

## ***Mission Statement***

*The Mission of Dewan Textile Mills Limited is to be the finest Organisation, and to conduct business responsibly and in a straight forward way.*

*Our basic aim is to benefit the customers, employees and shareholders and to fulfill our commitments to the society. Our hallmark is honesty, innovation, teamwork of our people and our ability to respond effectively to change in all aspects of life including technology, culture and environment.*

*We will create a work environment, which motivates, recognizes and rewards achievements at all levels of the Organisation because*

***In Allah We Believe & In People We Trust***

*We will always conduct ourselves with integrity and strive to be the best.*

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**COMPANY INFORMATION**

Executive Directors	:	Ishtiaq Ahmed - Chief Executive Officer
Non-Executive Director	:	Dewan Muhammad Yousuf Farooqui - Chairman, Board of Directors Dewan Abdul Rehman Farooqui Mr. Haroon Iqbal Mr. Syed Muhammad Anwar Mr. Ghazanfar Babar Siddiqui
Independent Director	:	Mr. Aziz-ul-Haque
Audit Committee	:	Mr. Aziz-ul-Haque - Chairman Dewan Abdul Rehman Farooqui - Member Mr. Haroon Iqbal - Member
Human Resources & Remuneration Committee	:	Dewan Muhammad Yousuf Farooqui - Chairman Mr. Haroon Iqbal - Member Mr. Ishtiaq Ahmad - Member
Auditors	:	Faruq Ali & Co. Chartered Accountants 222-A, K.M.C.H.S. Justice Inamullah Road, Near Hill Park, Karachi
Company Secretary	:	Muhammad Hanif German
Chief Financial Officer	:	Mehmood ul Hassan Asghar
Tax Advisor	:	Sharif & Co. Advocates
Legal Advisor	:	A. K. Brohi & Co. (Advocates)
Bankers	:	Habib Bank Limited Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited
Registered Office	:	Finance & Trade Centre Block-A, 8 <sup>th</sup> Floor, Shahrah-e-Faisal, Karachi
Shares Registrar & Transfer Agent	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	:	H/20 & H/26, S.I.T.E., Kotri, District Dadu, Sind, Pakistan
Website	:	<a href="http://www.yousufdewan.com">www.yousufdewan.com</a>



## NOTICE OF 46th ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty Sixth Annual General Meeting of **Dewan Textile Mills Limited** (“*DTML*” or “*the Company*”) will be held on **Thursday, October 29, 2015, at 12:00 noon** at Dewan Cement Limited Factory Site, at Deh Dhandu, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Monday, May 18, 2015;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2015, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, 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*

Date : October 01, 2015

Place : Karachi

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 22, 2015 to October 29, 2015 (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, 3<sup>rd</sup> 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 above-said 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.



## DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

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

Dear Shareholder(s),  
Assalam-o-Alykum!

The Board of Directors, other members of the management of your Company are pleased to present the Annual Audited Financial Statements of the Company for the year ended June 30, 2015 together with the Auditors' Report thereon.

### Overview

During the year under review, textile spinning industry continued to face distressed and unfortunate set of circumstances which hampered the operations of several units. The market has been undergoing through its bad time both domestically and internationally since last year. Lower market demand due to reduced local & export orders and power load shedding have adversely affected the production capacities of the industry. Moreover sluggish economic growth has made yarn prices uncompetitive in the market. In effect, many units in the sector are facing financial difficulties and some of these units have closed their operations. The high cost of doing business, energy shortages, influx of smuggled and imported yarn and clothing in the domestic market, absence of institutional support, raw material shortages, and the gap between policy and its implementation have eroded the economic viability of textile business. Major regional developments claimed to have made domestic yarn production 'unviable' include slowdown in Chinese demand for Pakistani yarn and rebate allowed by India on its yarn exports.

### Operating results and performance:

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

	"Rupees"
SALES (NET)	2,155,930,205
COST OF SALES	(2,442,444,431)
<b>GROSS LOSS</b>	<b>(286,514,226)</b>
OPERATING EXPENSES	(82,824,097)
<b>OPERATING LOSS</b>	<b>(369,338,323)</b>
FINANCE COST	(217,595,240)
OTHER CHARGES	(3,605,000)
OTHER INCOME	157,002,781
<b>LOSS BEFORE TAXATION</b>	<b>(433,535,782)</b>
TAXATION	8,124,261
<b>LOSS AFTER TAXATION</b>	<b>(425,411,521)</b>

Company has achieved net sale of Rs.2.156 billion as compared to Rs.3.414 billion of last year. Company has suffered gross loss of Rs. 286.514 million as compared to the gross profit of Rs.26.983 million of previous year, whereas operating expenses of the company have decreased by Rs. 44.084 million.

During the year under review, decrease in production volume was the result of lesser market demand and under utilization of plant capacity, which brought about lesser sales volumes. The adverse effect resulted in negative margins due to the increase in cost of various inputs and capacity utilization. During the entire period raw material prices remained volatile which affected the cost of purchases, furthermore minimum wages have also pushed the cost of goods manufactured towards the higher side.

## DEWAN TEXTILE MILLS LIMITED

In 2011-12, Company had settled with its lenders through Compromise Agreement against which consent decrees had been granted by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain banks having suits of Rs. 419.065 million, did not accept the restructuring proposal at that time.

The Auditors of the company have expressed adverse opinion in their report, on following:

- 1) Going concern assumption, default in repayment of installments of restructured liabilities along with related non-provisioning of mark-up and litigation from its lenders as explained in Para (a) of their report
- 2) Non Provisioning of Markup as explained in para (b) of their report
- 3) Valuing the investments in associate on other than equity method as explained in para (d) of their report

The financial statements has been prepared on going concern assumption as the company approached its lenders for further restructuring of its liabilities, which is in advanced stage as the term sheet has been finalized and circulated by the agent to syndicate of banks for their internal approvals. Management is hopeful that such revision will be finalized soon, accordingly the Banks liability has been classified as non-current liability as fully explained in note 12.3 and note 2 to the financial statements. Moreover the markup outstanding up to the date of restructuring is Rs.1.632 billion, which the company would be liable to pay in the event of default of terms of agreement. Since the revision in restructuring is in advanced stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

In respect of liabilities towards banks / financial institutions disclosed in note 10.1 and 11 to the financial statements, certain 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 amount of suits is Rs. 419.065 million, out of total two of the banks having suits to the extent of Rs.359.439 million have also filed winding up petition u/s 305 of the Companies Ordinance, 1984. The management has disputed the claims and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup 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 favor of the company and the base less suits shall be rejected by the concerned courts.

Company has not made the provision of markup for the year amounting to Rs.36.648 million (upto June 30, 2014: Rs.258.295 million) in respect of borrowings from certain banks who have not yet accepted the restructuring proposal. The Management of the company is quite hopeful that these banks will also accept restructuring proposal in near future. Accordingly no provision of the said mark-up has been made in these financial statements. Had the provision been made the loss for the year would have been higher by Rs. 36.648 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs.294.943 million.

The 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. The approval of shareholders is being obtained in upcoming annual general meeting of the company. As required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' the investment has been carried at lower of carrying amount and fair value less cost to sell.

### **Future Outlook**

The key challenges facing Pakistan's economy have continued to suppress economic activity and growth of the country. At present energy crisis, load shedding and law and order were affecting the economy badly; however, some initiatives which are being taken by the government will hopefully improve the situation in near future. In a backdrop current scenario, a decline in cotton production has been forecasted which might result in higher cotton prices in future.



### **Corporate Social Responsibilities**

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve. Company has donated a sum of Rs. 3.178 million for social and charitable cause.

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

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

### **Human Resource**

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

### **Compliance with Code of Corporate Governance**

Security and Exchange Commission of Pakistan framed a code of corporate governance, which was incorporated through the listing regulations of all stock exchanges of the country. The directors of your Company have ensured implementation of all provisions of code of corporate governance applicable for the year ended June 30, 2015.

Review report on statement of Compliance with code of corporate governance of Auditors is annexed with this report.

Directors of the Company are pleased to confirm that there is no material departure from the best practices as detailed in the listing regulations.

1. The financial Statements presented by the management of the Company give a fair account of the state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts have been maintained as required under the Companies Ordinance, 1984.
3. Accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from, if any, has been adequately disclosed.
5. The system of internal controls, which is in place, is sound in design and has been effectively implemented and monitored.



