

DEWAN SALMAN FIBRE LIMITED

Annual  
Report  
➤ 2015





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## COMPANY INFORMATION

### COMPANY INFORMATION

BOARD OF DIRECTORS	:	DEWAN MUHAMMAD YOUSUF FAROOQUI CEO & CHAIRMAN BOARD OF DIRECTORS
EXECUTIVE DIRECTOR	:	
NON-EXECUTIVE DIRECTORS	:	DEWAN ABDUL REHMAN FAROOQUI MR. HAROON IQBAL MR. GHAZANFAR BABER SIDDIQI SYED MUHAMMAD ANWAR MR. ISHTIAQ AHMED
INDEPENDENT DIRECTOR	:	MR. AZIZ-UL-HAQUE
AUDIT COMMITTEE	:	MR. AZIZ-UL-HAQUE-CHAIRMAN MR. HAROON IQBAL-MEMBER DEWAN ABDUL REHMAN FAROOQUI-MEMBER
HUMAN RESOURCE & REMUNERATION COMMITTEE	:	MR. HAROON IQBAL-CHAIRMAN DEWAN MUHAMMAD YOUSUF FAROOQUI-MEMBER DEWAN ABDUL REHMAN FAROOQUI-MEMBER
CHIEF FINANCIAL OFFICER	:	ZAFAR ASIM
COMPANY SECRETARY	:	MUHAMMAD HANIF GERMAN
AUDITORS	:	FARUQALI & CO. CHARTERED ACCOUNTANTS
	:	FEROQZE SHARIF TARIQ & CO. CHARTERED ACCOUNTANTS
LEGAL ADVISORS	:	KHALID ANWER & COMPANY ADVOCATES
TAX ADVISORS	:	SHARIF & COMPANY ADVOCATES
FACTORY OFFICE	:	PLOT NO 1, DEWAN FAROOQUE INDUSTRIAL PARK, HATTAR, DISTRICT HARIPUR, (KPK)
HEAD OFFICE	:	FINANCE & TRADE CENTRE, BLOCK-A, 8 <sup>TH</sup> FLOOR, SHAHRAH-E-FAISAL, KARACHI.
REGISTERED OFFICE	:	DEWAN CENTRE, 58 MAIN MARGALLA ROAD, F-7/2 ISLAMABAD
SHARE REGISTRAR / TRANSFER AGENTS	:	BMF CONSULTANTS PAKISTAN (PRIVATE) LIMITED ANUM ESTATE BUILDING, ROOM NO. 310 & 311, 3 <sup>RD</sup> FLOOR, 49, DARULAMAN SOCIETY, MAIN SHAHRAH-E-FAISAL, ADJACENT TO BALOCH COLONY BRIDGE, KARACHI, PAKISTAN.
BANKERS	:	AL-BARAKA ISLAMIC INVESTMENT BANK LIMITED ALLIED BANK LIMITED ASKARI BANK LIMITED BANK ALFALAH LIMITED BANK OF KHYBER LIMITED BANK OF PUNJAB LIMITED FAYSAL BANK LIMITED HABIB BANK LIMITED HABIB METROPOLITAN BANK LIMITED HONG KONG & SHANGHAI BANKING CORPORATION KASB BANK LIMITED MEEZAN BANK LIMITED SUMMIT BANK LIMITED MCB BANK LIMITED NATIONAL BANK OF PAKISTAN LIMITED NIB BANK LIMITED STANDARD CHARTERED BANK LIMITED (PAKISTAN) SILK BANK LIMITED SONERI BANK LIMITED UNITED BANK LIMITED



## **THE MISSION STATEMENT**

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

## NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting of **Dewan Salman Fibre Limited** (“**DSFL**” or “**the Company**”) will be held on **Friday, October 30, 2015, at 12:00 noon**, at Dewan Centre, House No. 58, Margallah Road, F-7/2, Islamabad, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Friday, October 31, 2014;
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

Dated: October 01, 2015  
Place : Karachi.

### NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 23, 2015 to October 30, 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)

Your directors present to you the Twenty Fifth Report of the company together with the Audited Accounts for the year ending June 30, 2015.

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

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

### OPERATING AND FINANCIAL RESULTS

During the year under review, your company recorded turnover of Rs. Nil (2014: Nil.) There is gross loss amounting to Rs. 632.724 million. (2013: Rs. 693.218 million)

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

### INDUSTRY OVERVIEW

The period under review remained sluggish in terms of the PSF growth as the local producers kept struggling in running their full capacities due to continued recession in the downstream industry. However, the imported PSF share did not affect too much due to cheaper rates offered by their foreign suppliers which compelled the local producers to match out the essential parity. Although the local PSF makers are making efforts to once again impose the anti-dumping duty on the Chinese PSF.

The local blended yarn and fabric industry sustained losses amid current recession and some of them forced to shut down their operations due to excessive bleeding

resultantly affecting the PSF consumption as well. The exports of the blended items during the period under review remained at the low ebb due to global slowdown.

### AUDITORS' OBSERVATION

Auditors of the company have qualified their report on certain instances, the para wise comments are given as under:

- a) In Para (a) of their report they did not agree with the going concern assumption used in preparation of financial statements accordingly they have given their adverse opinion on the financial statements. The management is in process of negotiation with banks and is confident that the outcome will be positive. The justifications regarding preparation of financial statements on going concern assumption are more fully explained in note 2 to the financial statement.
- b) The company has not made provision of mark-up amounting to Rs. 1.843 billion (up to June 30, 2014 Rs. 12.514 billion) on its mark-up bearing liabilities.

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

- c) Para (c) of the report relates to valuation and classification of investment in Dewan Petroleum (Pvt.) Ltd. using the equity method as required under International Accounting Standard 28 'Investment in associates' which the company has classified as held for sale. The auditors are of the view that since the shareholders' approval sought by the company in extra ordinary general meeting held on June 23, 2008 stands expired during the year





therefore the investment should be valued using equity method. Investment has been classified as held for sale upon management's intention to sell the same within next accounting cycle in the manner to be deemed appropriate, equitable, fit and beneficial to the interests of the company, although the shareholders' approval has been expired but the management will seek further shareholder's approval before disposal of the same.

- d) Para (d) of the report relates to Trade debts amounting to Rs.2.083 billion are stagnant, not being recovered, against which a provision of Rs.499.163 million has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had provision been made, loss for the period would have been further higher by 1.583 billion.
- e) Para (e) of the report relate to IAS-16 "Property, Plant and Equipment", which required conducting revaluation of certain class of operating fixed assets of the company. In the current circumstances when the company is not operational since past 6 years management decided not to conduct revaluation of certain classes of fixed assets in the current year. However the company will conduct revaluation of operational fixed assets next year.

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

**DIVIDEND**

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

**CODE OF CORPORATE GOVERNANCE**

The directors of your company are aware of their responsibilities under the Code of Corporate Governance, incorporated in the Listing Regulations of Stock Exchanges in the country under instructions from

Security & Exchange Commission of Pakistan. We are taking all necessary steps to ensure Good Corporate Government in your company as required by the code .None of the Directors, CEO, CFO, Company Secretary, their spouses and minor children have traded in the shares of the Company.

**BOARD MEETING**

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

<b>Name of Directors</b>	<b>No. of meetings Attended</b>
Dewan Muhammad Yousuf Farooqui	3
Dewan Abdul Baqi Farooqui	2
Dewan Abdul Rehman Farooqui	4
Mr. Haroon Iqbal	4
Mr. Aziz-ul-Haque	4
Mr.Ishtiaq Ahmed	3
Syed Muhammad Anwar	4

**AUDIT COMMITTEE MEETING**

During the year four meetings of the audit committee were held. Members' attendance in these meetings is as under:

<b>Name of Directors</b>	<b>No. of meetings Attended</b>
Mr. Aziz-ul-Haque	3
Mr. Haroon Iqbal	4
Dewan Abdul Rehman Farooqui	3

**HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETING**

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

<b>Name of Directors</b>	<b>No. of meetings Attended</b>
Dewan Muhammad Yousuf Farooqui	1
Dewan Abdul Rehman Farooqui	1
Mr. Haroon Iqbal	1

**PATTERN OF SHARE HOLDING**

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

**VOTE OF THANKS**

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

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

**AUDITORS**

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

**CONCLUSION**

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

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

*By and under Authority of the Board of Directors*



**Dewan Abdul Rehman Farooqui**  
Director



**Haroon Iqbal**  
Director

Dated: September 29, 2015  
Place : Karachi.

