

**SAY NO  
TO CORRUPTION**

# **ANNUAL REPORT 2 0 1 8**

# **D.M. TEXTILE MILLS LIMITED**

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**Westridge, Rawalpindi**

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## 61<sup>st</sup> ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2018

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## COMPANY'S INFORMATION

### BOARD OF DIRECTORS

CHAIRMAN:	Mr. Shahid Hussain
CHIEF EXECUTIVE:	Mian Habib Ullah
DIRECTORS:	Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmed Ozgen Mr. Sami Ullah Mr. Amer Zeb Rao Khalid Pervaiz

### AUDIT COMMITTEE

CHAIRMAN:	Mr. Hussain Ahmed Ozgen
MEMBER:	Mr. Shahid Aziz Mr. Sami Ullah

### HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Amer Zeb
MEMBERS:	Mr. Sami Ullah Rao Khalid Pervaiz

### ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Rao Khalid Pervaiz

### BANKERS:

Faysal Bank Limited  
Meezan Bank Ltd.  
Habib Metropolitan Bank  
MCB Bank Limited

### AUDITORS:

M/s Riaz Ahmed & Company  
Chartered Accountants  
2-A, ATS Centre, 30-West,  
Fazal ul Haq Road, Blue Area Islamabad.  
Phone: 051-2274121, 2274122

### LEGAL ADVISER:

M/s Hassan & Hassan Advocates  
House CB-360, Lane-4, Quaid-e-Azam Colony,  
Dhamial Road, Rawalpindi.

### REGISTRAR:

Corplink (Pvt) Ltd.  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.  
Phone: 042-35916714, 35916719  
Fax: 042-35869037

### REGISTERED OFFICE & MILLS AT:

Industrial Area Westridge, Rawalpindi  
Telephone: 051-5181981, 5181977-78  
Fax: 051-5181979  
E-mail: dmtm@dmtextile.com.pk  
E-mail: dmttextilemills@yahoo.com  
Website: www.dmttextile.com.pk

## VISION STATEMENT

We D. M. Textile Mills Ltd. aim at seeing our mills to be a good manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play an honourable role in the spinning sector by keeping a substantial presence in the export and local markets.

## MISSION STATEMENT

- To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive standard quality environment.
- To make strenuous efforts to enhance profitability of the company ensuring a fair return to the investors, shareholders and employees of the company.
- To exercise maximum care for improvement of standard of quality of our products by employing a team of highly skilled technicians and professional managers.
- To strive hard to explore / develop new markets for the sale of our products in export and local markets.
- To improve customers' satisfaction level by adhering strictly to standard quality requirement of our customers in local and export markets and by improving communications with customers for receiving prompt feed back about quality standard of our products.
- To attend for the prompt resolution of customers' complaints by taking timely corrective measures to redress the quality complaints.
- To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
- To make comprehensive arrangements for the training of our workers / technicians.
- To improve team work, sense of transparency, creativity in our professionals and technical personnel.



**Chief Executive**



**Director**



**Chief Financial Officer**

**Rawalpindi Dated: October 05, 2018**

## STATEMENT OF ETHICS AND BUSINESS PRACTICES

D M Textile Mills Limited has laid down the following Ethics and Business Practices , the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these Ethics and Business Practices is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. **Conflict of interest**

All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a) In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
- b) The staff members should not engage in any outside business while serving the company.
- c) Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. **Confidentiality**

All staff members are required not to divulge any secrets / information's of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. **Kickbacks**

All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. **Proper Books of Accounts**

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statements pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. **Relationship with Government officials, suppliers, buyers and agents etc.**

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult with the management.

6. **Health and Safety**  
Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.
7. **Environment**  
To preserve and protect the environment, all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities and strive continuously to improve environmental awareness and protections.
8. **Alcohol and Drugs etc.**  
All types of gambling and betting at the company's work place are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.
9. **Coordination among staff members to maintain Discipline**  
All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work is carried out effectively and efficiently. All cases of non- cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.
10. **Workplace harassment**  
All members of the staff will provide an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.



Chief Executive



Director



Chief Financial Officer

Rawalpindi Dated: October 05, 2018

## INDEPENDENT AUDITOR'S REPORT

To the members of D.M. Textile Mills Limited

Report on the Audit of the Financial Statements

### Adverse Opinion

We have audited the annexed financial statements of D.M. Textile Mills Limited (“the Company”), which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

### Basis for Adverse Opinion

(i) The Company sustained net loss of Rupees 15.863 million during the year ended 30 June 2018 and as of that date its accumulated loss was Rupees 75.583 million. As of 30 June 2018, the Company's current liabilities exceeded its current assets by Rupees 59.763 million. Liability against assets subject to finance lease includes overdue amounts. The Company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed since 2014 due to shortage of working capital. As at the reporting date, the Company had few employees. The mill could not resume operations till the date of this report. The management of the Company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(ii) As more fully explained in Note 15 to the financial statements, the Company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the Company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007.

SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the Company's account, by directors who are penalized under the order. The Chief Executive Officer (CEO) of the Company filed an appeal before the Lahore High Court (LHC), Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the Company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the CEO at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority (CDA), the property has already been transferred in the name of CEO through a court decree. The LHC, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court (IHC), Islamabad and on 03 May 2016, IHC, on submission of CEO, ordered to transfer the property in the name of the Company within sixty days. The CEO filed a petition before the IHC to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules / laws / procedures. The Company filed a suit before the court of Senior Civil Judge (West), Islamabad dated 17 October 2017 against the CEO while making SECP and CDA parties to the case for directions to transfer the property in the name of the Company, which is pending adjudication. Meanwhile, IHC, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the Company within the period of thirty days. The Company also filed an appeal before the LHC, Lahore Bench in May 2018 for detachment of the property, so the property can be transferred in the name of the Company, which is pending adjudication. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

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

### **Key Audit Matters**

Except for the matters described in the *Basis for Adverse Opinion* section, we have determined that there are no other key audit matters to communicate in our report.