## DEWAN TEXTILE MILLS LIMITED

6. There has been no material departure from the best practices of the corporate governance.
7. The Company has constituted an Audit Committee from amongst the non-executive members of its Board.
8. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.
9. There are no doubts upon the company's Going Concern except as disclosed in Note no 2 to the financial statement.
10. Information regarding the outstanding taxes and Levis is given in the notes to the financial statements.
11. The value of investment made by the Provident fund as per its respective accounts is Rs .27.973 million (2014: Rs 21.158 Million)
12. As required under the Code of Corporate Governance, the following information has been presented in this report:
  - i) Pattern of Shareholding;
  - ii) Shares held by associated undertaking and related persons;

### Board

The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. During the year five meetings of the Board were held. The attendance of directors was as follows:

Names	No. of Meetings attended
Dewan Muhammad Yousuf Farooqui	3
Dewan Abdul Baqi Farooqui	2
Dewan Abdul Rehman Farooqui	5
Mr. Haroon Iqbal	5
Mr. Aziz -ul- Haq	5
Mr. Ishtiaq Ahmed	4
Mr. Ghazanfar Babar Siddiqi	5

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

### Audit Committee

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

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

Names	No. of Meetings attended
Mr. Aziz-Ul-Haque	4
Dewan Abdul Rehman Farooqui	4
Mr. Haroon Iqbal	4



### Human Resource and Remuneration Committee

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

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

Names	No. of Meetings attended
Dewan Mouhammad Yousuf Farooqui	1
Dewan Abdul Baqi Farooqui	1
Mr. Haroon Iqbal	1

### Earnings per Share

Loss per share during the period under report worked out to Rs.(26.88) (2014: Rs. 20.36)

### Appointment of Auditors

The present auditors, M/s. Faruq Ali & Co., Chartered Accountants, Karachi, retire and being eligible for reappointment under the Companies Ordinance, 1984, and the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, have offered themselves for the same. The Board of Directors of your company, based on the recommendations of the Audit Committee of the board, propose M/s. Faruq Ali & Co., Chartered Accountants, for reappointment as auditors of the company for the ensuing year.

### Pattern of Shareholding

The prescribed shareholding information, both under the Companies Ordinance, 1984, and the Listing Regulations, vis-à-vis, Code of Corporate Governance, is attached at the end of this report.

### Key operating and financial data

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

### Vote of Thanks & Conclusion

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

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

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

*By and under Authority of the Board of Directors*

Date: September 30, 2015

Place: Karachi.

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

## FINANCIAL HIGHLIGHTS

*(Rupees in Million)*

	2010	2011	2012	2013	2014	2015
<b>SALES (Net)</b>	3,442	4,699	3,157	3,928	3,414	2,156
<b>Gross Profit / (Loss)</b>	176	9	(97)	326	27	(287)
<b>(Loss) / Profit before Tax</b>	67	(66)	(318)	58	(270)	(434)
<b>(Loss) / Profit After Tax</b>	49	(117)	(337)	63	(275)	(425)
<b>Assets Employed</b>	3,671	4,513	5,387	5,613	5,001	4,654
<b>Current Assets</b>	2,308	3,131	3,092	3,400	2,904	2,554
<b>Shareholder's Equity</b>	18	15	(401)	(206)	(460)	(511)
<b>Long Term &amp; Deferred Liabilities</b>	527	246	3,963	3,458	3,011	2,416
<b>Current Liabilities</b>	3,125	4,252	1,005	1,591	1,724	2,053
<b>Gross Profit / (Loss) Ratio (%)</b>	5%	0.2%	(3.08%)	8.3%	0.8%	(13.28%)
<b>Net Profit / (Loss) Ratio (%)</b>	1.42%	(2.49%)	(10.67%)	1.60%	(8.05%)	(19.73%)
<b>Earning / (Loss) Per Share (Rs.)</b>	3.62	(8.66)	(24.96)	4.65	(20.36)	(26.88)
<b>Production</b>						
<b>Actual Production at Actual Average Count (kg)</b>	16,645,826	16,544,940	16,052,642	19,057,026	15,566,921	13,342,511
<b>Actual Production Converted to 20 Count (kg)</b>	17,265,858	17,866,664	14,236,118	16,954,602	14,900,574	10,937,504



## **STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE PERIOD ENDED JUNE 30, 2015**

The statement is being presented to comply with the Code of Corporate Governance (“CCG”) contained in Regulation No 35 of listing regulation of Karachi and Lahore Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present the board includes One Independent Director, five Non-Executive Directors and one Executive Directors of the Company.
2. One Director has confirmed that he is not serving as director in more than seven listed companies including the Company, however six directors are serving as directors in more than seven listed YousufDewan companies.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred on the board during the year.
5. 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.
6. 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.
7. All the powers of the board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by the director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with the criteria specified on clause (xi) of CCG, two directors are exempted from the requirement of directors' training program and four out of five Directors are qualified under the directors training program.
10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The Directors report for this have been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The director, CEO and executives do not hold any interest in the shares of the company other than the disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of CCG.
14. The board has formed an Audit Committee. It comprises of three members whom one is an independent director, who is also the chairman and others are non executive directors.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

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16. The board has formed an Human resource and Remuneration Committee. It comprises of three members majority of the members are non executive directors including chairman of the committee.
17. 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.
18. 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 as adopted by the ICAP.
19. 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.
20. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially effect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all the other material principles enshrined in the CCG have been complied with.

Date : September 30, 2015  
Place : Karachi



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



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Cooperative Housing Society : (021) 4301967  
Justice Inaumullah Road, : (021) 4301968  
Near Hill Park, Karachi-74800. : (021) 4301969  
E-mail: faac@cyber.net.pk Fax : (021) 4301965

## AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Dewan Textile Mills Limited** ('the Company') for the year ended June 30, 2015 to comply with the requirements of Listing Regulations No. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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

- The board includes one independent director, whereas in our view he does not meet the criteria of independence on account of his cross directorships in associated companies, consequently the requirement of chairman of audit committee to be an independent director has not been complied with.

Based on our review, except for the above, 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight that six directors of the Company are serving as directors in more than seven listed companies as reflected in the note 2 in the Statement of Compliance.

Date : September 30, 2015  
Place : Karachi

Engagement Partner: Muhammad Faisal Nini

Chartered Accountants  
(Muhammad Faisal Nini)

FARUQ ALI & Co.  
CHARTERED ACCOUNTANTS



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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **DEWAN TEXTILE MILLS LIMITED** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) The financial statements for the year ended June 30, 2015 have been prepared on going concern assumption despite of the fact that company incurred loss after taxation of Rs.425.412 million and as of that date it has accumulated losses of Rs.1,361.622 million which resulted in negative equity of Rs.510.617 million and its current liabilities (including the effect of non provided markup and restructured liabilities classified under non-current liabilities) exceeded its current assets by Rs.3,523.616 million and total assets by Rs.1,423.356 million. During the period company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs.2,926.471 along with markup of Rs.1,621.421 million (eligible for waiver outstanding as of date of restructuring) have now become immediately payable, therefore provision for markup should be made in these financial statements and the long term financing of Rs.2,076.202 million should be classified under current liabilities. Furthermore, company is facing litigations from its lenders, the aggregate suits amount is Rs.419.065 million, out of which lenders having suits amount to the extent of Rs.359.439 million have also filed winding up petition u/s 305 of the Companies Ordinance, 1984. These conditions lead us to be believe that going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) In addition to above, the company has not made provision of markup for the year amounting to Rs. 36.648 million (up to year ended June 30, 2014: Rs.258.295 million) (refer note 27.1) on account of restructuring proposal offered to the lenders. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements.
- c) Had the provisions of markups, as discussed in preceding paragraphs, been made in these financial statements, the loss after taxation would have been higher by Rs. 1,658,069 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 1,916.364 million.



**FA** & CO. **FARUQ ALI & CO**  
CHARTERED ACCOUNTANTS

222-A, Karachi Memon Telephone : (021) 4301966  
Cooperative Housing Society : (021) 4301967  
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Near Hill Park, Karachi-74800. : (021) 4301969  
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- d) Investment in associate Dewan Salman Fibre Limited is disclosed as non-current assets held for sale (refer note 22 to the financial statements) despite of the fact that the same has not been disposed off after the lapse of considerable period of time. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. Had the investment been carried at equity method, the carrying amount would have been zero and accumulated loss would have higher by Rs.215.878 million.
- e) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- f) in our opinion:
- i) except for the effects of matters referred in paragraphs (a) to (d) above; the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- g) in our opinion and to the best of our information and according to the explanations given to us, because of significance of matters discussed in paragraphs (a) to (d) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the Companies Ordinance, 1984, 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 June 30, 2015 and of the Loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- h) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date : September 30, 2015  
Place : Karachi

Engagement Partner: *Muhammad Faisal Nini*

Chartered Accountants  
(*Muhammad Faisal Nini*)