## FINANCIAL HIGHLIGHTS

	Rupees in million					
	2010	2011	2012	2013	2014	2015
Turnover	137	137	184	-	-	-
Less: Govt. Levy & Commission	-	-	-	-	-	-
Sales (Net)	137	137	184	-	-	(632)
Gross Profit / (loss)	(1,272)	(1,003)	(901)	(779)	(693)	(1,042)
Profit (loss) before Tax	(1,647)	(1,395)	(1,631)	(1,257)	(1,130)	(939)
Profit (loss) after Tax	(1,530)	(1,269)	(1,518)	(1,151)	(1,006)	9,222
Gross Assets Employed	15,343	13,984	12,478	11,341	10,208	-9.42%
Return on Equity	(35.49%)	(22.66%)	(21.26%)	(13.91%)	(11.15%)	2,792
Current assets	5,173	4,743	4,059	3,641	3,175	
Shareholders Equity	(4,311)	(5,600)	(7,141)	(8,026)	(9,023)	(9,968)
Long Term Debts & Deferred Liabilities	1,951	1,667	1,626	1,283	1,111	1,015
Current Liabilities	17,703	17,918	17,993	18,084	18,120	18,175
Gross Profit Ratio	(928.47%)	(732.12%)	(489.67%)	-	-	
Net Profit Ratio	(1116.79%)	(926.28%)	(825.00%)	-	-	
Debt/Equity Ratio	0.45	(0.30)	(0.23)	(0.16)	(0.12)	(0.10)
Current Ratio	0.29	0.26	0.23	0.20	0.18	0.15
Earning per Share Divided (Percentage)	(4.18)	(3.46)	(4.14)	(3.14)	(2.75)	(2.56)
-Cash	-	-	-	-	-	-
-Stock	-	-	-	-	-	-
Production Volume(Tons)	-	-	-	-	-	-

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2014

The statement is being presented to comply with the Code of Corporate Governance (“CCG”) contained in Regulation No 35 of listing regulation of Karachi, Lahore and Islamabad 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. The two Directors has confirmed that he is not serving as directors in more than seven listed companies including the Company, however five directors are serving as directors in more than seven listed Yousuf Dewan 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurring 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, three directors are exempted from the requirement of directors' training program and rest of the 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 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 three members, one member is independent director who is also chairman of the committee and two 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.
16. The board has formed an HR and Remuneration Committee. It comprises of three members of whom two are non-executive directors and the chairman of the committee is a non-executive director.
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 are 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).

**Dewan Abdul Rehman Farooqui**  
Director

**Haroon Iqbal**  
Director

Dated: September 29, 2015  
Place : Karachi.

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

**CHARTERED ACCOUNTANTS**

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

***FARUQ ALI & CO.***

**CHARTERED ACCOUNTANTS**

222-A, Karachi Memon Cooperative  
Housing Society, Justice Inamullah Road,  
Near Hill Park, Karachi-74800.  
Email: faac@cyber.net.pk

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE  
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**



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***Chartered Accountants  
(Muhammad Ghalib)***



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***Chartered Accountants  
(Muhammad Faisal Nini)***

Karachi: September 29, 2015



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

**CHARTERED ACCOUNTANTS**

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

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

**CHARTERED ACCOUNTANTS**

222-A, Karachi Memon Cooperative  
Housing Society, Justice Inamullah Road,  
Near Hill Park, Karachi-74800.  
Email: faac@cyber.net.pk

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **DEWAN SALMAN FIBRE 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 of the company for the year ended June 30, 2015 reflect loss after taxation of Rs.0.939 billion and as of that date it has accumulated losses of Rs.15.903 billion which resulted in net capital deficiency of Rs. 11.888 billion and its current liabilities exceeded its current assets by Rs.15.383 billion and total assets by Rs.8.953 billion. The operations of the company are closed since December 2008 due to working capital constraints. Furthermore, the company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have expired and not been renewed by banks. Following course, certain lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions lead us to believe that the going concern assumption used in preparation of these financial statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) The company has not made provision of markup for the year amounting to Rs. 1.843 billion (up to June 30, 2014: Rs.12.514 billion) (refer note 28.1) on account of restructuring proposal offered to the lenders as described in note 2 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the loss after taxation for the year would have been higher by Rs.1.843 billion and markup payable would have been higher and shareholders' equity would have been lower by Rs.14.357 billion.

- c) Investment in associate Dewan Petroleum (Private) Limited is disclosed as non-current assets held for sale (refer note 23 to the financial statements) although the resolution for the permission to sale the same has been expired during prior financial year. This investment is to be shown / valued at equity method as prescribed in International Accounting Standard 28 'Investment in associates'. We are unable to quantify the effect of the same as latest audited accounts of Dewan Petroleum (Private) Limited were not made available.
- d) Trade debts amounting to Rs.2.083 billion are stagnant, not being recovered, against which a provision of Rs.499.163 million has been made so far. Since these trade debts are doubtful of recovery therefore the provision should be made there against. Had the provision been made, loss for the year would have been further higher by Rs.1.583 billion.
- e) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- f) The revaluation of certain classes of operating fixed assets of the company was carried out during the year ended June 30, 2010. As per requirements of International Accounting Standard 16 'Property, Plant and Equipment', revaluation is required to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date, whereas no revaluation has been conducted since then. The carrying amounts of said classes of operating fixed assets may not reflect their fair values as at balance sheet date. In the absence of further revaluation, we are unable to quantify the effect that such a revaluation would have on the said assets.
- g) in our opinion:
- i) except for the effects of matters referred in paragraphs (a) to (f) above; the balance sheet and profit and loss account together with the notes thereon have not 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;
- h) 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 para (a), further coupled with the effects of matter discussed in Para (b) to (f) 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
- i) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

*Muhammad Ghalib*

**Chartered Accountants  
(Muhammad Ghalib)**

*Muhammad Faisal Nini*

**Chartered Accountants  
(Muhammad Faisal Nini)**

Karachi: September 26, 2015



## BALANCE SHEET

### AS AT JUNE 30, 2015

	Notes	2015 (Rupees in '000)	2014
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
630,000,000 (2014: 630,000,000) Ordinary shares of Rs. 10/- each		6,300,000	6,300,000
90,000,000 (2014: 90,000,000) Preference shares of Rs. 10/- each		900,000	900,000
		<u>7,200,000</u>	<u>7,200,000</u>
Issued, subscribed and paid-up capital	4	3,663,211	3,663,211
Reserves	5	<u>(15,551,315)</u>	<u>(14,764,048)</u>
		(11,888,104)	(11,100,837)
Surplus on revaluation of property, plant and equipment	6	1,920,153	2,078,225
<b>NON CURRENT LIABILITIES</b>			
Long term loans	7	146,383	131,675
Deferred liabilities	8	868,692	979,319
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	7,602,995	7,609,671
Short term borrowings	10	7,153,055	7,153,055
Overdue portion of long term loans	7	3,203,724	3,141,774
Overdue portion of lease liabilities	11	54,145	54,145
Provision for taxation		160,864	160,864
		18,174,783	18,119,509
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	--	--
		<u>9,221,907</u>	<u>10,207,891</u>

## DEWAN SALMAN FIBRE LIMITED

	Notes	2015 (Rupees in '000)	2014
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	13	6,060,875	6,652,229
Long term investments	14	146,203	153,163
Long term prepayments	15	--	4,261
<b>CURRENT ASSETS</b>			
Stores and spares	16	922,101	970,633
Stock in trade	17	--	11,523
Trade debts	18	1,583,419	1,910,879
Advances - Considered good	19	39,186	37,544
Short term deposits	20	160,553	160,553
Other receivables - Considered good	21	77,568	76,882
Cash and bank balances	22	9,002	7,224
		2,791,829	3,175,238
Non current assets held for sale	23	223,000	223,000
		<b>9,221,907</b>	<b>10,207,891</b>

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



**Dewan Abdul Rehman Farooqui**  
Director



**Haroon Iqbal**  
Director



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

	Notes	2015 (Rupees in '000)	2014
Sales	24	--	--
Cost of sales	25	(632,724)	(693,218)
Gross loss		(632,724)	(693,218)
Operating expenses			
Distribution cost	26	(1,380)	(4,161)
Administrative expenses	27	(37,520)	(35,934)
		(38,900)	(40,095)
Operating loss		(671,624)	(733,313)
Finance cost	28	(76,501)	(11,586)
Provision for doubtful debts / advances / receivables		(251,889)	(185,463)
Provision for obsolescence and slow moving stocks and stores		(60,055)	(216,306)
Other income	29	17,716	17,137
		(370,729)	(396,218)
Loss before taxation		(1,042,353)	(1,129,531)
Taxation	30	103,542	123,047
<b>Loss after taxation</b>		<b>(938,811)</b>	<b>(1,006,484)</b>
Loss per share - Basic (Rupees)	31.1	(2.56)	(2.75)
Loss per share - Diluted (Rupees)	31.2	(2.43)	(2.61)

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

**Dewan Abdul Rehman Farooqui**  
Director

**Haroon Iqbal**  
Director

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

	2015	2014
	(Rupees in '000)	
Net loss after taxation	(938,811)	(1,006,484)
<b>Other comprehensive loss</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in fair value of available-for-sale financial assets	--	(5,406)
Gain realized on sale of investments now reclassified to profit or loss	(10,778)	--
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	235,929	262,143
Related deferred tax	(77,857)	(89,129)
	158,072	173,014
Remeasurement of defined benefit liability	6,343	22,659
Deferred tax on remeasurement of defined benefit liability	(2,093)	(7,704)
	4,250	
Total comprehensive loss for the year	(787,267)	(823,921)

