahmed Javaid Syed Muhammad Anwar Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferi
Independent Director	:	Mr. Aziz -ul-Haque
Audit Committee	:	Mr. Aziz -ul-Haque (Chairman) Syed Muhammad Anwar (Member) Mr. Ghazanfar Baber Siddiqi
Human Resources & Remuneration Committee	:	Dewan Muhammad Yousuf Farooqui - Chairman Mr. Imran Ahmed Javaid Dewan Abdul Baqi Farooqui - Member
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S.,
Company Secretary	:	Mr. Muhammad Hanif German
Chief Financial Officer	:	S.M. Raza
Tax Advisor	:	Abbass & Atif Law Associates
Legal Advisor	:	Sharif & Co. Advocates
Bankers	:	United Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Askari Bank Limited Allied Bank Limited Soneri Bank Limited Summit Bank Limited
Registered Office	:	Finance & Trade Centre Block-A, 7 <sup>th</sup> Floor, Shahrah-e-Faisal, Karachi Karachi.
Shares Registrar & Transfer Agent	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	:	54 Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab , Pakistan.
Website	:	<a href="http://www.yousufdewan.com">www.yousufdewan.com</a>

## DIRECTORS' REPORT

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

The Board of Directors, of your Company is pleased to present un-audited condensed interim financial information of the company for the first quarter ended September 30, 2017 in compliance with requirements of section 245 of the repealed Companies Ordinance, 1984 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

#### Overview

Textile sector being the largest manufacturing sector, which contributes to Foreign Exchange earnings, continued to face distressed and adverse set of circumstances which hampered the operations of your company as well as many other units across the country.

#### Operating results and performance:

Company has achieved net sale of Rs. 322.261million as compared to Rs.159.357 million of the corresponding period of last year. Company has suffered gross loss of Rs. 58.813 million as compared to the gross loss of Rs. 46.402 million of comparable period of last year due to working capital constraints, whereas operating expenses of the company remained at Rs. 9.466 million.

Despite of fourth largest cotton producing country, the demand of cotton is more than its consumption in Pakistan, hence textile units have to rely on imported cotton. The cost of production is already very high and effective from July 2017 Government has re-imposed custom duty and sales tax on imported cotton which will further increase cost of doing business.

#### Future Outlook

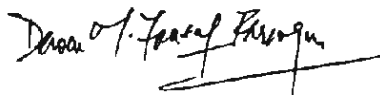
It is difficult to compete in international market, at present, due to higher cost of production. However, some initiatives from the government are direly needed in order to make the textile industry sustainable, especially smooth supply of gas at affordable tariff and implementation of the package of Rs180 billion announced by the government for increasing exports.

#### Conclusion

With grace of Allah Almighty, the management of the company will put its best endeavors to bring better results in forthcoming quarters. In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved prophet Muhammad (Peace be upon him) for the continued showering of his blessings, Guidance, strength, health and prosperity to us, our company, country and nation, and also pray to Almighty Allah to bestow peace, Harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah; Ameen: SummaAmeen