**FARUQ ALI & Co.**  
**CHARTERED ACCOUNTANTS**

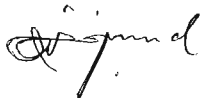


**DEWAN TEXTILE MILLS LIMITED**

**BALANCE SHEET  
AS AT JUNE 30, 2015**

<u>EQUITY AND LIABILITIES</u>	NOTES	2015	2014
<u>SHARE CAPITAL AND RESERVES</u>		RUPEES	
Authorized capital 50,000,000 (2014: 30,000,000) Ordinary shares of Rs. 10/- each		500,000,000	300,000,000
Issued, subscribed and paid up capital	4	460,646,090	135,046,090
Reserves and surplus	5	(971,262,716) (510,616,626)	(595,276,601) (460,230,511)
Surplus on revaluation of property, plant and equipments	6	662,814,445	726,047,730
<b>NON CURRENT LIABILITIES</b>			
Long term financing	7	2,258,549,710	2,811,360,801
Deferred liability for staff gratuity	8	39,990,494	39,505,095
Deferred taxation	9	149,798,173	160,334,152
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	290,428,841	411,244,595
Markup accrued		209,841,804	34,367,015
Short term borrowings - Secured	11	734,271,040	816,006,986
Current and overdue portion of long term financing	7	818,943,896	462,188,138
		2,053,485,581	1,723,806,734
<b>CONTINGENCIES AND COMMITMENTS</b>	12	--	--
		4,654,021,777	5,000,824,001
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipments	13	1,816,271,875	1,827,262,420
Investments	14	--	--
Long term deposits	15	68,110,685	54,110,685
<b>CURRENT ASSETS</b>			
Stores and spares	16	68,346,374	63,292,340
Stock in trade	17	1,378,330,034	1,494,281,700
Trade debtors	18	981,558,208	1,231,646,377
Advances - Considered good	19	22,627,106	29,226,191
Short term deposits and current account balances with statutory authorities	20	20,746,571	19,436,060
Taxes recoverable - Net		48,875,439	50,861,059
Cash and bank balances	21	33,277,725	14,829,409
		2,553,761,457	2,903,573,136
Non current assets held for sale	22	215,877,760	215,877,760
		4,654,021,777	5,000,824,001

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director



**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2015**

	NOTES	2015	2014
		RUPEES	
Sales - Net	23	2,155,930,205	3,414,366,635
Cost of sales	24	2,442,444,431	3,387,383,884
<b>Gross (loss) / profit</b>		<b>(286,514,226)</b>	<b>26,982,751</b>
<b>Operating expenses</b>			
Distribution cost and selling expenses	25	21,830,677	83,899,857
Administrative and general expenses	26	60,993,420	43,007,872
		82,824,097	126,907,729
<b>Operating loss</b>		<b>(369,338,323)</b>	<b>(99,924,978)</b>
Finance cost	27	217,595,240	182,673,363
Other charges	28	3,605,000	3,797,500
Other (income)	29	(157,002,781)	(16,327,875)
		64,197,459	170,142,988
<b>Loss before taxation</b>		<b>(433,535,782)</b>	<b>(270,067,966)</b>
Taxation			
- Current	30	16,219,596	29,402,812
- Deferred		(24,343,857)	(24,559,466)
		(8,124,261)	4,843,346
<b>Loss after taxation</b>		<b>(425,411,521)</b>	<b>(274,911,312)</b>
Loss per share - Basic and diluted	31	(26.88)	(20.36)

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

**Ishtiaq Ahmed**  
Chief Executive Officer

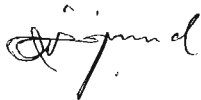
**Haroon Iqbal**  
Director

**DEWAN TEXTILE MILLS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
	RUPEES	
Loss for the year	(425,411,521)	(274,911,312)
Other comprehensive income:		
Available for sale financial assets:		
- Changes in fair value	--	(26,072,198)
Transfer from surplus on revaluation of property, plant and equipments in respect of		
Incremental depreciation	73,769,263	84,226,319
Related deferred tax	(24,343,857)	(28,636,948)
	49,425,406	55,589,371
Remeasurement of net defined benefit liability	--	(11,992,595)
Related deferred tax	--	4,077,482
	--	(7,915,113)
Total comprehensive loss for the year	(375,986,115)	(253,309,252)

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	2015	2014
	RUPEES	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss before taxation	(433,535,782)	(270,067,966)
Adjustment for :		
Depreciation	171,768,692	184,907,249
Amortization of interest free loan	(157,286,149)	--
Provision for gratuity	15,420,472	11,602,125
Provision for doubtful debts	22,415,230	--
Finance cost	217,595,240	182,673,363
(Gain) on disposal of fixed assets	-	(1,095,868)
Cash flow before working capital changes	(163,622,297)	108,018,903
<b>(Increase) / decrease in current assets</b>		
Stores & spares	(5,054,034)	(17,130,716)
Stock in trade	115,951,666	120,892,905
Trade debtors	227,672,939	348,297,833
Advances - Considered good	6,599,085	13,622,632
Short term deposit and current account balances with statutory authorities	(1,310,511)	20,796,192
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(120,815,755)	66,178,089
Short term borrowings	(81,735,946)	95,279,509
	141,307,444	647,936,444
Taxes - Net	(14,233,976)	(45,317,959)
Deposit	(14,000,000)	(189,000)
Gratuity paid	(14,935,073)	(11,123,831)
	(43,169,049)	(56,630,790)
<b>Net cash (outflow) / inflow from operating activities</b>	(65,483,902)	699,324,557
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditures	(160,778,147)	(95,370,456)
Sale proceed of fixed assets	--	1,230,730
<b>Net cash outflow from investing activities</b>	(160,778,147)	(94,139,726)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed against Issuance of shares	325,600,000	--
Long term financing paid	(38,769,184)	(458,683,711)
Financial charges paid	(42,120,451)	(172,078,944)
<b>Net cash inflow / outflow from financing activities</b>	244,710,365	(630,762,655)
Net increase / (decrease) in cash and cash equivalents	18,448,316	(25,577,824)
Cash and cash equivalents at beginning of the year	14,829,409	40,407,233
<b>Cash and cash equivalents at the end of year</b>	33,277,725	14,829,409

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

**Ishtiaq Ahmed**  
Chief Executive Officer

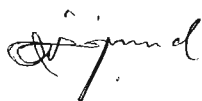
**Haroon Iqbal**  
Director

**DEWAN TEXTILE MILLS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	Issued Subscribed and Paid up Capital	General reserve	Unrealized gain due to change in fair value of Investment	Accumulated loss	Total
	RUPEES				
Balance as on July 01, 2013	135,046,090	333,000,000	83,431,020	(758,398,369)	(206,921,259)
Total comprehensive loss for the year					
Loss for the year	--	--	--	(274,911,312)	(274,911,312)
Changes in fair values of available for sale investments	--	--	(26,072,198)	--	(26,072,198)
Transfer from surplus on revaluation of property, plant and equipments in respect incremental depreciation - Net of tax	--	--	--	55,589,371	55,589,371
Remeasurement of net defined benefit liability - Net of tax	--	--	--	(7,915,113)	(7,915,113)
	--	--	(26,072,198)	(227,237,054)	(253,309,252)
Balance as on June 30, 2014	135,046,090	333,000,000	57,358,822	(985,635,423)	(460,230,511)
Total comprehensive (loss) for the year					
Loss for the year	--	--	--	(425,411,521)	(425,411,521)
Shares issued during the year	325,600,000	--	--	--	325,600,000
Transfer from surplus on revaluation of property, plant and equipments in respect incremental depreciation - Net of tax	--	--	--	49,425,406	49,425,406
	325,600,000	--	--	(375,986,115)	(50,386,115)
Balance as on June 30, 2015	460,646,090	333,000,000	57,358,822	(1,361,621,538)	(510,616,626)

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



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 1 THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan on April, 16, 1970 under the Companies Act 1913 (Now Companies Ordinance, 1984) and is listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of yarn. The company's registered office is located at 8th Floor, Block-A, Finance & Trade Centre, Shahrah-e-Faisal, Karachi.

### 2 GOING CONCERN ASSUMPTION

The financial statements of the company for the year ended June 30, 2015 reflect that company has sustained a net loss after taxation of Rs.425.412 million (2014: Rs.274.911 million) and as of that date company's negative reserves of Rs.971.263 million (2014: Rs.595.277 million) have resulted in negative equity of Rs.510.617 million (2014: Rs.460.231 million). Further the company's short term borrowing facilities having limit to the extent of Rs.315 million have expired and not been renewed. The company is facing litigations with three of its lenders for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and out of them two of the lenders had also filed winding up petition under section 305 of the companies ordinance 1984. During the year under consideration, the Company defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company following the adverse conditions of overall textile industry. Accordingly, the entire restructured liabilities alongwith markup eligible for waiver (as disclosed in note 12.3 to the financial statements) have become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The financial statements has been prepared on going concern assumption as the company approached its lenders for further restructuring its liabilities, which is in advanced stage as the term sheet has been finalized and circulated by the agent to syndicate of banks to all the lenders for their internal approvals. The terms and conditions of restructuring will be disclosed upon finalization of restructuring.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention modified by the absorption of borrowing cost as referred to in note 3.16 and investments classified as available for sale are carried at fair value.

#### 3.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in 27.1 to the financial statements, for which the management concludes that provisioning of markup (note 27.1) would conflict with the objective of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2015:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on Company's financial statements.

IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.

Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.



**Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41]** (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)** [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements.

**Annual Improvements 2012-2014 cycles** (amendments are effective for annual periods beginning on or after 1 January 2016). These amendments are not likely to have an impact on Company's financial statements. The new cycle of improvements contain amendments to the following standards:

**IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.** IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

**IFRS 7 'Financial Instruments- Disclosures'.** IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

**IAS 19 'Employee Benefits'.** IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

**IAS 34 'Interim Financial Reporting'.** IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Provision for taxes
- ii) Estimation of residual values and useful lives of property, plant and equipment.
- iii) Staff retirement benefits



### 3.3 Staff retirement benefits

#### ***Defined benefit plan***

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

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 profit and loss account. The latest Actuarial valuation was conducted at the balance sheet date by a qualified professional firm of actuaries.

#### **Defined contribution plan:**

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

### 3.4 Taxation

#### ***Current***

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

#### ***Deferred***

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

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

### 3.5 Property, plant and equipment

#### ***Owned***

The property, plant and equipments are stated at cost or revalued amounts less accumulated depreciation except lease hold land and capital work-in-progress which are stated at cost.

Depreciation is charged to income using the reducing balance method at the rates specified in note 13.1, whereby the cost of an asset is written off over its estimated useful life.

Depreciation on additions is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis, and on disposals up to the month the asset was in use.

Any surplus arising on revaluation of property plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred tax) is transferred to unappropriated profit through statement of comprehensive income.



**Leased**

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

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

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

**3.6 Stores and spares**

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

**3.7 Stock in trade**

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

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

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

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

**3.8 Foreign currency translation**

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

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

**3.9 Available for sale Investments**

Investments classified as available for sale and are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair values (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost. Gains and losses on remeasurement to fair value recognized directly in equity through the statement of changes in equity.

**3.10 Revenue recognition**

Revenue from sale is recognized on dispatch of goods to customers.

Dividend income is recognized on the basis of declaration by the investee company.

**3.11 Trade debts**

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, if any. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

**3.12 Cash and cash equivalents**

Cash and cash equivalents comprise of cash and bank balances.

## DEWAN TEXTILE MILLS LIMITED

### 3.13 Transactions with related parties

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

### 3.14 Provision

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

### 3.15 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.

### 3.16 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Gain or loss on derecognition of the financial assets and liabilities are taken to profit and loss account for the year in which the same arises.

### 3.17 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.

### 3.18 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

### 3.19 Off setting of financial assets and liabilities

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

## 4 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015 (No. of Shares)	2014		2015 RUPEES	2014 RUPEES
34,060,000	1,500,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	340,600,000	15,000,000
225,000	225,000	Ordinary shares of Rs. 10/- each issued for consideration other than cash	2,250,000	2,250,000
11,779,609	11,779,609	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	117,796,090	117,796,090
<u>46,064,609</u>	<u>13,504,609</u>		<u>460,646,090</u>	<u>135,046,090</u>
			NUMBER OF SHARES	
4.1 Reconciliation of shares				
At the beginning of the year			13,504,609	13,504,609
Ordinary shares issued during the year			32,560,000	--
At the end of the year			<u>46,064,609</u>	<u>13,504,609</u>



	2015	2014
	RUPEES	
<b>5 RESERVES AND SURPLUS</b>		
<b>Revenue reserves</b>		
General reserve	333,000,000	333,000,000
Accumulated loss	(1,361,621,538)	(985,635,423)
<b>Capital reserves</b>		
Un-realized gain due to change in fair value of investment	57,358,822	57,358,822
	<u>(971,262,716)</u>	<u>(595,276,601)</u>
<b>6 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENTS</b>		
Opening balance	886,381,881	970,608,200
Transferred to unappropriated profit in respect of incremental depreciation for the year - Net of tax	(73,769,263)	(84,226,319)
	812,612,618	886,381,881
Related deferred tax liability		
Opening balance	160,334,151	202,239,490
Incremental depreciation	(24,343,857)	(28,636,948)
Effect of portion of company's income being assessed under Final Tax Regime	13,807,879	(13,268,391)
	149,798,173	160,334,151
Balance as at June 30	<u>662,814,445</u>	<u>726,047,730</u>

The following property, plant and equipments owned by the company were revalued on March 21, 2012 . The revaluation of property, plant and equipments was carried out by independent valuer M/s Iqbal A Nanjee & company (Private) limited, using prevailing market value being the basis of revaluation. The surplus arising from revaluation is Rs. 1,100.857 million. The closing balance of surplus on revaluation of property, plant and equipments is not available for distribution to shareholders.

PARTICULARS	W.D.V. of assets before revaluation	Revalued Amount	Revaluation Surplus
RUPEES			
Lease hold land	778,000	210,500,000	209,722,000
Factory building on lease hold land	215,517,102	414,400,624	198,883,522
Non - Factory building	4,896,471	33,795,399	28,898,928
Labour quarters	2,782,573	81,693,592	78,911,019
Plant, machinery and equipments	699,921,066	1,284,362,610	584,441,544
	<u>923,895,212</u>	<u>2,024,752,225</u>	<u>1,100,857,013</u>

7 LONG TERM FINANCING

Financier	Note	2015	2014
		RUPEES	
<b>Banks and financial institutions - Secured</b>			
Restructured long term financing	7.1	3,233,517,727	3,691,046,947
Restructured lease liability	7.2	40,031,212	42,215,040
Settlement of loan	7.3	(269,114,373)	--
Less: Payments during the year		(38,769,184)	(459,713,048)
		2,965,665,382	3,273,548,939
<b>Sponsor director - Unsecured</b>			
Sponsor loan	7.4	269,114,373	--
Less: Present value adjustment		(157,286,149)	--
		111,828,224	--
		3,077,493,606	3,273,548,939
Less: Current and overdue portion - Shown under current liabilities		818,943,896	462,188,138
		<u>2,258,549,710</u>	<u>2,811,360,801</u>

**7.1** Compromise Agreement dated December 23, 2011 was executed between the Company and majority of its lenders, consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Company's liabilities in respect of short term borrowings, long term loans, leases and overdue letters of credit were rescheduled in the form of a syndicated long term financing of Rs.3.930 billion repayable in nine and half years with progressive mark up rates ranging from 2% to 13% over the period on outstanding principal. As per the agreement, markup outstanding as on December 21, 2011 is Rs.1.621 billion, which the company would be liable to pay in the event of default of terms of agreement. Moreover banks / financial institutions have also agreed to provide further working capital to the Company amounting to Rs.916.800 million.

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

During the year company defaulted in payment of restructured liabilities, however has approached the lenders for further restructuring of liabilities as more fully explained in note 2 which is expected to be finalized soon. Accordingly the liability has been classified as non current liability.

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

**7.3** During the year one of the banks has settled the liability of the Company.

**7.4** This represents unsecured interest free loan payable to sponsor director. This liability has arisen on account of settlement of liabilities of a bank, which were settled by the sponsor director. The loan is repayable in installments commencing from October 2016. The loan has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and has been discounted using the effective interest rate of 8.01% per annum.



	Note	2015	2014
RUPEES			
<b>8 DEFERRED LIABILITY FOR STAFF GRATUITY</b>			
Opening balance		39,505,095	27,034,206
Remeasurements recognized in other comprehensive income		--	11,992,595
Less : Paid during the year		(14,935,073)	(11,123,831)
		<u>24,570,022</u>	<u>27,902,970</u>
Provision for the year	8.1	15,420,472	11,602,125
	8.2	<u>39,990,494</u>	<u>39,505,095</u>
<b>8.1 Provision for the year</b>			
Current service cost		11,865,421	10,477,193
Interest cost		3,555,051	1,124,932
		<u>15,420,472</u>	<u>11,602,125</u>
<b>8.2 The amount recognised in balance sheet</b>			
Present value of defined benefit obligation	8.3	33,005,406	32,520,007
Add: payables		6,985,088	6,985,088
Balance sheet liability		<u>39,990,494</u>	<u>39,505,095</u>
<b>8.3 Changes in Present Value of Defined Benefit Obligations</b>			
Present value of defined benefit obligation		32,520,007	14,215,240
Current service cost		11,865,421	10,477,193
Interest cost on defined benefit obligation		3,555,051	1,124,932
Benefits paid		(14,935,073)	(5,289,953)
Experience adjustments		-	11,992,595
Present value of defined benefit obligation		<u>33,005,406</u>	<u>32,520,007</u>
<b>8.4 Changes in Net Liability</b>			
Balance Sheet Liability	8	39,505,095	27,034,206
Expense chargeable to P&L	8.1	15,420,472	11,602,125
Remeasurements chargeable in other comprehensive income	8.3	--	11,992,595
Benefits paid	8	(14,935,073)	(11,123,831)
Balance Sheet Liability		<u>39,990,494</u>	<u>39,505,095</u>
<b>8.5 Significant Actuarial Assumptions</b>			
Discount rate used for Interest Cost in P&L Charge		13.00%	13.00%
Discount rate used for year end obligation		13.25%	13.25%
Salary increase used for year end obligation		N/A	N/A
Net salary is increased at		1-Jul-14	1-Jul-14
Mortality Rates		SLIC 2001-2005 Setback 1 Year	SLIC 2001-2005 Setback 1 Year
Withdrawal Rates		Age-Based (Per appendix)	Age-Based (Per appendix)
Retirement Assumption		Age 60	Age 60