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



**Dewan Abdul Rehman Farooqui**  
Director



**Haroon Iqbal**  
Director

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

Notes	2015 (Rupees in '000)	2014
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(1,042,353)	(1,129,531)
Adjustments for non cash and other items:		
Depreciation	590,714	657,021
Amortization of loans	--	(11,438)
Unwinding of discount	14,708	12,620
Amortization of prepayments	4,261	4,259
Dividend income	(746)	(750)
Gain on sale of fixed assets	(1,434)	(438)
Gain on sale of investments	(11,503)	--
Reversal of impairment	(4,033)	--
Provision for gratuity	3,008	(1,694)
Provision for doubtful debts / advances / receivables	251,889	185,463
Provision for obsolescence and slow moving stocks and stores	60,055	216,306
Finance cost	61,969	(1,034)
Cash outflow before working capital changes	(73,465)	(69,216)
<b>Movement in Working Capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	--	--
Stock-in-trade	--	--
Trade debts	75,571	62,557
Advances	(1,642)	(455)
Short term deposits	--	1,305
Other receivables	(362)	(238)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(10,856)	3,105
Cash (used in) / generated from operations	(10,754)	66,274 (2,942)

# DEWAN SALMAN FIBRE LIMITED

	Notes	2015 (Rupees in '000)	2014
<b>Payments for:</b>			
Staff gratuity		(1,663)	(1,570)
Finance cost		(19)	(13)
Taxation		(324)	(251)
		(2,006)	(1,834)
Net cash (outflow) from operating activities		(12,760)	(4,776)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale proceeds of fixed assets		2,074	1,138
Sale proceeds of long term investment		11,718	--
Dividend income received		746	750
Net cash inflow / (outflow) from investing activities		14,538	1,888
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term loans - Net		--	17,511
Liabilities against assets subject to finance lease - Net		--	(15,579)
Net cash inflow from financing activities		--	1,932
<b>Net (decrease) in cash and cash equivalents</b>		1,778	(956)
<b>Cash and cash equivalents as at 1st July</b>		(2,965,671)	(2,964,715)
<b>Cash and cash equivalents as at 30th June</b>	32	(2,963,893)	(2,965,671)

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



**Dewan Abdul Rehman Farooqui**  
Director



**Haroon Iqbal**  
Director



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

	Issued, subscribed and paid-up capital	General Reserve	Unrealized gain due to changes in fair value of investments	Accumulated Loss	Total
	(Rupees in '000)				
Balance as on July 01, 2013 - Restated	3,663,211	350,000	17,396	(14,307,523)	(10,276,916)
<b>Total comprehensive loss for the year</b>					
Loss for the year	--	--	--	(1,006,484)	(1,006,484)
Net change in fair value of available-for-sale financial assets	--	--	(5,406)	--	(5,406)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	173,014	173,014
Remeasurement of defined benefit liability - Net of tax	--	--	--	14,955	14,955
	--	--	(5,406)	(818,515)	(823,921)
Balance as at June 30, 2014	<b>3,663,211</b>	<b>350,000</b>	<b>11,990</b>	<b>(15,126,038)</b>	<b>(11,100,837)</b>
<b>Total comprehensive loss for the year</b>					
Loss for the year	--	--	--	(938,811)	(938,811)
Gain realized on sale of investments now reclassified to profit or loss	--	--	(10,778)	--	(10,778)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	158,072	158,072
Remeasurement of defined benefit liability - Net of tax	--	--	--	4,250	4,250
	--	--	(10,778)	(776,489)	(787,267)
Balance as at June 30, 2015	<b>3,663,211</b>	<b>350,000</b>	<b>1,212</b>	<b>(15,902,527)</b>	<b>(11,888,104)</b>

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

**Dewan Abdul Rehman Farooqui**  
Director

**Haroon Iqbal**  
Director

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

### 1 THE COMPANY AND ITS OPERATION

The Company was incorporated in Pakistan on October 04, 1989 and its shares are listed on Karachi, Lahore and Islamabad Stock Exchanges. It is engaged in manufacture and sale of polyester, acrylic fibre and tow products. The registered office of the Company is situated at Dewan Centre, House No. 58, Margalla Road, F-7/2, Islamabad, Pakistan.

### 2 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2015 reflect loss after taxation of Rs.0.939 billion (2014: Rs.1.006 billion) and as of that date it has accumulated losses of Rs.15.903 billion (2014: Rs.15.126 billion) which have resulted in net capital deficiency of Rs.11.888 billion (2014: Rs.11.101 billion) and its current liabilities exceeded its current assets by Rs.15.383 billion (2014: Rs.14.944 billion) and total assets by Rs.8.953 billion (2014: Rs.7.912 billion). The operations of the company are closed since December 2008 due to working capital constraints. Further, the Company has been unable to ensure timely repayments of debts owing to financial institutions due to liquidity problems and short term finance facilities have not been renewed by banks. Following course most of the lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions i

These financial statements have been prepared on going concern assumption because the above conditions are temporary and would reverse. The management is confident that the outcome will be positive as the company is negotiating re-profiling of the debt with all the lenders and is expected to be closed in near future. Accordingly the company has approached its lenders for the restructuring of its entire debt in the following manner:

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

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

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

#### 3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except revalued assets which are stated at revalued amounts and certain investments which are carried at revalued amounts.

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) Staff retirement benefits
- ii) Income taxes
- iii) Revaluation of property, plant and equipment
- iv) Estimation of residual values and useful lives of property, plant and equipment.





### 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 28.1 to the financial statements, for which the management concludes that provisioning of markup (note 28.1) 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.

### 3.3 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. The adoption of this standard is not likely to have an impact on Company's financial statements
- 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 a
- 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.



### 3.4 Employee benefits

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

### 3.5 Taxation

#### *Current*

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

#### *Deferred*

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

### 3.6 Trade and other payables

Short term liabilities for trade and other payables are carried at cost which is the fair value of consideration to be paid for goods and services.

### 3.7 Property, plant and equipment and depreciation

#### *Owned:*

Operating assets except freehold and leasehold land are stated at cost or revalued / adjusted amounts less accumulated depreciation. Freehold and leasehold land are stated at cost and capital work-in-progress is stated at cost. Cost of certain property, plant and equipment and capital work in progress comprises of historical cost and the cost of borrowings during construction period in respect of loans taken for specific projects.

Depreciation on additions is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis.

An amount equal to the incremental depreciation charged on revalued property, plant and equipment is transferred from surplus on revaluation of property, plant and equipment to retained earnings.

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

Gains and Losses on disposal of Assets are taken to Profit and Loss Account.

#### *Leased:*

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

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

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

Gains and Losses on disposal of Assets are taken to Profit and Loss Account.

### 3.8 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.

### 3.9 Investments

#### *Available for sale:*

Investments classified as available for sale 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 as it is not possible to apply any other valuation methodology. In case the investments in foreign currencies, fair values dominated in foreign currencies are reported using the exchange rates that existed when the values were determined. Gains and losses on remeasurement to fair value are recognized directly in equity through the statement of comprehensive income.

The company determines the appropriate classification of its investment at the time of purchase as follow:

#### *Long term investments*

The investment in associated company is stated at cost. Impairment loss is recognized wherever the carrying amount of investment exceeds its recoverable amount. An impairment loss is recognised in income currently. The equity method of accounting has not been followed as the effect of applying this method is immaterial.

#### *Investments- Held to maturity*

These are investments with fixed or determinable payments and fixed maturity with the company having positive intent and ability to hold till maturity. There are stated at amortised cost

#### *Investments - at fair value through profit and loss*

Investments held for trading are classified at fair value through profit and loss account. These are measured at fair value which is re-assessed at each reporting date. In case of investments in open ended mutual funds, fair value is determined on the basis of period end Net Asset Value (NAV) as announced by the Asset Management Company. Changes in fair value are recognized in profit and loss account.

### 3.10 Stores and spares

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

### 3.11 Stock in trade

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

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

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



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

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

**3.12 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 debt is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

**3.13 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 are translated into Rupees at exchange rates approximating those prevailing at the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in which case the rates contracted for are used.

All other exchange differences are taken to profit and loss account.

**3.14 Transactions with related parties**

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

**3.15 Revenue recognition**

- Sales are recorded on dispatch of goods to customers.
- Profit/mark-up on deposits and investments are accounted for when it becomes receivable.

**3.16 Provisions**

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.

**3.17 Cash and cash equivalent**

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances, net of short term running finances.

**3.18 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. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

Financial instruments carried on the balance sheet include investments, receivables, cash and bank balances, creditors, borrowings and other payables. The particular recognition method adopted are disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

**3.19 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.

**3.20 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.

		2015	2014
		(Rupees in '000)	
<b>4</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
		<b>2015</b>	<b>2014</b>
		65,000,000	65,000,000
	Ordinary shares of Rs. 10/- each fully paid in cash	650,000	650,000
		267,849,938	267,849,938
	Ordinary shares of Rs. 10/- each issued as bonus shares	2,678,499	2,678,499
		1,215,345	1,215,345
	Ordinary shares of Rs. 10/- each issued against conversion of convertible bonds	12,154	12,154
		32,255,800	32,255,800
	Ordinary shares of Rs. 10/- each issued in exchange for 96,767,400 shares of Rs.10/- each of Dhan Fibres Limited	322,558	322,558
		<u>366,321,083</u>	<u>366,321,083</u>
		<u>3,663,211</u>	<u>3,663,211</u>

4.1 156,433,140 (2014: 156,433,140) shares were held by associated companies.