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

By and under Authority of the Board of Directors



**Dewan Muhammad Yousuf Farooqui**  
Chairman Board of Directors

Dated: October 27, 2017

**DEWAN FAROOQUE SPINNING MILLS LIMITED**

**CONDENSED INTERIM BALANCE SHEET  
AS AT 30TH SEPTEMBER, 2017**

<b>EQUITY AND LIABILITIES</b>		<b>Un-Audited Sept 30, 2017</b>	<b>Audited June 30, 2017</b>
<b>SHAREHOLDERS' EQUITY</b>			
<b>Share capital</b>	<b>Notes</b>	<b>Rupees</b>	
<b>Authorised capital</b>		<b>1,000,000,000</b>	<b>1,000,000,000</b>
100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs.10/- each			
<b>Issued, Subscribed and Paid-up Capital</b>		<b>977,507,260</b>	<b>977,507,260</b>
97,750,726 (June 30, 2017: 97,750,726) ordinary shares of Rs.10/- each		<b>(712,273,670)</b>	<b>(643,645,234)</b>
Accumulated loss		<b>265,233,590</b>	<b>333,862,026</b>
Surplus on revaluation of property, plant and equipment		<b>1,161,023,662</b>	<b>1,174,862,529</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans		<b>171,642,001</b>	<b>168,250,254</b>
Deferred Taxation		<b>245,815,956</b>	<b>252,033,418</b>
<b>CURRENT LIABILITIES</b>			
Trade & other payables		<b>129,378,951</b>	<b>151,101,768</b>
Accrued mark-up		<b>121,756,742</b>	<b>112,928,852</b>
Short term borrowings- secured		<b>308,592,965</b>	<b>304,509,143</b>
Current and over due portion of long term liabilities		<b>463,896,977</b>	<b>463,896,977</b>
Provision for taxation		<b>26,304,652</b>	<b>22,276,392</b>
		<b>1,049,930,287</b>	<b>1,054,713,132</b>
Contingencies and Commitments	<b>5</b>	<b>-</b>	<b>-</b>
		<b>2,893,645,496</b>	<b>2,983,721,359</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<b>6</b>	<b>2,101,757,606</b>	<b>2,136,981,934</b>
Long term deposits		<b>21,711,345</b>	<b>21,711,345</b>
<b>CURRENT ASSETS</b>			
Stores & Spares		<b>19,928,883</b>	<b>20,481,723</b>
Stock-in-trade		<b>130,248,012</b>	<b>185,838,526</b>
Trade Debts- Unsecured, Considered Good.		<b>375,974,510</b>	<b>354,128,841</b>
Loans & advances- Unsecured, Considered Good.		<b>66,450,671</b>	<b>71,952,726</b>
Trade deposits & other receivables- Considered Good.		<b>77,670,376</b>	<b>84,104,149</b>
Advance income tax		<b>92,644,602</b>	<b>91,242,041</b>
Cash and bank balances	<b>7</b>	<b>7,259,491</b>	<b>17,280,074</b>
		<b>770,176,545</b>	<b>825,028,080</b>
		<b>2,893,645,496</b>	<b>2,983,721,359</b>

The annexed notes form an integral part of this condensed interim financial information.



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director




**Aziz-ul-Haque**  
Director


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2017**

	Notes	July-Sept. 2017	July-Sept. 2016
		(Rupees)	
<b>SALES - NET</b>		<b>322,260,783</b>	159,357,767
<b>COST OF SALES</b>		<b>(381,073,395)</b>	(205,759,816)
<b>GROSS LOSS</b>		<b>(58,812,612)</b>	(46,402,049)
<b>OPERATING EXPENSES</b>			
Administrative expenses		<b>(5,308,966)</b>	(5,080,124)
Selling and distribution expenses		<b>(4,157,007)</b>	(4,079,349)
		<b>(9,465,973)</b>	(9,159,473)
<b>OPERATING LOSS</b>		<b>(68,278,585)</b>	(55,561,522)
<b>OTHER CHARGES</b>			
Finance cost	8	<b>(16,377,920)</b>	(15,852,845)
Other Income		-	285,250
		<b>(16,377,920)</b>	(15,567,595)
<b>LOSS BEFORE TAXATION</b>		<b>(84,656,505)</b>	(71,129,117)
<b>TAXATION</b>			
Current		<b>(4,028,260)</b>	(1,593,578)
Deferred		<b>6,217,462</b>	3,167,260
		<b>2,189,202</b>	1,573,682
<b>LOSS AFTER TAXATION</b>		<b>(82,467,303)</b>	(69,555,435)
<b>Loss per share - Basic and diluted</b>	9	<b>(0.84)</b>	(0.71)

The annexed notes form an integral part of this condensed interim financial information.



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director




**Aziz-ul-Haque**  
Director

**DEWAN FAROOQUE SPINNING MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2017**

	<b>July-Sept. 2017</b>	<b>July-Sept. 2016</b>
<b>(Rupees)</b>		
(Loss) after taxation	<b>(82,467,303)</b>	(69,555,435)
Other Comprehensive Income		
Transfer from surplus on revaluation of property plant and equipment in respect of:		
Incremental depreciation	<b>20,056,329</b>	9,897,687
Related deferred tax	<b>(6,217,462)</b>	(3,167,260)
	<b>13,838,867</b>	6,730,427
<b>Total Comprehensive (loss) For The Quarter</b>	<b>(68,628,436)</b>	<b>(62,825,008)</b>

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



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**Aziz-ul-Haque**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2017**

	July-Sept. 2017	July-Sept. 2016
Note	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(84,656,505)	(71,129,117)
Adjustments for non cash and other items:		
Depreciation	35,224,328	25,744,644
Financial charges	16,377,920	15,852,845
Cash flow before working capital changes	(33,054,257)	(29,531,628)
<b>Working Capital changes</b>		
(Increase)/ Decrease in assets:		
Stores & spares	552,840	1,031,251
Stock in trade	55,590,514	2,389,165
Trade debts	(21,845,669)	11,780,746
Loans & advances	5,502,055	(439,857)
Trade deposits & other receivables	6,433,773	(749,395)
Increase/ (Decrease) in liabilities:		
Trade creditors, other payables and borrowings	(21,722,817)	582,344
Cash generated/(used) in operations	24,510,696	14,594,254
Taxes paid	(1,402,561)	(3,268,089)
Financial charges paid	(4,158,283)	(4,778,672)
<b>Net cash generated/(used) In operating activities</b>	<b>(14,104,405)</b>	<b>(22,984,135)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Long term deposits	-	(35,900)
Net cash outflow from investing activities	-	(35,900)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	-	-
Net decrease in cash and cash equivalents	(14,104,405)	(23,020,035)
Cash and Cash equivalents at the beginning of the quarter	7 (287,229,069)	(254,805,213)
Cash and Cash equivalents at the end of the quarter	<u>(301,333,474)</u>	<u>(277,825,248)</u>