## DEWAN TEXTILE MILLS LIMITED

	Note	2015	2014
RUPEES			
<b>8.6 Sensitivity analysis</b>			
Discount rate + 100 bps		31,524,447	31,060,828
Discount rate - 100 bps		34,690,558	34,180,376
Salary increase + 100 bps		34,811,323	34,299,365
Salary increase - 100 bps		31,385,217	30,923,646
<b>9 DEFERRED TAXATION</b>			
Credit balance arising due to:			
- accelerated tax depreciation		95,493,169	113,739,126
- revaluation - net of related depreciation		149,798,173	160,334,152
Debit balance arising due to			
- finance lease transactions		6,644,340	7,576,867
- staff gratuity		(9,936,302)	(9,360,708)
- carried over losses		(489,376,057)	(343,942,268)
		<u>(247,376,677)</u>	<u>(71,652,831)</u>
Deferred tax asset not recognized		397,174,850	231,986,983
		<u>149,798,173</u>	<u>160,334,152</u>
<b>10 TRADE AND OTHER PAYABLES</b>			
Creditors for goods and services	10.1	126,706,424	218,549,987
Accrued expenses		139,651,607	172,711,224
Sales tax payable		2,635,564	525,613
Withholding income tax payable		2,207,890	129,350
Workers' profit participation fund	10.2	3,437,149	3,538,214
Workers welfare fund		15,536,001	15,536,001
Unclaimed dividend		254,206	254,206
		<u>290,428,841</u>	<u>411,244,595</u>
<b>10.1</b>			
This includes amount of Rs.94.237 (2014: Rs.100.064) million being amount payable to the banks in respect of outstanding letter of credits.			
<b>10.2 Workers' profit participation fund</b>			
Opening balance		3,538,214	3,138,662
Interest provided for the year		298,487	399,552
Add: Contribution during the year		--	--
		<u>3,836,701</u>	<u>3,538,214</u>
Less: Paid during the year		(399,552)	--
		<u>3,437,149</u>	<u>3,538,214</u>
<b>11 SHORT TERM BORROWINGS - Secured</b>			
From banks and financial institutions:			
Short term running finances	11.1	183,818,932	183,818,932
Short term loans	11.2	550,452,108	475,452,396
Temporary book overdraft		--	156,735,658
		<u>734,271,040</u>	<u>816,006,986</u>



- 11.1 The facilities for running finance under mark up arrangement obtained from various commercial banks against available limits of Rs. 215 million at markup rate ranging from 2% to 3% per annum over three months KIBOR payable quarterly in arrears. The facilities are secured by way of hypothecation of stock in trade, book debts and other current assets of the company and personal guarantees of directors. These facilities have expired and not been renewed by the banks.
- 11.2 The facilities for short term loans under mark up arrangement obtained from various commercial banks against available limits of Rs. 1.217 billion at markup rate ranging from 0% to 3.25% per annum over one / three months KIBOR payable quarterly in arrears. The facilities are secured by way of hypothecation of stock in trade, book debts, property, plant and equipments and other current assets and effective pledge on raw material and finished goods of the company and personal guarantees of directors. Finance facility having limit to the extent of Rs. 100 million has expired and not been renewed by bank.
- 11.3 Certain banks have filed recovery suits as more fully explained in note 12.2 to the financial statements.

## 12 CONTINGENCIES AND COMMITMENTS

### Contingencies

12.1	Guarantees issued by bank on behalf of the company	12,025,130	12,025,130
------	--	------------	------------

- 12.2 In respect of liabilities towards banks / financial institutions disclosed in note 10.1 and 11 to the financial statements, certain 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. 419.065 Million, out of total suits amount two of the banks having suits to the extent of Rs.359.439 million have also filed winding up petition u/s 305 of the Companies Ordinance, 1984. 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 claims and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup 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 favor 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.

- 12.3 As per terms of restructuring (refer to note 7.1 & 7.2) the markup outstanding up to the date of restructuring is Rs.1.632 billion, which the company would be liable to pay in the event of default of terms of agreement. The Company has defaulted in repayment of liability, however has approached the lenders for further restructuring as detailed in note 2 to the financial statements. Since the restructuring is in advanced stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.
- 12.4 The Government of Pakistan during the year under review has promulgated the Gas Infrastructure Development Cess Ordinance 2014 (GIDC) accordingly, the company was charged a sum of Rs. 21.238 million in its gas bills, against which the Company has filed suit in the Honorable Sindh High Court challenging its legality and applicability on the Company and the Honorable Sindh High Court has issued stay against the recovery of GIDC. Owing the complications in calculations the financial impact of the same cannot be quantified. The management is confident that the case will be decided in favor of the Company hence no provision in this respect is made in these Financial Statements.

### 12.5 Commitments

Commitments in respect of outstanding documentary credits amounting to Rs. Nil (2014: Rs.178.616) million.

Note	2015	2014
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RUPEES

## 13 PROPERTY, PLANT AND EQUIPMENTS

Operating fixed assets	13.1	1,756,620,917	1,827,262,420
Capital work in progress - At cost	13.4	59,650,950	--
		<u>1,816,271,875</u>	<u>1,827,262,420</u>



# DEWAN TEXTILE MILLS LIMITED

## 13.1 Operating fixed assets

### Tangible fixed assets:

PARTICULARS	2015							
	COST / REVALUATION			DEPRECIATION			Written Down Value	Rate %
	Opening Balance	Additions	Closing Balance	Opening Balance	For the Year	Closing Balance		
RUPEES								
<b>Owned assets:</b>								
Lease hold land	210,500,000	--	210,500,000	--	--	--	210,500,000	--
Factory building on lease hold land	639,761,318	--	639,761,318	310,793,147	32,896,817	343,689,964	296,071,354	10
Non - factory building	59,112,130	13,250,114	72,362,244	16,840,315	4,448,017	21,288,332	51,073,912	10
Labour quarters	129,538,529	14,000,027	143,538,556	87,441,358	11,107,627	98,548,985	44,989,571	25
Plant, machinery and equipments	2,622,435,205	70,114,213	2,692,549,418	1,517,098,545	111,702,236	1,628,800,781	1,063,748,637	10
Electric installation	20,782,880	--	20,782,880	14,655,680	919,080	15,574,760	5,208,120	15
Vehicles	65,477,150	1,480,000	66,957,150	53,786,598	2,436,777	56,223,375	10,733,775	20
Furniture and fixture	10,160,706	--	10,160,706	6,812,373	334,833	7,147,206	3,013,500	10
Office equipments	12,392,304	2,282,835	14,675,139	9,661,556	504,128	10,165,684	4,509,455	15
<b>Sub total</b>	<b>3,770,160,222</b>	<b>101,127,189</b>	<b>3,871,287,411</b>	<b>2,017,089,572</b>	<b>164,349,515</b>	<b>2,181,439,087</b>	<b>1,689,848,324</b>	
<b>Leased assets:</b>								
Plant and machinery	128,705,731	--	128,705,731	54,513,961	7,419,177	61,933,138	66,772,593	10
<b>Sub total</b>	<b>128,705,731</b>	<b>--</b>	<b>128,705,731</b>	<b>54,513,961</b>	<b>7,419,177</b>	<b>61,933,138</b>	<b>66,772,593</b>	
<b>30th June 2015</b>	<b>3,898,865,953</b>	<b>101,127,189</b>	<b>3,999,993,142</b>	<b>2,071,603,533</b>	<b>171,768,692</b>	<b>2,243,372,225</b>	<b>1,756,620,917</b>	