**5 RESERVES**

**Revenue reserves:**

General reserves	350,000	350,000
Unrealized gain due to changes in fair value of investments	1,212	11,990
Accumulated loss	(15,902,527)	(15,126,038)
	<u>(15,551,315)</u>	<u>(14,764,048)</u>

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

Opening balance	2,078,225	2,251,240
Less : Transferred to accumulated loss in respect of incremental depreciation for the year - Net of tax	(158,072)	(173,015)
Balance as on 30 June	<u>1,920,153</u>	<u>2,078,225</u>

The following fixed assets of the Company were revalued on June 25, 2010. The revaluation was carried out by independent valuer M/s. Asif Associates (Private) Limited (Muqadams, Evaluators & Custom Agents). Bases of revaluation are as follows:

**Land**

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

**Building**

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

**Plant and Machinery**

Revalued amount of plant and machinery has been determined by reference to present depreciated replacement values after taking into consideration the existence, level of maintenance and assessment of value of the machinery on the basis of its present conditions. Since the plant is not operational therefore assessment is carefully made to establish if the machinery can be put into operation after routine maintenance. Assessed value is determined through a computation of the remaining useful life of the assets with the present market value.

The revaluation has resulted in increase in surplus and corresponding carrying amounts of property, plant and equipment by Rs.732.864 million. The closing balance of surplus on revaluation of property, plant and equipment is not available for distribution to shareholders.

Particulars	W.D.V. of assets before revaluation	Revalued amount	Revaluation Surplus
(Rupees in '000)			
<b>PSF Units</b>			
Leasehold land	368,000	524,800	156,800
Factory building	657,909	910,515	252,606
Non-factory building	323,030	421,085	98,055
Plant and machinery	5,385,208	5,393,000	7,792
<b>Acrylic Unit</b>			
Factory building	237,237	350,600	113,363
Non-factory building	2,484	3,100	616
Plant and machinery	1,581,368	1,685,000	103,632
	<u>8,555,236</u>	<u>9,288,100</u>	<u>732,864</u>

		2015	2014
		(Rupees in '000)	
<b>7 LONG TERM LOANS</b>			
From Bank and Financial Institutions - Secured	7.1	3,203,724	3,141,774
Less: Overdue portion - Shown under current liabilities		<u>(3,203,724)</u>	<u>(3,141,774)</u>
		--	--
From related parties - Director - Unsecured, interest free			
Original loan amount	7.2	379,645	379,645
Less: Present value adjustment		(271,809)	(271,809)
Add: Interest charged to profit and loss account		38,547	23,839
		<u>146,383</u>	<u>131,675</u>
		<u>146,383</u>	<u>131,675</u>

7.1 From Bank and Financial Institutions - Secured

Financier	Installments payable	Repayment period	Mark-up rate	Note	2015 (Rupees in '000)	2014
<b>From Bank and Financial Institutions - Secured</b>						
Syndicate of banks	Half Yearly	2003-2008	3.75% over 6 months T-bill rate	7.1.1	58,333	58,333
International Finance Corporation (IFC) FCY-LOAN	Half Yearly	2005-2011	6.9% p.a.	7.1.2	1,728,900	1,678,750
International Finance Corporation (IFC) FCY-LOAN	Annual	2010	5% p.a.	7.1.3	406,800	395,000
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd.	Quarterly	2009	3% over six months KIBOR	7.1.4	49,000	49,000
National Bank of Pakistan	Quarterly	2011	2% over three months KIBOR	7.1.5	500,000	500,000
Allied Bank Limited	Monthly	2010	3.25% over three months KIBOR	7.1.6	460,691	460,691
					3,203,724	3,141,774

- 7.1.1 These represents term loans obtained from syndicate of commercial banks and are secured by way of first pari passu hypothecation charge on all the present and future property, plant and equipment of the company.
- 7.1.2 This represents US Dollars 30 million term loan obtained from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of hypothecation charge on all the present and future property, plant and equipment of the company.
- 7.1.3 This represents the financing of US Dollars 4 million obtained under the "Convertible C Loan Agreement" dated June 16, 2003 from IFC to finance the setting up specialty fibre project and repayment of high cost loans. This is secured by way of first ranking security interests in all assets subject to the security documents.

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

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



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

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

- 7.1.4** This represents loan for the purpose of working capital requirements and is secured by way of first pari passu hypothecation charge over fixed assets with 25% margin.
- 7.1.5** This represents term finance facility for the purpose of restructuring of the balance sheet of the company and is secured by way of ranking charge over fixed assets with 25% margin and first pari passu hypothecation charge over all future stocks and receivables.
- 7.1.6** This represents term finance facility for the purpose of retiring present running finance & FADB outstanding and is secured by way of first pari passu charge over fixed assets with 25% margin.
- 7.2** These interest free loans are repayable in lump sum on June 30, 2024.

The loan from director has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of ranging 11.17% per annum.

	Note	2015	2014
		(Rupees in '000)	
<b>8 DEFERRED LIABILITIES</b>			
Deferred liability for staff gratuity	8.1	167,983	177,161
Deferred taxation	8.2	700,709	802,158
		<u>868,692</u>	<u>979,319</u>
<b>8.1 Provision for staff gratuity</b>			
Opening Balance		177,161	252,453
Unrecognized actuarial loss transferred to equity		--	--
Remeasurement gain transferred to other comprehensive income		6,343	22,659
Transferred to final settlement payable		4,180	49,369
Less: Payments during the year		1,663	1,570
		<u>164,975</u>	<u>178,855</u>
Add: Provision for the year	8.1.1	3,008	(1,694)
	8.1.2	<u>167,983</u>	<u>177,161</u>
<b>8.1.1 Charge for the year</b>			
Current service cost		(1,418)	2,213
Interest cost		4,426	21,605
Curtailment or settlements (gain)	8.1.1.1	--	(25,512)
	8.1.1.2	<u>3,008</u>	<u>(1,694)</u>

**8.1.1.1** The company has made gratuity settlements for number of members during the year based on their gratuity benefits accrued up to the date of going on leave, which resulted in settlement gain because of the release of liability held against those employees for the period after the date of going on leave. The said gain has been recognized immediately during the year as per requirements of IAS - 19.

	Note	2015	2014
		(Rupees in '000)	
<b>8.1.1.2 Allocation of charge for the year</b>			
Cost of sales		1,945	(1,446)
Administrative expenses		1,063	(248)
		<u>3,008</u>	<u>(1,694)</u>
<b>8.1.2 Balance sheet reconciliation</b>			
Present value of defined benefit obligations		29,873	34,826
Frozen gratuity / payable to outgoing members		138,110	142,335
		<u>167,983</u>	<u>177,161</u>
<b>8.1.3 Principal actuarial assumption</b>			
Expected rate of increase in salaries		8% p.a.	12.25% p.a.
Discount factor used		9% p.a.	13.25% p.a.
Average expected remaining working life times of employees		7 years	8 years
<b>8.2 Deferred taxation</b>			
Liability / (asset) balances arising in respect of:			
Accelerated tax depreciation		331,586	510,892
Finance lease transactions		6,012	9,191
Provisions and others		(524,784)	(528,831)
Accumulated tax losses and available tax credits		(4,947,541)	(5,303,498)
Deferred tax (asset)		<u>(5,134,727)</u>	<u>(5,312,246)</u>
Deferred tax asset not recognized		<u>5,134,727</u>	<u>5,312,246</u>
		--	--
Deferred tax liability in respect of:			
Revaluation net of related depreciation		<u>700,709</u>	<u>802,158</u>
		<u>700,709</u>	<u>802,158</u>

**9 TRADE AND OTHER PAYABLES**

Trade creditors	9.1	5,497,101	5,506,280
Markup accrued		1,813,578	1,813,578
Accrued expenses		265,205	262,424
Unclaimed TFCs redemption warrants		2,228	2,228
Others	9.2	24,883	25,161
		<u>7,602,995</u>	<u>7,609,671</u>

**9.1** This mainly represent amount payable to banks in respect of overdue letter of credits.

**9.2** Others include Rs.20.943 million (2014: Rs.20.943 million) payable to Dewan Farooq Motors Limited (an associated company).



**10 SHORT TERM BORROWINGS**

From banks and financial institutions - Secured

- Morabaha finance	621,530	621,530
- Short term loans	3,558,630	3,558,630
Short term running finance - Secured	2,970,019	2,970,019
Temporary book overdraft - Unsecured	2,876	2,876
	7,153,055	7,153,055

- The facilities for various loans and finances under mark-up arrangements available from various banks amount to Rs.8.766 billion (2014: Rs.8.766 billion) and carry mark up ranging from 1% to 4% (2014: 1% to 4%) over one to six months KIBOR. These facilities are secured by hypothecation of the Company's stock-in-trade and book debts and are generally for a period of one year renewable at the end of the period. These facilities have not been renewed by the banks, however, the renewal would take place at the finalization of the financial restructuring process.

**11 OVERDUE PORTION OF LEASE LIABILITIES**

The Company entered into lease agreements with various leasing companies to acquire gas generators to reduce the power costs. The rentals under these lease agreements are payable quarterly up to the period ending June 2011. Mark up rate ranging from 13.71% to 14.38% (2014: 13.71% to 14.38%) per annum have been used as discounting factors. The cost of operating and maintaining the leased assets will be borne by the company. The Company intends to exercise its option to purchase the leased assets at its aggregate residual value of Rs.8.498 upon the completion of the respective lease periods.