The annexed notes form an integral part of this condensed interim financial information.

  
**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director

  
**Aziz-ul-Haque**  
Director



**DEWAN FAROOQUE SPINNING MILLS LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2017**

	<b>Share Capital</b>	<b>Accumulated Loss</b>	<b>Total</b>
	<b>(Rupees)</b>		
Balance as at July 01, 2016	977,507,260	(419,950,106)	557,557,154
Total comprehensive income / (loss) for the quarter	-	(62,825,008)	(62,825,008)
Balance as at September 30, 2016	<u>977,507,260</u>	<u>(482,775,114)</u>	<u>494,732,146</u>
Balance as at July 01, 2017	977,507,260	(643,645,234)	333,862,026
Total comprehensive income / (loss) for the quarter	-	(68,628,436)	(68,628,436)
Balance as at September 30, 2017	<u>977,507,260</u>	<u>(712,273,670)</u>	<u>265,233,590</u>

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

  
**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director

  
**Aziz-ul-Haque**  
Director

## **NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2017**

### **1 THE COMPANY AND ITS OPERATIONS**

Dewan Farooque Spinning Mills Limited is incorporated in Pakistan on December 22, 2003 as public limited company, under the Companies Ordinance, 1984. The shares of the company are listed on Pakistan Stock Exchange Limited. The registered office of the company is located at Finance & Trade Centre, Block "A" 7th floor, Shara-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at 54 km Multan Road, Phool Nagar By-pass District Kasur near the city of Lahore in Pakistan. The principal activity of the company is manufacturing and sale of fine quality yarn. The company has installed capacity of 28,800 spindles.

### **2 Basis of Preparation**

**2.1** During the preceding financial year, the Companies Act 2017 (the Act) was promulgated, however, as per Securities and Exchange Commission of Pakistan's (SECP) circular 23 of 2017 dated October 04, 2017 as clarified by Institute of Chartered Accountants of Pakistan vide its circular no 17/2017 dated October 06, 2017, the companies shall prepare their annual and interim condensed interim financial informations for the periods ending on or before December 31, 2017 in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information of the Company for the quarter ended September 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

**2.2** This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee except otherwise stated.

**2.3** This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2017.

### **3 Estimates, Judgements and Financial Risk Management**

**3.1** In preparing of this condensed interim financial information, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

**3.2** The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial statements as at and for the year ended June 30, 2017.

**DEWAN FAROOQUE SPINNING MILLS LIMITED**

**4 Significant Accounting Policies**

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended June 30, 2017. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

**Sept. 30,          June 30,**  
**2017                  2017**

**Rupees**

**5 Contingencies and Commitments**

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2017.

**Sept. 30,          June 30,**  
**2017                  2017**

**Rupees**

**6 PROPERTY, PLANT AND EQUIPMENT**

Opening written down value	<b>2,136,981,934</b>	1,403,926,386
Additions during the period / year	-	41,903,415
Surplus on revaluation	-	794,451,969
Depreciation during the period / year	<b>(35,224,328)</b>	<b>(103,299,836)</b>
Closing written down value	<b><u>2,101,757,606</u></b>	<b><u>2,136,981,934</u></b>

**Sept. 30,          June 30,**  
**2017                  2016**

**Rupees**

**7 CASH AND CASH EQUIVALENTS**

Cash and Bank Balances	<b>7,259,491</b>	4,799,173
Short term Borrowings	<b>(308,592,965)</b>	<b>(282,624,421)</b>
	<b><u>(301,333,474)</u></b>	<b><u>(277,825,248)</u></b>

**8 FINANCE COST**

Company has not made the provision of markup for the period amounting to Rs.1.379 million (upto June 30, 2017: Rs. 46.343 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period and accrued markup would have been higher by Rs.1.379 million and shareholders' equity would have been lower by Rs.47.736 million.