PARTICULARS	2014								Written Down Value	Rate %
	COST / REVALUATION				DEPRECIATION					
	Opening Balance	Additions	(Deletion)	Closing Balance	Opening Balance	On Disposal	For the Year	Closing Balance		
RUPEES										
<b>Owned assets:</b>										
Lease hold land	210,500,000	--	--	210,500,000	--	--	--	--	210,500,000	--
Factory building on lease hold land	639,761,318	--	--	639,761,318	274,241,128	--	36,552,019	310,793,147	328,968,171	10
Non - factory building	59,112,130	--	--	59,112,130	12,143,447	--	4,696,868	16,840,315	42,271,815	10
Labour quarters	129,538,529	--	--	129,538,529	73,408,967	--	14,032,391	87,441,358	42,097,171	25
Plant, machinery and equipments	2,533,599,965	88,835,240	--	2,622,435,205	1,399,055,365	--	118,043,180	1,517,098,545	1,105,336,660	10
Electric installation	15,280,016	5,502,864	--	20,782,880	14,459,637	--	196,043	14,655,680	6,127,200	15
Vehicles	62,266,146	4,380,004	(1,169,000)	65,477,150	52,417,032	(1,034,138)	2,403,704	53,786,598	11,690,552	20
Furniture and fixture	8,892,701	1,268,005	--	10,160,706	6,503,849	--	308,524	6,812,373	3,348,333	10
Office equipments	11,553,095	839,209	--	12,392,304	9,230,566	--	430,990	9,661,556	2,730,748	15
<b>Sub total</b>	<b>3,670,503,900</b>	<b>100,825,322</b>	<b>(1,169,000)</b>	<b>3,770,160,222</b>	<b>1,841,459,991</b>	<b>(1,034,138)</b>	<b>176,663,719</b>	<b>2,017,089,572</b>	<b>1,753,070,650</b>	
<b>Leased assets:</b>										
Plant and machinery	128,705,731	--	--	128,705,731	46,270,431	--	8,243,530	54,513,961	74,191,770	10
<b>Sub total</b>	<b>128,705,731</b>	<b>--</b>	<b>--</b>	<b>128,705,731</b>	<b>46,270,431</b>	<b>--</b>	<b>8,243,530</b>	<b>54,513,961</b>	<b>74,191,770</b>	
<b>30th June 2014</b>	<b>3,799,209,631</b>	<b>100,825,322</b>	<b>(1,169,000)</b>	<b>3,898,865,953</b>	<b>1,887,730,422</b>	<b>(1,034,138)</b>	<b>184,907,249</b>	<b>2,071,603,533</b>	<b>1,827,262,420</b>	

	Note	2015	2014
RUPEES			
<b>13.2</b>	Depreciation charge for the year has been allocated as follows:		
		170,130,823	183,335,640
		1,637,869	1,571,609
		<u>171,768,692</u>	<u>184,907,249</u>
<b>13.3</b>	Had there been no revaluation the carrying amounts of revalued assets would have been as follows:		
		778,000	778,000
		155,918,136	173,242,373
		30,708,838	19,643,955
		14,473,201	1,408,677
		651,892,681	647,718,931
		<u>853,770,856</u>	<u>842,791,936</u>
<b>13.4</b>	<b>Capital work in progress - At cost</b>		
	<b>Tangible</b>		
		--	5,454,864
		83,268,199	--
		Less: capitalized in	
		13,250,114	--
		14,000,027	--
		--	5,454,864
		<u>27,250,141</u>	<u>5,454,864</u>
		56,018,058	--
	<b>Intangible</b>		
		3,632,900	--
		<u>59,650,958</u>	<u>--</u>
<b>13.4.1</b>	Additions to capital work in progress includes amount of Rs.1.743 million borrowing cost capitalized during the year using average borrowing rate of 7.76 % per annum.		
<b>14</b>	<b>INVESTMENTS</b>		
	<b>In related party (associated company):</b>		
	Shares in Dewan Salman Fibre Limited (Public, quoted company)		
	104,288,773 (2014: 104,288,773) Fully paid		
		210,000,000	210,000,000
		ordinary shares of Rs. 10/- each. (28.47% holding)	
		5,877,760	5,877,760
		<u>215,877,760</u>	<u>215,877,760</u>
		(215,877,760)	(215,877,760)
		<u>--</u>	<u>--</u>
		2.63	2.07
		<u>2.63</u>	<u>2.07</u>
<b>15</b>	<b>LONG TERM DEPOSITS</b>		
		68,110,685	54,110,685
		<u>68,110,685</u>	<u>54,110,685</u>
<b>16</b>	<b>STORES AND SPARES</b>		
		56,675,979	50,651,745
		11,670,395	12,640,595
		<u>68,346,374</u>	<u>63,292,340</u>

## DEWAN TEXTILE MILLS LIMITED

	Note	2015	2014
RUPEES			
<b>17 STOCK IN TRADE</b>			
Raw materials	17.1	1,181,022,396	1,130,187,136
Work in process		22,907,320	20,479,861
Finished goods	17.2	174,400,318	233,366,710
Stock in transit		--	110,247,993
		<u>1,378,330,034</u>	<u>1,494,281,700</u>
<b>17.1</b>	Raw materials stocks valuing Rs.265.042 million (2014: Rs.112.216 million) were pledged with the banks against the finance facilities obtained by the Company.		
<b>17.2</b>	Finished goods stocks valuing Rs.104.433 million (2014: Rs.119.737 million) were pledged with the banks against the finance facilities obtained by the Company.		
<b>17.3</b>	Finished goods stock has been written down to net realizable value by Rs.15.432 million.		
<b>18 TRADE DEBTS</b>			
Considered good		981,558,208	1,231,646,377
Considered doubtful		22,415,230	--
		<u>1,003,973,438</u>	<u>1,231,646,377</u>
Less: Provision for doubtful debts		(22,415,230)	--
		<u>981,558,208</u>	<u>1,231,646,377</u>
<b>19 ADVANCES - Considered good</b>			
Employees		7,462,001	8,133,232
Suppliers		8,008,473	8,027,227
Against import		513,216	210,073
Advance payment against un-restructured loans		--	5,345,005
Others		6,643,416	7,510,654
		<u>22,627,106</u>	<u>29,226,191</u>
<b>20 SHORT TERM DEPOSITS AND CURRENT ACCOUNT BALANCES WITH STATUTORY AUTHORITIES</b>			
Short term deposits and margin		1,749,732	1,757,296
Sales tax receivable		18,996,839	17,678,764
		<u>20,746,571</u>	<u>19,436,060</u>
<b>21 CASH AND BANK BALANCES</b>			
Cash in hand		149,745	93,308
Cash at banks - Current accounts		33,127,980	14,736,101
		<u>33,277,725</u>	<u>14,829,409</u>
<b>22 NON CURRENT ASSETS HELD FOR SALE</b>			
Investment in Dewan Salman Fibre Limited			
104,288,773 Fully paid ordinary shares of Rs. 10/- each		<u>215,877,760</u>	<u>215,877,760</u>



The above 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. The approval of shareholders is being obtained in upcoming annual general meeting of the company. As required by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' the investment has been carried at lower of carrying amount and fair value less cost to sell. The fair value of investments as the date the financial statements were authorized for issue based on quoted prices was Rs.274.279 million.

23 SALES - Net	Note	2015	2014
RUPEES			
<b>Gross sales :</b>			
Yarn:			
Export		16,054,130	903,328,404
Local		1,889,582,457	2,274,125,095
Conversion charges		271,296,200	293,690,285
Waste - Local		26,346,941	33,984,840
		<u>2,203,279,728</u>	<u>3,505,128,624</u>
<b>Less :</b>			
Sales tax		42,603,361	51,126,451
Sales return		4,746,162	39,635,538
		<u>(47,349,523)</u>	<u>(90,761,989)</u>
		<u>2,155,930,205</u>	<u>3,414,366,635</u>
<b>24 COST OF SALES</b>			
<b>Raw material</b>			
Opening stock		1,130,187,136	969,644,225
Purchases - Net		1,366,317,720	2,371,683,422
		<u>2,496,504,856</u>	<u>3,341,327,647</u>
Closing stock		<u>(1,181,022,396)</u>	<u>(1,130,187,136)</u>
Raw material consumed		1,315,482,460	2,211,140,511
<b>Manufacturing overheads</b>			
Packing material consumed		47,984,403	67,500,925
Stores and spares consumed		76,655,965	76,113,059
Salaries, wages and others benefits	24.1	395,982,637	372,963,290
Fuel and power		343,722,063	397,336,498
Rent, rates and taxes		1,704,161	2,326,340
Insurance		6,651,285	8,500,592
Vehicle running and maintenance		4,741,358	7,164,492
Repair and maintenance		696,043	3,573,363
Depreciation	13.2	170,130,823	183,335,640
		<u>1,048,268,738</u>	<u>1,118,814,199</u>
<b>Total manufacturing cost</b>		<u>2,363,751,198</u>	<u>3,329,954,710</u>
Work in process (Opening)		20,479,861	39,124,783
Work in process (Closing)		<u>(22,907,320)</u>	<u>(20,479,861)</u>
		<u>(2,427,459)</u>	<u>18,644,922</u>
Cost of goods manufactured		2,361,323,739	3,348,599,632
Finished goods (Opening)		233,366,710	272,150,962
Purchase of yarn		22,154,300	--
		255,521,010	272,150,962
Finished goods (Closing)		<u>(174,400,318)</u>	<u>(233,366,710)</u>
<b>Cost of sales</b>		<u>2,442,444,431</u>	<u>3,387,383,884</u>

## DEWAN TEXTILE MILLS LIMITED

**24.1** Salaries, wages and other benefits includes amount of Rs.24.740 million (2014: Rs.19.741 million) in respect of staff retirement benefits.