**12 CONTINGENCIES AND COMMITMENTS**

**12.1 Contingencies**

(a) In respect of liabilities towards banks / financial institutions disclosed in note 7, 9, 10 and 11 to the financial statements, most of banks / financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 22.297 billion, out of total suits amount four of the banks having suit to the extent of Rs. 2.435 billion has also filed winding up petition u/s 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 claim and is strongly contesting the cases. The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged 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. Since the banks / financial institutions are in litigation with the company, therefore balance confirmations have not been received there from.

(b) The Company is defendant in a legal proceeding initiated by certain transporters for an aggregate amount of Rs.31.127 million (being pending bill of Rs.27.127 million and Rs.4.00 million as delayed payment charges) which is pending before Hon'able Lahore High Court (Rawalpindi Bench), the outcome of which cannot be established at this stage. The management, based on the strength of its case and the advice of its lawyers, believes that no additional liability will arise out of these proceedings; hence no provision for delayed payment charges has been made in these financial statements.

(c) Guarantees given by the commercial banks on behalf of the company amounted to Rs.78.30 million (2014: Rs.78.30 million).

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Particulars	Cost / Revaluation			Depreciation			Book Value		
	As at	(Disposal)	As at	As at	(Disposal)	Charge for	As at	As at	Rate
	01 July		30 June	01 July		the year	30 June	30 June	
2014		2015	2014			2015	2015		
(Rupees in '000)									
<b>PSF - Units - Owned</b>									
Freehold land	95,429	--	95,429	--	--	--	--	95,429	--
Leasehold land	524,800	--	524,800	--	--	--	--	524,800	--
Islamabad office	140,383	--	140,383	104,245	--	3,614	107,859	32,524	10%
Factory building	1,800,324	--	1,800,324	1,210,306	--	59,002	1,269,308	531,016	10%
Non factory building	973,029	--	973,029	696,459	--	27,657	724,116	248,913	10%
Tank terminal	16,453	--	16,453	14,774	--	168	14,942	1,511	10%
Plant and machinery	14,750,117	--	14,750,117	11,241,465	--	350,865	11,592,330	3,157,787	10%
Vehicles	166,430	(3,845)	162,585	147,350	(3,205)	3,687	147,832	14,753	20%
Furniture and fixtures	80,027	--	80,027	62,146	--	1,788	63,934	16,093	10%
Office equipment	136,542	--	136,542	104,920	--	3,162	108,082	28,460	10%
<b>Leased assets</b>									
Plant and machinery (Generator)	178,517	--	178,517	98,113	--	8,040	106,153	72,364	10%
<b>2015</b>	<b>18,862,051</b>	<b>(3,845)</b>	<b>18,858,206</b>	<b>13,679,778</b>	<b>(3,205)</b>	<b>457,983</b>	<b>14,134,556</b>	<b>4,723,650</b>	
<b>Acrylic Unit</b>									
Factory building	641,196	--	641,196	413,095	--	22,810	435,905	205,291	10%
Non-factory building	6,171	--	6,171	4,143	--	203	4,346	1,825	10%
Plant and machinery	4,158,750	--	4,158,750	3,062,434	--	109,632	3,172,066	986,684	10%
Vehicles	3,604	--	3,604	3,446	--	32	3,478	126	20%
Furniture and fixtures	890	--	890	678	--	21	699	191	10%
Office equipment	1,370	--	1,370	1,042	--	33	1,075	295	10%
<b>2015</b>	<b>4,811,981</b>	<b>--</b>	<b>4,811,981</b>	<b>3,484,838</b>	<b>--</b>	<b>132,731</b>	<b>3,617,569</b>	<b>1,194,412</b>	
<b>TOTAL - 2015</b>	<b>23,674,032</b>	<b>(3,845)</b>	<b>23,670,187</b>	<b>17,164,616</b>	<b>(3,205)</b>	<b>590,714</b>	<b>17,752,125</b>	<b>5,918,062</b>	
----- 2 0 1 4 -----									
Particulars	Cost / Revaluation			Depreciation			Book Value		
	As at	(Disposal)	As at	As at	(Disposal)	Charge for	As at	As at	Rate
	01 July		30 June	01 July		the year	30 June	30 June	
2013		2014	2013			2014	2014		
(Rupees in '000)									
<b>PSF - Units - Owned</b>									
Freehold land	95,429	--	95,429	--	--	--	--	95,429	--
Leasehold land	524,800	--	524,800	--	--	--	--	524,800	--
Islamabad office	140,383	--	140,383	100,230	--	4,015	104,245	36,138	10%
Factory building	1,800,324	--	1,800,324	1,144,748	--	65,558	1,210,306	590,018	10%
Non factory building	973,029	--	973,029	665,729	--	30,730	696,459	276,570	10%
Tank terminal	16,453	--	16,453	14,587	--	187	14,774	1,679	10%
Plant and machinery	14,750,117	--	14,750,117	10,851,615	--	389,850	11,241,465	3,508,652	10%
Vehicles	170,727	(4,297)	166,430	146,183	(3,597)	4,764	147,350	19,080	20%
Furniture and fixtures	80,027	--	80,027	60,159	--	1,987	62,146	17,881	10%
Office equipment	136,542	--	136,542	101,406	--	3,514	104,920	31,622	10%
<b>Leased assets</b>									
Plant and machinery (Generator)	178,517	--	178,517	89,179	--	8,934	98,113	80,404	10%
<b>2014</b>	<b>18,866,348</b>	<b>(4,297)</b>	<b>18,862,051</b>	<b>13,173,836</b>	<b>(3,597)</b>	<b>509,539</b>	<b>13,679,778</b>	<b>5,182,273</b>	
<b>Acrylic Unit</b>									
Factory building	641,196	--	641,196	387,750	--	25,345	413,095	228,101	10%
Non-factory building	6,171	--	6,171	3,918	--	225	4,143	2,028	10%
Plant and machinery	4,158,750	--	4,158,750	2,940,621	--	121,813	3,062,434	1,096,316	10%
Vehicles	3,604	--	3,604	3,407	--	39	3,446	158	20%
Furniture and fixtures	890	--	890	654	--	24	678	212	10%
Office equipment	1,370	--	1,370	1,006	--	36	1,042	328	10%
<b>2014</b>	<b>4,811,981</b>	<b>--</b>	<b>4,811,981</b>	<b>3,337,356</b>	<b>--</b>	<b>147,482</b>	<b>3,484,838</b>	<b>1,327,143</b>	
<b>TOTAL - 2014</b>	<b>23,678,329</b>	<b>(4,297)</b>	<b>23,674,032</b>	<b>16,511,192</b>	<b>(3,597)</b>	<b>657,021</b>	<b>17,164,616</b>	<b>6,509,416</b>	



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

	2015			2014		
	PSF - Units	Acrylic Unit	Total	PSF - Units	Acrylic Unit	Total
	(Rupees in '000)			(Rupees in '000)		
Cost of sales	455,693	132,067	587,760	506,991	146,745	653,736
Administrative expenses	2,290	664	2,954	2,548	737	3,285
	<u>457,983</u>	<u>132,731</u>	<u>590,714</u>	<u>509,539</u>	<u>147,482</u>	<u>657,021</u>

13.3 Detail of assets disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds /	Gain	Mode of Disposal	Particulars of Buyer	
							Name	Status
RUPEES '000'								
<b>Vehicles:</b>								
Hyundai Santro	599	528	71	200	129	Company policy	Sohail Khalid	Employee
Hyundai Santro	609	526	83	291	208	Company policy	Adam Ibrahim	Employee
Hyundai Santro	609	501	108	345	237	Company policy	Muhammad Sohail Aziz	Employee
Mitsubishi Lancer	1,329	1,101	228	753	525	Company policy	Muhammad Sarwar Dar	Employee
Hyundai Santro	699	549	150	485	335	Company policy	Amin Rajput	Employee
<i>June 30, 2015</i>	<u>3,845</u>	<u>3,205</u>	<u>640</u>	<u>2,074</u>	<u>1,434</u>			
<i>June 30, 2014</i>	<u>4,297</u>	<u>3,597</u>	<u>700</u>	<u>1,138</u>	<u>438</u>			

13.4 Capital work in progress	2015	2014
	(Rupees in '000)	
Capital work in progress	<u>142,813</u>	<u>142,813</u>
Plant and machinery		
- Owned	56,429	56,429
- Leased	<u>86,384</u>	<u>86,384</u>
	<u>142,813</u>	<u>142,813</u>

13.5 Had there been no revaluation the carrying amounts of revalued assets as at June 30, 2015 would have been as follows :

<b>PSF Units</b>		
Freehold land	70,652	70,652
Leasehold land	2,269	2,269
Factory building	357,884	397,649
Non-factory building	60,968	67,743
Plant and machinery	1,780,869	1,978,744
<b>Acrylic Unit</b>		
Factory building	74,095	82,328
Non-factory building	781	868
Plant and machinery	733,558	815,064
	<u>3,081,076</u>	<u>3,415,317</u>

## DEWAN SALMAN FIBRE LIMITED

14 LONG TERM INVESTMENTS	2015	2014
	(Rupees in '000)	
Investment in listed securities		
Meezan Balance Fund (585,292 unit of Rs.10/- each)	--	5,000
Pakistan Strategic Allocation Fund (2,568,612 (2014: 2,568,612) certificates of Rs.10/- each)	22,040	22,040
	22,040	27,040
Accumulated gain	1,212	3,172
	23,252	30,212
Investment in non-listed securities		
Global Securities (Pvt) Limited 495,000 shares of Rs. 10/- each at a premium of Rs.40.92/- per share	25,205	25,205
Equity investment in Dewan Petroleum (Pvt) Limited 12,000,000 (2014: 12,000,000) shares of Rs.10/- each at a premium of Rs.8.583/- per share	14.1 223,000	223,000
Shares application money - Dewan Petroleum (Pvt.) Ltd	14.2 97,746	97,746
	320,746	320,746
Less: Transferred to non-current assets held for sale	23 (223,000)	(223,000)
	<u>146,203</u>	<u>153,163</u>

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

**14.2** This represents the amounts paid against the committed investment of Rs.97.746 million to retain its proportionate shares in DPL equity under terms of a financial arrangement concluded between International Finance Corporation (IFC) and DPL. This commitment was made under authority of the special resolution passed in Extra Ordinary General Meeting held on August 30, 2006.