	Sept. 30, 2017	Sept. 30, 2016
	<b>Rupees</b>	
<b>9 EARNING PER SHARE</b>		
Net loss for the period	<b>(82,467,303)</b>	(69,555,435)
Number of shares	<b>97,750,726</b>	97,750,726
Loss per share	<b>(0.84)</b>	(0.71)

	Sept. 30, 2017	Sept. 30, 2016
	<b>Rupees</b>	
<b>10 RELATED PARTY TRANSACTIONS</b>		
Purchases - Raw Material/ Yarn	-	72,790,136
Provident Fund	<b>424,542</b>	2,027,260

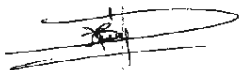
All transactions have been carried out on commercial terms and conditions and valued at arm's length price.

**11 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

**12 DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorised for issue on October 27, 2017 by the Board of Directors of the company.



**Dewan Abdul Baqi Farooqui**  
Chief Executive Officer & Director



**Aziz-ul-Haque**  
Director

## ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،  
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز سابقہ کمپنیز آرڈیننس، 1984 کی دفعہ 245 اور سیکورٹی اینڈ انویسٹمنٹ کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت 30 ستمبر 2017ء کو ختم ہونے والی پہلی سہ ماہی کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

جائزہ:

ٹیکسٹائل کی صنعت جو کہ وسیع پیداواری شعبہ اور زرمبادلہ کی آمدن میں معاون ہے، مستقل دباؤ کا شکار رہی اور درپیش مخالف حالات کمپنی کے ساتھ ساتھ ملک کے دیگر یونٹس کے امور میں رخسار کا باعث رہے۔

مالیاتی نتائج اور کارکردگی:

زیر جائزہ سہ ماہی کے دوران مالیاتی نتائج درج ذیل ہیں:  
پہلی سہ ماہی کے دوران کمپنی کی صافی فروخت مبلغ 322.261 ملین روپے رہی جو کہ گزشتہ سال کی پہلی سہ ماہی میں مبلغ 159.357 ملین روپے تھی۔ کمپنی کو مبلغ 58.813 ملین روپے کا کل خسارہ برداشت کرنا پڑا جو کہ گزشتہ سال کی پہلی سہ ماہی میں مبلغ 46.402 ملین روپے تھا جس کی وجہ سے کام چلانے کے سرمایہ کی عدم دستیابی تھی، جبکہ کمپنی کے آپریٹنگ اخراجات مبلغ 9.466 ملین روپے رہے۔

پاکستان کپاس پیدا کرنے والا چوتھا بڑا ملک ہونے کے باوجود کپاس کی طلب پیداوار کے مقابلہ میں زیادہ ہے جس کے سبب ٹیکسٹائل یونٹس کو کپاس کی درآمدات پر انحصار کرنا پڑتا ہے۔ پیداواری لاگت پہلے ہی زیادہ ہے اور جولائی 2017ء سے حکومت نے درآمدی کٹن پر دوبارہ کسٹم ڈیوٹی اور سٹریٹجکس عائد کر دیا ہے جس کی وجہ سے کاروباری اخراجات میں مزید اضافہ ہوگا۔

مستقبل پر ایک نظر:

کاروباری لاگت زیادہ ہونے کے باعث بین الاقوامی مارکیٹ میں مقابلہ کرنا انتہائی مشکل ہو گیا ہے۔ اس سلسلے میں حکومت کی جانب سے براہ راست اقدامات کی ضرورت ہے تاکہ ٹیکسٹائل کی صنعت کو جاری و ساری رکھا جاسکے بالخصوص قابل برداشت ٹیکس کی قیمتوں اور اس کی سپلائی کو موثر بنانے کیلئے اقدامات کرنے ہوں گے۔ دریں اثناء حکومت کی جانب سے برآمدات میں اضافہ کیلئے مبلغ 180 ملین روپے کا ایک خصوصی پیکیج کا اعلان کیا ہے جس پر عمل درآمد کا انتظار ہے۔

اظہار تشکر اور نتیجہ:

اللہ تعالیٰ کے رحم سے کمپنی کی انتظامیہ بھرپور کوشش کرے گی کہ سال کے بقیہ مہینوں میں بہتر نتائج حاصل ہوں۔ آخر میں میں اللہ تعالیٰ رحمن و رحیم سے دعا کرتا ہوں کہ وہ اپنے حبیب حضرت محمد ﷺ کے فضل اپنی رحمت، ہدایات اور فضل و کرم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک و قوم پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم امت کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین شہ آمین۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

Dewan Farooque

دیوان محمد یوسف فاروقی  
چیئر مین بورڈ آف ڈائریکٹرز

کراچی؛  
تاریخ: 27 اکتوبر 2017ء