	Note	2015	2014
RUPEES			
<b>25 DISTRIBUTION COST AND SELLING EXPENSES</b>			
Salaries, allowances and others benefits	25.1	10,573,350	10,671,264
Commission on local sales		7,026,780	23,921,690
Commission on export sales		321,082	18,059,469
Freight and octroi		2,760,525	8,267,703
Export expenses		466,691	14,588,466
Ocean freight		144,220	8,115,924
Advertisement and publicity		--	24,480
Others		538,029	250,861
		<u>21,830,677</u>	<u>83,899,857</u>

**25.1** Salaries, allowances and others benefit includes amount of Rs.1.158 million (2014: Rs.1.142 million) in respect of staff retirement benefits.

<b>26 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries, allowances and others benefits	26.1	18,661,105	16,967,369
Communication		2,163,543	2,448,223
Vehicle expenses		3,772,740	5,914,685
Legal and professional		1,568,327	2,896,818
Auditors' remuneration	26.2	835,000	835,000
Printing and stationery		1,494,582	2,549,833
Fee and subscription		787,191	694,490
Entertainment		1,851,112	2,306,457
Traveling and conveyance		2,168,973	3,585,015
Rent rates and taxes		2,901,870	2,951,121
Repair and maintenance		735,878	264,565
Depreciation	13.2	1,637,869	1,571,609
Provision for doubtful debts	18	22,415,230	--
Others		--	22,687
		<u>60,993,420</u>	<u>43,007,872</u>

**26.1** Salaries, allowances and others benefit includes amount of Rs.1.808 million (2014: Rs.1.736 million) in respect of staff retirement benefits.

<b>26.2 Auditors' remuneration</b>			
Audit fee		550,000	550,000
Half yearly review		250,000	250,000
Out of pocket expenses		35,000	35,000
		<u>835,000</u>	<u>835,000</u>

<b>27 FINANCE COST</b>			
Mark up on long term financing		169,139,752	125,399,490
Mark up on short term borrowings		42,714,101	47,715,879
Interest on workers' profit participation fund		298,487	399,552
Bank charges		7,186,431	9,158,442
		<u>219,338,771</u>	<u>182,673,363</u>
Less : Capitalized		(1,743,531)	--
		<u>217,595,240</u>	<u>182,673,363</u>



**27.1** In addition to the non provisioning of markup eligible for waiver as disclosed in note 12.3, Company has not made the provision of markup for the year amounting to Rs.36.648 million (upto June 30, 2014: Rs.258.295 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The Management of the company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the year would have been higher by Rs. 36.648 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs.294.943 million. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

	Note	2015	2014
<b>28 OTHER CHARGES</b>		<b>RUPEES</b>	
Donations	28.1	3,605,000	3,797,500
		<u>3,605,000</u>	<u>3,797,500</u>

**28.1** Donation include a sum Rs.3.000 million (2014: Rs.3.000 million) paid to M/s Dewan Farooque Trust (Related party) where following directors / spouses hold following positions:

- Dewan M. Yousuf Farooqui - Chairman Board of Trustees
- Dewan Abdul Baqi Farooqui
- Haroon Iqbal - Trustee
- Aziz ul Haq - Trustee
- Mr. Ishtiaq Ahmad
- Mrs. Hina Yousuf (Spouse of Director) - Trustee

<b>29 OTHER (LOSS) / INCOME</b>			
Net exchange (loss) / gain		(283,368)	15,232,007
Gain on disposal of fixed assets		--	1,095,868
Amortization of interest free loan		157,286,149	--
		<u>157,002,781</u>	<u>16,327,875</u>

**30 TAXATION**

**30.1 Current**

The Income tax assessment of the Company deemed to have been finalized upto and including tax year 2014. In respect of tax year 2010 company has filed an appeal against order U/s 122 (1) against the demand created amounting to Rs.9.817 million, the decision of which is pending.

**Relationship between income tax expense and accounting profit**

Accounting loss as per profit and loss account	(433,535,782)	(270,067,966)
Applicable tax rate	33%	34%
Tax on accounting profit	(143,066,808)	(91,823,108)
Tax effect of accelerated tax depreciation	22,799,242	26,212,232
Tax effect of export sales subject to tax separately U/s 169	916,505	(12,414,519)
Tax effect on expenses / incomes that are not included while determining taxable income	(43,064,060)	1,453,770
Effect on loss carried forward	162,415,121	76,571,625
Tax payable under normal rules	--	--
Minimum tax payable under income tax ordinance 2001	<u>16,219,596</u>	<u>29,402,812</u>

## DEWAN TEXTILE MILLS LIMITED

	2015	2014
<b>31 LOSS PER SHARE - Basic and diluted</b>	<b>RUPEES</b>	
There is no dilutive effect on loss per share of the company which is based on:		
Loss after taxation	(425,411,521)	(274,911,312)
	<b>NUMBER OF SHARES</b>	
Weighted average number of shares	15,823,951	13,504,609
	<b>RUPEES</b>	
Loss per share - Basic and diluted	(26.88)	(20.36)

### 32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015				2014			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
Managerial remuneration	--	360,000	22,538,756	22,898,756	--	360,000	18,863,125	19,223,125
House rent allowance	--	145,000	10,142,440	10,287,440	--	145,000	8,488,406	8,633,406
Utilities	--	35,000	2,253,876	2,288,876	--	35,000	1,886,313	1,921,313
Conveyance	--	--	4,279	4,279	--	--	3,663	3,663
	--	540,000	34,939,351	35,479,351	--	540,000	29,241,507	29,781,507
Number of persons	--	1	14	15	--	1	12	13

In addition to above the certain executives of the company are provided with free use of vehicles.

### 33 TRANSACTIONS WITH RELATED PARTIES

Related parties includes associated group companies, directors, executives, key management personals and staff retirement funds. The remuneration paid to chief executive, directors, executive and key management personal in terms of their employment is disclosed in note 32 to the financial statements.

During the year aggregate transactions made by the company with the associated companies were purchases of Rs. 45.728 million (2014: Rs.20.505 million) , sales of Rs.127.329 million (2014: Rs.149.413 million), provident fund contribution of Rs.12.285 million (2014: Rs.11.017 million), shared expenses of Rs.40.846 million (2014: Rs.78.270 million), Donations of Rs. 3.000 million (2014: 3.000 million) and vehicle purchase in of Rs. Nil (2014: 1.549 million).

### 34 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Fund:

The following information is based on latest un-audited financial statements of the Fund:

Size of the fund - Total assets	45,462,871	31,670,323
Cost of investment	27,973,595	21,158,036
Percentage of investments made	66%	67%
Fair value of investments	30,099,790	21,605,422

#### 34.1 The break up of cost of investments is as follows

	2015	2014	2015	2014
	PERCENTAGE		RUPEES	
Term deposit receipt	55.41%	27%	15,500,000	8,400,000
Bank balances	44.59%	40%	12,473,595	12,758,036
	100.00%	100.00%	27,973,595	21,158,036



**34.2** The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2015	2014
	RUPEES	
<b>35 NUMBER OF EMPLOYEES</b>		
Number of employees at June 30		
Regular	1,386	1,393
Contractual	36	41
Average number of employees during the year		
Regular	1,346	1,377
Contractual	36	40

**36 PLANT CAPACITY AND PRODUCTION**

PARTICULARS	For year ended, June 30, 2015	For year ended, June 30, 2014
Actual production at actual average count (Kgs)	13,342,511	15,566,921
Actual production converted to 20 count (Kgs)	10,937,504	14,900,574
Attainable capacity converted to 20 count (Kgs)	19,510,682	19,510,682
Number of spindles installed	65,544	65,544
Number of spindles worked	37,917	53,558
Number of shifts worked during the year	667	831

**37 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

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

**37.1 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:



## DEWAN TEXTILE MILLS LIMITED

	2015	2014
	RUPEES	
Trade debts	981,558,208	1,231,646,377
Investments	215,877,760	215,877,760
Deposits	88,857,256	73,546,745
Advances and other receivables	22,627,106	29,226,191
Bank balances	33,127,980	14,736,101
	1,342,048,310	1,565,033,174

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 when there is doubt about the customer's credit worthiness the sales are made through letter of credit and dealing banks possess good credit ratings.