15 LONG TERM PREPAYMENTS	2015	2014
	--	4,261

**15.1** The company has entered in to a long term terminal services agreement with Engro Vopak Terminal Limited (EVTL) to receive Acrylonitrile (ACN), basic raw material for Unit III from ships, store this chemical and make it available for delivery to the company. The company has constructed the dedicated facilities on behalf of EVTL to be exclusively used for providing services to the company. This represents all cost and expenses incurred for constructing dedicated facilities by the company and will be considered advance payment of fixed price element for dedicated facilities for 15 years by the company to EVTL. The charge applicable to the current year has been taken to the Profit and Loss Account.

	2015	2014
	(Rupees in '000)	
<b>16 STORES AND SPARES</b>		
Consumable stores	1,009,218	1,009,218
Packing material	12,501	12,501
Chemicals	51,107	51,107
Fuel, oil and lubricants	12,288	12,288
	<u>1,085,114</u>	<u>1,085,114</u>
Less: Provision for obsolescence and slow moving items	<u>(163,013)</u>	<u>(114,481)</u>
	<u><u>922,101</u></u>	<u><u>970,633</u></u>
<b>17 STOCK IN TRADE</b>		
Raw materials	308,497	308,497
Work-in-process	103,879	103,879
Stock in transit	194,940	194,940
Waste	19,086	19,086
	<u>626,402</u>	<u>626,402</u>
Less: Provision for obsolescence and slow moving stocks	<u>(626,402)</u>	<u>(614,879)</u>
	<u><u>--</u></u>	<u><u>11,523</u></u>
<b>18 TRADE DEBTS</b>		
Considered good	1,583,419	1,910,879
Considered doubtful	499,163	470,730
	<u>2,082,582</u>	<u>2,381,609</u>
Less: Provision for doubtful debts	<u>(499,163)</u>	<u>(470,730)</u>
	<u><u>1,583,419</u></u>	<u><u>1,910,879</u></u>
<b>18.1</b>	Trade debts include Rs.122.499 million (2014: Rs.122.499 million) due from Dewan Khalid Textile Mills Limited (associated company).	
<b>18.2</b>	Trade debts also include a sum of Rs.21.673 million (2014: Rs. 21.673 million) receivable from Nazir of High Court of Sindh representing receivable against sales made on account auction of company's stock as per order of court. All the sale proceeds are being deposited by the successful bidder directly with Nazir of High Court. The said amount will be adjusted against liability of bank under litigation upon lifting of all pledged stock.	
<b>19 ADVANCES - Considered good</b>		
Against expenses / employees		
Considered good	39,186	37,544
Considered doubtful	49,575	49,575
	<u>88,761</u>	<u>87,119</u>
Less: Provision for doubtful advances	<u>(49,575)</u>	<u>(49,575)</u>
	<u><u>39,186</u></u>	<u><u>37,544</u></u>
<b>20 SHORT TERM DEPOSITS</b>		
Deposits	10,258	10,258
Margin	150,295	150,295
	<u>160,553</u>	<u>160,553</u>

## DEWAN SALMAN FIBRE LIMITED

		2015	2014
		(Rupees in '000)	
<b>21 OTHER RECEIVABLES - Considered good</b>			
Sales tax		65,782	65,420
Duty drawback receivable		73,872	73,872
Duties refundable		4,691	4,691
Insurance claim receivable		14,730	14,730
Advance income tax		2,612	2,288
		161,687	161,001
Less: Provision for doubtful receivable		(84,119)	(84,119)
		77,568	76,882
<b>22 CASH AND BANK BALANCES</b>			
Cash in hand		715	557
Cash at bank:			
- Current account		1,797	353
- Foreign currency deposits		6,490	6,314
		9,002	7,224
		9,002	7,224
<b>23 NON CURRENT ASSETS HELD FOR SALE</b>			
Equity investment in Dewan Petroleum (Pvt) Limited			
- 12,000,000 shares of Rs.10/- each at a premium of Rs.8.583/- per share		223,000	223,000

- 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. For the purpose special resolution was passed by the shareholders in the Extra Ordinary General Meeting of the Company held on June 23, 2008, which was expired during the preceding financial year, however the management will seek further shareholders' approval before disposal of the same.

## 24 OPERATING RESULTS

		Amount in Rs. '000'					
	Note	PSF Unit	Acrylic Unit	2015 Total	PSF Unit	Acrylic Unit	2014 Total
Sales							
Fiber - Local		--	--	--	--	--	--
Waste		--	--	--	--	--	--
		--	--	--	--	--	--
Cost of sales	25	492,464	138,128	632,724	538,811	154,407	693,218
Gross loss		(492,464)	(138,128)	(632,724)	(538,811)	(154,407)	(693,218)
Distribution cost	26	1,247	133	1,380	3,759	402	4,161
Administrative Expenses	27	33,517	4,003	37,520	32,044	3,890	35,934
		34,764	4,136	38,900	35,803	4,292	40,095
Operating loss		(527,228)	(142,264)	(671,624)	(574,614)	(158,699)	(733,313)
Finance cost	28	76,501	--	76,501	11,586	--	11,586
Provision for doubtful debts / advances / receivables		251,889	--	251,889	185,463	--	185,463
Provision for obsolescence and slow moving stocks		60,055	--	60,055	216,306	--	216,306
Other income	29	(17,716)	--	(17,716)	(17,137)	--	(17,137)
		370,729	--	370,729	396,218	--	396,218
Loss before taxation		(897,957)	(142,264)	(1,042,353)	(970,832)	(158,699)	(1,129,531)



**25 COST OF SALES**

	Note	Amount in Rs. '000'				
		PSF Unit	Acrylic Unit	2015 Total	PSF Unit	Acrylic Unit
Raw material consumed						
Opening stock		98,766	209,731	308,497	98,766	209,731
Purchases		--	--	--	--	--
		98,766	209,731	308,497	98,766	209,731
Closing stock		(98,766)	(209,731)	(308,497)	(98,766)	(209,731)
Raw material consumed		--	--	--	--	--
Salaries, wages and benefits		22,892	2,448	25,340	18,466	1,975
Electricity, fuel and power		9,914	1,060	10,974	7,121	762
Storage charges of raw material		--	2,129	4,261	--	4,259
Depreciation	13.2	455,693	132,067	587,760	506,991	146,745
Repairs and maintenance		1,925	206	2,131	3,398	363
Vehicle running expenses		1,163	124	1,287	1,538	164
Rent, rates and taxes		--	--	--	--	--
Travelling expenses		17	2	19	--	--
General expenses		860	92	952	1,297	139
Opening stock of work-in-process		63,011	40,868	103,879	63,011	40,868
Closing stock of work-in-process		(63,011)	(40,868)	(103,879)	(63,011)	(40,868)
Cost of goods manufactured		492,464	138,128	632,724	538,811	154,407
Opening stock of finished goods and waste		19,086	--	19,086	19,086	--
Closing stock of finished goods and waste		(19,086)	--	(19,086)	(19,086)	--
		<u>492,464</u>	<u>138,128</u>	<u>632,724</u>	<u>538,811</u>	<u>154,407</u>
						<u>693,218</u>

**26 DISTRIBUTION COST**

	Amount in Rs. '000'					
	PSF Unit	Acrylic Unit	2015 Total	PSF Unit	Acrylic Unit	2014 Total
Salaries and benefits	1,247	133	1,380	3,759	402	4,161

**27 ADMINISTRATIVE EXPENSES**

	Note	Amount in Rs. '000'				
		PSF Unit	Acrylic Unit	2015 Total	PSF Unit	Acrylic Unit
Salaries and benefits		20,418	2,183	22,601	19,987	2,137
Entertainment		13	1	14	48	5
Communication		218	23	241	365	39
Depreciation	13.2	2,290	664	2,954	2,548	737
Vehicle running expenses		1,091	117	1,208	2,121	227
Fee and subscription		--	--	--	1,578	169
Legal and professional		3,270	350	3,620	45	5
Printing and stationary		635	68	703	732	78
Electricity, fuel and power		--	--	--	--	--
Repair and maintenance		248	27	275	269	29
Rent, rates and taxes		--	--	--	2,705	289
Traveling expenses		205	22	227	320	34
Auditors' remuneration	27.1	1,220	130	1,350	1,220	130
General expenses		3,909	418	4,327	106	11
		<u>33,517</u>	<u>4,003</u>	<u>37,520</u>	<u>32,044</u>	<u>3,890</u>
						<u>35,934</u>