The aging of trade debts at the reporting dates was:

Not past due	302,319,928	394,126,841
Past due 0-30 days	191,403,851	221,696,348
Past due 30-150 days	454,461,450	597,348,493
Past due 150 days	33,372,979	18,474,696
	981,558,208	1,231,646,377

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts past due as over 25% of trade debts have been recovered subsequent to the balance sheet date and for rest of the trade debts management believes that the same will be recovered in short course of time. The credit quality of the company's receivable can be assessed with their past performance of no default. The investment is being carried at fair value using the quoted market price of investment, based on which the fair value is higher than the cost of investments. The credit quality of the company's banks can be assessed by their external credit ratings:

Name of Bank	Rating	Rating	
	Agency	Short term	Long term
Habib Bank Limited	JCR-VIS	A-1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Standard Chartered Bank	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
Bank Alfalah Limited	PACRA	A1+	AA
Bank Islami Pakistan Limited	PACRA	A1	A+

### 37.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. During the year, company faced liquidity problems due to adverse conditions of overall textile industry, hence it was unable to make scheduled repayments of restructured long term financing. The management has actively taken measure to rectify the default by approaching its lenders for further restructuring of the liabilities. The further restructuring is in advanced stage and expected to be finalized soon. The following are the contractual maturities of the financial liabilities (based on the assumption that default has not been committed), including estimated markups:



	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to Twelve Months	Two to eight Years
<b>2015</b>					
<b>Financial Liabilities</b>					
Long term financing	3,077,493,606	4,080,266,656	856,872,969	293,601,441	2,929,792,246
Trade and other payables	290,428,841	290,428,841	290,428,841	--	--
Markup accrued	209,841,804	209,841,804	209,841,804	--	--
Short term borrowings	734,271,040	765,278,878	765,278,878	--	--
	<u>4,312,035,291</u>	<u>5,345,816,179</u>	<u>2,122,422,492</u>	<u>293,601,441</u>	<u>2,929,792,246</u>
<b>RUPEES</b>					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to Twelve Months	Two to eight Years
<b>2014</b>					
<b>Financial Liabilities</b>					
Long term financing - Secured	3,273,548,939	4,139,115,275	315,539,073	308,100,509	3,515,475,693
Trade and other payables	411,244,595	411,244,595	411,244,595	--	--
Markup accrued	34,367,015	34,367,015	34,367,015	--	--
Short term borrowings	816,006,986	853,675,225	853,675,225	--	--
	<u>4,535,167,535</u>	<u>5,438,402,110</u>	<u>1,614,825,908</u>	<u>308,100,509</u>	<u>3,515,475,693</u>
<b>RUPEES</b>					

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effect as at June 30.

### 37.3 Market risk

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

#### 37.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The financial instruments of the company exposed mainly includes foreign receivables, however as of reporting date there were no outstanding liabilities in foreign currencies.

#### 37.3.2 Interest rate risk

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

	2015	2014
Fixed rate instruments at carrying amounts:		
Financial liabilities		
Long term financing	<u>3,077,493,606</u>	<u>3,273,548,939</u>
Variable rate instruments at carrying amounts:		
Financial liabilities		
Short term borrowings	<u>734,271,040</u>	<u>816,006,986</u>

## DEWAN TEXTILE MILLS LIMITED

### **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 flow sensitivity analysis for variable rate instruments:**

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

	2015	2014
	<b>RUPEES</b>	
Effect on loss due to change of 100 BPs Increase / decrease	<u>5,022,601</u>	<u>4,954,883</u>

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

### **37.4 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

### **37.5 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.

### **38 CORRESPONDING FIGURES**

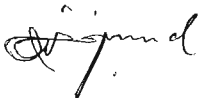
The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, However there has been no Significant reclassifications.

### **39 DATE OF AUTHORIZATION TO ISSUE**

These financial statements were authorized for issue on 30-Sep-2015 by the Board of Directors of the Company.

### **40 GENERAL**

These financial statements are presented in rupees and figures have been rounded off to the nearest rupee.



**Ishtiaq Ahmed**  
Chief Executive Officer



**Haroon Iqbal**  
Director

## PATTERN OF SHAREHOLDING THE CODE OF CORPORATE GOVERNANCE AS ON 30TH JUNE 2015

*Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance  
as at June 30, 2015*

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	1,306,887	2.84%
2.	NIT and ICP	-	-	0.00%
3.	Directors, CEO, their Spouses & Minor Children	9	38,484,597	83.54%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	4	2,438	0.01%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	-	-	0.00%
7.	Individuals	308	6,270,687	13.61%
<b>TOTAL</b>		<b>322</b>	<b>46,064,609</b>	<b>100.00%</b>

DETAILS OF CATEGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
<b>1. Associated Companies</b>				
1.1	Dewan Motors (Pvt.) Limited	1	1,306,887	2.84%
<b>2. NIT and ICP</b>				
		-	-	0.00%
<b>3. Directors, CEO, their Spouses &amp; Minor Children</b>				
<b>Directors and CEO</b>				
3.1	Dewan Muhammad Yousuf Farooqui	1	31,040,518	67.38%
3.2	Dewan Abdul Baqi Farooqui	1	834,380	1.81%
3.3	Dewan Abdul Rehman Farooqui	1	6,299,053	13.67%
3.4	Mr. Aziz ul Haque	1	1,000	13.67%
3.5	Mr. Haroon Iqbal	1	500	0.00%
3.6	Mr. Gazanfar Babar Siddiqi	1	500	0.00%
3.7	Mr. Ishtiaq Ahmed	1	500	0.00%
		<b>7</b>	<b>38,176,451</b>	<b>96.55%</b>
<b>Spouses of Directors and CEO</b>				
3.8	Mrs. Heena Yousuf	1	259,040	0.56%
3.9	Mrs. Samina Rehman	1	49,106	0.11%
		<b>2</b>	<b>308,146</b>	<b>0.67%</b>
<b>Minor Children of Directors and CEO</b>				

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	1	31,040,518	67.38%
2	Dewan Abdul Rehman Farooqui	1	6,299,053	13.67%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN				
---	--	--	--	--

Name	Date of Conversion of Loan	No. of Shares
Dewan Muhammad Yousuf Farooqui (Conversion of loan)	4-Jun-15	27,930,000
Dewan Abdul Rehman Farooqui (Conversion of loan)	4-Jun-15	4,630,000

# DEWAN TEXTILE MILLS LIMITED

**FORM 34**

## THE COMPANIES ORDINANCE, 1984

(Section 236(1) and 464)

### PATTERN OF SHAREHOLDING

1. Incorporation Number 0003113
2. Name of the Company DEWAN TEXTILE MILLS LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 6 2 0 1 5

4.	Number of Shareholders	Shareholdings			Total Shares held
	136	1	-	100 Shares	2,226
	48	101	-	500 Shares	16,545
	35	501	-	1,000 Shares	30,951
	59	1,001	-	5,000 Shares	148,863
	11	5,001	-	10,000 Shares	81,252
	7	10,001	-	15,000 Shares	82,186
	2	15,001	-	25,000 Shares	45,006
	2	25,001	-	35,000 Shares	59,816
	2	35,001	-	50,000 Shares	90,106
	3	50,001	-	65,000 Shares	174,503
	1	65,001	-	75,000 Shares	67,621
	1	75,001	-	85,000 Shares	78,503
	1	85,001	-	100,000 Shares	100,000
	1	100,001	-	200,000 Shares	113,500
	2	200,001	-	300,000 Shares	518,080
	2	300,001	-	405,000 Shares	802,293
	1	405,001	-	525,000 Shares	522,347
	2	525,001	-	835,000 Shares	1,668,845
	1	835,001	-	850,000 Shares	845,334
	1	850,001	-	965,000 Shares	960,174
	1	965,001	-	1,010,000 Shares	1,010,000
	1	1,010,001	-	1,500,000 Shares	1,306,887
	1	1,500,001	-	6,300,000 Shares	6,299,053
	1	6,300,001	-	31,500,000 Shares	31,040,518
	<b>322</b>	<b>TOTAL</b>			<b>46,064,609</b>

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	38,484,597	83.54%
5.2	Associated Companies, undertakings and related parties	1,306,887	2.84%
5.3	NIT and ICP	-	0.00%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	-	0.00%
5.5	Insurance Companies	-	0.00%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 5%	37,339,571	81.06%
5.8	<u>General Public</u>		0.00%
	a. Local	6,270,669	13.61%
	b. Foreign	18	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	2,438	0.01%

**DEWAN TEXTILE MILLS LIMITED**  
**46th ANNUAL GENERAL MEETING**

**FORM OF PROXY**

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

I/we \_\_\_\_\_  
of \_\_\_\_\_ being a member (s) of  
**DEWAN TEXTILE MILLS LIMITED** and holder of \_\_\_\_\_  
Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. \_\_\_\_\_  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_  
who is also member of **DEWAN TEXTILE MILLS LIMITED** vide Registered Folio  
No./CDC Participant's ID and Account No. \_\_\_\_\_ as my/our proxy to vote for me/us and  
on my/our behalf at the 46th Annual General Meeting of the Company to be held on **Thursday, October 29, 2015, at 12:00 noon** And any adjournment thereof.  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Affix  
Revenue  
Stamp  
Rs. 5/-

Signature \_\_\_\_\_

Witness: \_\_\_\_\_  
**SIGNATURE**

Witness: \_\_\_\_\_  
**SIGNATURE**

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

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

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

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

\_\_\_\_\_

\_\_\_\_\_