**27.1 Auditor's remuneration**

	Feroze Sharif		2015	Feroze Sharif		2014
	Tariq & Co.	Faruq Ali & Co.		Tariq & Co.	Faruq Ali & Co.	
Annual audit fee	500	500	1,000	500	500	1,000
Fee for half yearly review	100	100	200	100	100	200
Other certifications	50	50	100	50	50	100
Out of pocket	25	25	50	25	25	50
	<u>675</u>	<u>675</u>	<u>1,350</u>	<u>675</u>	<u>675</u>	<u>1,350</u>

**28 FINANCE COST**

	PSF		2015	PSF		2014
	Unit	Acrylic Unit		Unit	Acrylic Unit	
Bank charges	19	--	19	13	--	13
Unwinding of discount	14,708	--	14,708	12,620	--	12,620
Exchange (gain) / loss	61,774	--	61,774	(1,047)	--	(1,047)
	<u>76,501</u>	<u>--</u>	<u>76,501</u>	<u>11,586</u>	<u>--</u>	<u>11,586</u>

**28.1** Company has not made the provision of markup amounting to Rs.1.843 billion (Upto June 30, 2014: Rs.12.514 billion) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 2. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the loss for the year would have been higher by Rs. 1.843 billion and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 14.357 billion. The said non provisioning is departure from the requirements of IAS-23 'Borrowing Costs'.

**29 OTHER INCOME**

*Income from financial assets*

	2015	2014
Dividend income	746	750
Gain on sale of investment	11,503	--

*Income from non financial assets / others*

Gain on sale of fixed assets	1,434	438
Reversal of impairment	4,033	--
Amortization of interest free loans	--	11,438
Liabilities written back	--	4,511
	<u>17,716</u>	<u>17,137</u>

**30 TAXATION**

Current	--	--
Deferred		
Rate adjustment	23,592	26,214
Current deferred tax	79,950	96,833
	<u>103,542</u>	<u>123,047</u>

**31 LOSS PER SHARE - Basic and diluted**

**31.1 Basic loss per share**

Loss attributable to ordinary shareholders	<u>(938,811)</u>	<u>(1,006,484)</u>
--	------------------	--------------------

	<b>Number of shares</b>	
Weighted average number of ordinary shares outstanding during the year	<u>366,321,083</u>	<u>366,321,083</u>
	<b>Rupees</b>	
Loss per share - Basic	<u>(2.56)</u>	<u>(2.75)</u>
<b>31.2 Diluted loss per share</b>		
Loss attributable to ordinary shareholders	(938,811)	(1,006,484)
Dilutive effect - Net of tax	--	--
	<u>(938,811)</u>	<u>(1,006,484)</u>
	<b>Number of shares</b>	
Weighted average number of ordinary shares outstanding during the year	366,321,083	366,321,083
Dilutive effect	<u>20,340,000</u>	<u>19,750,000</u>
	<u>386,661,083</u>	<u>386,071,083</u>
	<b>Rupees</b>	
Loss per share - Diluted	<u>(2.43)</u>	<u>(2.61)</u>

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

	<b>2015</b>	<b>2014</b>
	<b>(Rupees in '000)</b>	
<b>32 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9,002	7,224
Short term finances:		
Short term running finances	2,970,019	2,970,019
Book overdraft	2,876	2,876
	(2,972,895)	(2,972,895)
	<u>(2,963,893)</u>	<u>(2,965,671)</u>
<b>33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES</b>		

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.

**33.1 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:

	2015	2014
	(Rupees in '000)	
Trade debts	1,583,419	1,910,879
Short term deposits	160,553	160,553
Other receivables - Considered good	77,568	76,882
Bank balance	8,287	6,667
	1,829,827	2,154,981

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

**33.2 Liquidity risk**

Liquidity risk 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.. At present the company is facing liquidity problems and have been unable to make timely repayment of its liabilities resulting in overdues, further, the short term finance facilities have expired and not been renewed by the lenders. The following are the contractual maturities of the financial liabilities, including estimated markups:

2015	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000)					
<b>Financial Liabilities</b>						
Long term loans	3,350,107	3,481,757	3,335,374	--	--	146,383
Lease liabilities	54,145	54,145	54,145	--	--	--
Trade and other payables	7,602,995	7,602,995	7,602,995	--	--	--
Short term borrowings	7,153,055	7,685,410	7,685,410	--	--	--
	18,160,302	18,824,308	18,677,925	--	--	146,383

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

**33.3 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.

**33.3.1 Currency risk**

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The company's financial instruments of the exposed to currency risk were as follows:



	2015	2014
	(Rupees in '000)	
<u>Assets / (liabilities)</u>		
Loan	(2,135,700)	(2,073,750)
Bank balances	6,490	6,314
	<u>(2,129,210)</u>	<u>(2,067,436)</u>

The following significant exchange rate has been applied:

USD to PKR (Reporting date rate in Rupees)	<u>101.70</u>	<u>98.75</u>
USD to PKR (Average rate in Rupees)	<u>100.60</u>	<u>99.05</u>

#### Sensitivity analysis

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

Effect on loss	<u>212,921</u>	<u>206,744</u>
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The 10% weakening of the PKR against US Dollar would have had an equal but opposite impact on the loss for the year on the basis that all other variables remain constant.

#### 33.3.2 Interest rate risk

Interest rate risk is the risk that the 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:

##### Fixed rate instruments at carrying amounts:

Financial assets		
Balance with banks	<u>6,490</u>	<u>6,314</u>
Financial liabilities		
Long term loans	<u>2,135,700</u>	<u>2,073,750</u>

##### Variable rate instruments at carrying amounts:

Financial liabilities		
Loans	1,068,024	1,068,024
Lease liabilities	54,145	54,145
Short term borrowings	7,150,179	7,150,179
Trade payables (overdue letter of credits)	--	4,928,112
	<u>8,272,348</u>	<u>13,200,460</u>

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

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

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

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

**33.4 Fair value of the 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.

**33.5 Capital risk management**

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

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

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

	Amount in Rs. '000'							
	Chief Executive		Director		Executive		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Managerial remuneration	3,960	3,960	2,376	2,376	4,929	9,688	11,265	16,024
Retirement benefits	--	--	--	--	1,474	1,150	1,474	1,150
House rent allowance	1,740	1,740	1,044	1,044	2,220	4,359	5,004	7,143
Utilities	300	300	180	180	2,929	969	3,409	1,449
Conveyance	--	--	--	--	14	53	14	53
	<b>6,000</b>	<b>6,000</b>	<b>3,600</b>	<b>3,600</b>	<b>11,566</b>	<b>16,219</b>	<b>21,166</b>	<b>25,819</b>
Number of Persons	1	1	1	1	4	16	6	18

The Chief Executive, Directors and certain Executives are provided with free use of Company cars.

**35 TRANSACTION WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors and key management personnel. Remuneration and benefits to chief executive directors and key management personnel under terms of their employment are disclosed in note 34 to the financial statements. Transaction with related parties other than remuneration and benefits to key management personnel are as under:

	2015	2014
	(Rupees in '000)	
<b>Director:</b>		
Long term loan received	--	17,511

**36 INFORMATION ABOUT BUSINESS SEGMENTS**

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

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

**36.3** All non current assets of the company as of June 30, 2015 are located in Pakistan.

	2015	2014
	(Rupees in '000)	
<b>37 TAXATION</b>		
<b>37.1 Relationship between income tax expense and accounting loss</b>		
Accounting loss as per profit and loss account	(1,042,353)	(1,129,531)
Applicable tax rate	<u>33%</u>	<u>34%</u>
Tax on accounting profit	(343,976)	(384,041)
Tax effect of accelerated tax depreciation	284,292	116,221
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account	(107,246)	(131,885)
Tax (refundable) under normal rules	<u>(166,930)</u>	<u>(399,705)</u>
Minimum tax payable under Income Tax Ordinance, 2001	<u>--</u>	<u>--</u>

### 38 PLANT CAPACITY AND PRODUCTION

	2015		2014	
	Annual Capacity (tons)	Production (tons)	Annual Capacity (tons)	Production (tons)
PSF Units	240,900	--	240,900	--
Acrylic Unit	25,760	--	25,760	--
	<u>266,660</u>	<u>--</u>	<u>266,660</u>	<u>--</u>

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

### 39 NUMBER OF EMPLOYEES

Number of employees at June 30		67	80
Regular		<u>78</u>	<u>66</u>
Contractual			
Average number of employees during the year			
Regular		<u>75</u>	<u>91</u>
Contractual		<u>74</u>	<u>61</u>

### 40 CORRESPONDING FIGURES

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant restatements / reclassification in these financial statements as under.

**41 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on \_\_\_\_\_ in accordance with the resolution by the Board of Directors of the Company.

**42 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Rupees, which is the Company's functional currency. All financial information presented in Rupees been rounded to nearest thousand.



**Dewan Abdul Rehman Farooqui**  
Director



**Haroon Iqbal**  
Director



## PATTERN OF SHAREHOLDING THE CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2015

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	<b>Associated Companies</b>	3	156,433,140	42.70%
2.	<b>NIT and ICP</b>	9	3,294,751	0.90%
3.	<b>Directors, CEO, their Spouses &amp; Minor Children</b>	11	16,750,385	4.57%
4.	<b>Executives</b>	-	-	0.00%
5.	<b>Public Sector Companies &amp; Corporations</b>	145	46,549,013	12.71%
6.	<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas &amp; Mutual Funds</b>	76	6,380,413	1.74%
7.	<b>Individuals</b>	20,277	136,913,381	37.38%
<b>TOTAL</b>		<b>20,521</b>	<b>366,321,083</b>	<b>100.00%</b>

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
<b>1. <u>Associated Companies</u></b>				
1.1	Dewan Textile Mills Limited	1	104,288,773	28.47%
1.2	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
1.3	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%
		<b>3</b>	<b>156,433,140</b>	<b>42.70%</b>
<b>2. <u>NIT and ICP</u></b>				
2.1	Investment Corporation of Pakistan	1	100	0.00%
2.2	National Bank of Pakistan	4	2,747,298	0.75%
2.3	National Bank of Pakistan, Trustee Department	1	1,111	0.00%
2.4	NATIONAL BANK OF PAKISTAN TRUSTEE WING	1	500	0.00%
2.5	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	18,501	0.01%
2.6	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	527,241	0.14%
		<b>9</b>	<b>3,294,751</b>	<b>0.90%</b>
<b>3. <u>Directors, CEO, their Spouses &amp; Minor Children</u></b>				
<b><u>Directors and CEO</u></b>				
3.1	Dewan Muhammad Yousuf Farooqui	1	12,523,816	3.42%
3.2	Dewan Abdul Baqi Farooqui	1	2,600,133	0.71%
3.3	Dewan Abdul Rehman Farooqui	1	494,672	0.14%
3.4	Mr. Haroon Iqbal	1	500	0.00%
3.5	Mr. Aziz ul Haque	1	500	0.00%
3.6	Mr. Ishtiaq Ahmed	1	500	0.00%
3.7	Syed Muhammad Anwar	1	500	0.00%
		<b>7</b>	<b>15,620,621</b>	<b>4.26%</b>
<b><u>Spouses of Directors and CEO</u></b>				
3.8	Mrs. Heena Yousuf	1	384,867	0.11%
3.9	Mrs. Samina Rehman	1	148,982	0.04%
		<b>2</b>	<b>533,849</b>	<b>0.04%</b>
<b><u>Minor Children of Directors and CEO</u></b>				
3.10	Miss Yumna Yousuf	1	248,297	0.07%
3.11	Mr. Khizer Salman	1	347,618	0.09%
		<b>2</b>	<b>595,915</b>	<b>0.09%</b>

## DEWAN SALMAN FIBRE LIMITED

<b>SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY</b>				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	M/s Dewan Textile Mills Limited	1	104,288,773	28.47%
2	Mitsubishi Corporation	1	40,349,814	11.01%
3	Dewan Khalid Textile Mills Limited	1	32,279,849	8.81%
4	Dewan Mushtaq Textile Mills Limited	1	19,864,518	5.42%

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

*During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.*

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

**FORM 34**

**PATTERN OF SHAREHOLDING**

1. Incorporation Number

**0020315**

2. Name of the Company

**DEWAN SALMAN FIBRE LIMITED**

3. Pattern of holding of the shares held by the Shareholders as at

<b>3</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>5</b>
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4.	Number of Shareholders	Shareholdings			Total Shares held	
	5,817	1	-	100	Shares	152,412
	7,733	101	-	500	Shares	1,812,803
	1,471	501	-	1,000	Shares	1,253,641
	2,864	1,001	-	5,000	Shares	8,218,346
	986	5,001	-	10,000	Shares	8,158,686
	321	10,001	-	15,000	Shares	4,169,360
	273	15,001	-	20,000	Shares	5,111,450
	173	20,001	-	25,000	Shares	4,117,176
	130	25,001	-	30,000	Shares	3,732,063
	62	30,001	-	35,000	Shares	2,078,620
	60	35,001	-	40,000	Shares	2,314,015
	38	40,001	-	45,000	Shares	1,656,718
	135	45,001	-	50,000	Shares	6,676,010
	21	50,001	-	55,000	Shares	1,109,144
	31	55,001	-	60,000	Shares	1,826,159
	23	60,001	-	65,000	Shares	1,462,016
	17	65,001	-	70,000	Shares	1,162,013
	24	70,001	-	75,000	Shares	1,780,028
	13	75,001	-	80,000	Shares	1,025,633
	7	80,001	-	85,000	Shares	589,865
	20	85,001	-	90,000	Shares	1,772,936
	8	90,001	-	95,000	Shares	748,501
	77	95,001	-	100,000	Shares	7,685,703
	14	100,001	-	110,000	Shares	1,472,497
	8	110,001	-	120,000	Shares	933,501
	15	120,001	-	130,000	Shares	1,889,879
	9	130,001	-	140,000	Shares	1,224,420
	13	140,001	-	150,000	Shares	1,925,616
	5	150,001	-	160,000	Shares	779,501
	5	160,001	-	170,000	Shares	836,500
	11	170,001	-	180,000	Shares	1,938,500
	4	180,001	-	190,000	Shares	745,500
	27	190,001	-	200,000	Shares	5,391,024

## DEWAN SALMAN FIBRE LIMITED

Number of Shareholders	Shareholdings			Total Shares held	
11	200,001	-	220,000	Shares	2,274,222
4	220,001	-	240,000	Shares	925,897
13	240,001	-	260,000	Shares	3,249,715
3	260,001	-	280,000	Shares	813,500
8	280,001	-	300,000	Shares	2,363,437
3	300,001	-	320,000	Shares	929,808
3	320,001	-	340,000	Shares	1,005,243
2	340,001	-	360,000	Shares	707,618
8	360,001	-	400,000	Shares	3,156,234
4	400,001	-	450,000	Shares	1,696,007
12	450,001	-	500,000	Shares	5,889,522
1	500,001	-	550,000	Shares	527,241
3	550,001	-	600,000	Shares	1,796,500
3	600,001	-	650,000	Shares	1,867,000
1	650,001	-	700,000	Shares	700,000
1	700,001	-	750,000	Shares	721,878
2	750,001	-	800,000	Shares	1,600,000
2	800,001	-	900,000	Shares	1,664,022
4	900,001	-	1,000,000	Shares	4,000,000
2	1,000,001	-	1,200,000	Shares	2,345,500
1	1,200,001	-	1,800,000	Shares	1,721,661
1	1,800,001	-	2,110,000	Shares	2,109,634
1	2,110,001	-	2,500,000	Shares	2,500,000
1	2,500,001	-	2,600,000	Shares	2,585,699
1	2,600,001	-	2,650,000	Shares	2,600,133
1	2,650,001	-	2,750,000	Shares	2,740,202
2	2,750,001	-	3,100,000	Shares	6,064,906
1	3,100,001	-	3,200,000	Shares	3,200,000
1	3,200,001	-	4,000,000	Shares	3,918,500
1	4,000,001	-	5,590,000	Shares	5,589,998
1	5,590,001	-	13,000,000	Shares	12,523,816
1	13,000,001	-	20,000,000	Shares	19,864,518
1	20,000,001	-	35,000,000	Shares	32,279,849
1	35,000,001	-	45,000,000	Shares	40,349,814
1	45,000,001	-	105,000,000	Shares	104,288,773
<b>20,521</b>	<b>TOTAL</b>				<b>366,321,083</b>



5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	16,750,385	4.57%
5.2	Associated Companies, undertakings and related parties	156,433,140	42.70%
5.3	NIT and ICP	3,294,751	0.90%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	3,195,427	0.87%
5.5	Insurance Companies	2,124,634	0.58%
5.6	Modarabas and Mutual Funds	1,060,352	0.29%
5.7	Shareholders holding 5%	196,782,954	53.72%
5.8	<u>General Public</u>		
	a. Local	136,242,409	37.19%
	b. Foreign	670,972	0.18%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	46,549,013	12.71%

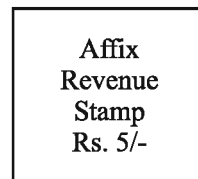
# FORM OF PROXY

## 26TH ANNUAL GENERAL MEETING

### IMPORTANT

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

I/We \_\_\_\_\_ of  
\_\_\_\_\_ being a member  
of **DEWAN SALMAN FIBRE LIMITED** and holder of \_\_\_\_\_  
\_\_\_\_\_ Ordinary shares as per Registered Folio No./CDC  
Participant's ID and Account No \_\_\_\_\_ hereby appoint  
\_\_\_\_\_ of  
\_\_\_\_\_ who is also  
member of **DEWAN SALMAN FIBRE LIMITED** vide Registered Folio No./CDC Participant's ID  
and Account No. \_\_\_\_\_  
my/our proxy to vote for me/our behalf at the 25th Annual General Meeting of the Company to be held  
**Friday, October 31, 2014, at 11:30 a.m.** at Dewan Centre, House No. 58, Margallah Road, F-7/2,  
Islamabad, Pakistan  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.



Signature \_\_\_\_\_

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

Signature

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

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

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

Signature

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

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