## **Information other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Company and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, we have concluded that the other information is materially misstated for the same reasons.

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

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

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

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

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

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

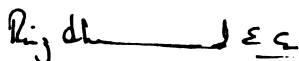
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes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

## Report on Other Legal and Regulatory Requirements

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

- a) except for the effects of the matters discussed in the *Basis for Adverse Opinion* section of our report, proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the effects of the matters discussed in the *Basis for Adverse Opinion* section of our report, the statement of financial position, the statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) except for the effects of the matters discussed in the *Basis for Adverse Opinion* section of our report, investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**ISLAMABAD**

**Date: October 05, 2018**

## INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

**To the members of D.M. Textile Mills Limited**

### **Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of D.M. Textile Mills Limited (the Company) for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

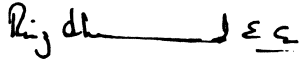
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act,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

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- i. The Board has not appointed whole-time Company Secretary and Chief Financial Officer since the resignation of the previous Company Secretary and Chief Financial Officer as required by the regulation 21 of the Regulations. Further, acting Company Secretary having additional charge of acting Chief Financial Officer does not fulfill the qualification criteria mentioned in regulation 23 of the Regulations;
- ii. Head of Internal Audit does not fulfill the qualification criteria mentioned in regulation 24 of the Regulations;
- iii. No member of the audit committee is "financially literate" in contravention of regulation 28 [1(c)] of the Regulations; and

- iv. The Company has not complied with the financial reporting and corporate compliance requirements of the Regulations. The financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended 30 June 2018.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**ISLAMABAD**

**Date: October 05, 2018**

## Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

**Name of company**                      **D.M. Textile Mills Limited**  
**Year ended**                              **30 June 2018**

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

1. The total number of directors are Seven as per the following:
  - a. Male:            7
  - b. Female:        0
  
2. The composition of board is as follows:
  - a) Independent Directors: **03** as named hereunder:
    1. Mr. Shahid Hussain (Chairman)
    2. Mr. Hussain Ahmad Ozgen
    3. Mr. Amer Zeb
  - b) Other Non-executive Directors: **02** as named hereunder:
    1. Mr. Sami Ullah
    2. Mr. Shahid Aziz
  - c) Executive Directors: **02** as named hereunder:
    1. Mian Habib Ullah
    2. Rao Khalid Pervaiz
  
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
  
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
  
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
  
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
  
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
  
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
  
9. The Board arranged no orientation courses for its directors during the year. Under clause 20 of the Chapter VII of the Regulations, the Board will follow the director's training program in due course of time.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee
    1. Mr. Hussain Ahmed Ozgen - Chairman (Independent Director)
    2. Mr. Shahid Aziz - Member (Non Executive Director)
    3. Mr. Sami Ullah - Member (Non Executive Director)
  - b) HR and Remuneration Committee
    1. Mr. Amer Zeb - Chairman (Independent Director)
    2. Mr. Sami Ullah - Member (Non Executive Director)
    3. Rao Khalid Pervaiz - Member (Executive Director)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
  - a) Audit Committee - 05 meetings
  - b) HR & Remuneration Committee - 01 meeting
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

Rawalpindi  
October 05, 2018



Chairman

## CHAIRMAN'S REVIEW REPORT

I am pleased to present the financial reports of the Company for the year ended 30 June 2018. As textile sector is continuously facing problems hence Mills could not resume its production process. We are trying our level best to utilize the available resources to increase income and repayment of company's liabilities. I appreciate the efforts of the Board & Management for reduction in the losses of the Company and hope for further improvement in future.

On behalf of the Board, I wish to acknowledge the contributions of our employees and cooperation by the financial institutions and other debt providers.



Chairman of the Board of Directors

Rawalpindi: October 05, 2018



## DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 61st Annual General Meeting of D.M. Textile Mills Ltd and present audited accounts and annual report of the company for the year ended June 30, 2018 along with Auditors' Report thereon.

### Composition of the Board

Total number of directors Seven  
 Male : 7  
 Female : 0

### Composition

Independent Directors : 03  
 Non-Executive Directors : 02  
 Executive Directors : 02

### Name of Directors as on 30 June 2018

Mr. Shahid Hussain : Chairman (Independent)  
 Mian Habib Ullah : Chief Executive / Executive Director  
 Mr. Shahid Aziz : Director (Non-Executive)  
 Mr. Hussain Ahmed Ozgen : Director (Independent)  
 Mr. Amer Zeb : Director (Independent)  
 Mr. Sami Ullah : Director (Non-Executive)  
 Rao Khalid Pervaiz : Director (Executive)

### Committees of the Board

The board has formed two committees comprising of following members:

- a) Audit Committee
1. Mr. Hussain Ahmed Ozgen - Chairman (Independent Director)
  2. Mr. Shahid Aziz - Member (Non Executive Director)
  3. Mr. Sami Ullah - Member (Non Executive Director)
- b) HR and Remuneration Committee
1. Mr. Amer Zeb - Chairman (Independent Director)
  2. Mr. Sami Ullah - Member (Non Executive Director)
  3. Rao Khalid Pervaiz - Member (Executive Director)

### Performance: Net Profit/(Loss)

During the year the company suffered a net loss of Rs. (15.862) Million as compared to previous year net loss of Rs. (2.775) Million which is mainly due to impairment, repairing and maintenance of godowns and sale of obsolete machines.

Comparative financial results are given below:

Year Ended on	Rupees	
	30-06-2018	30-06-2017
Administrative and general expenses	(38,126,034)	(24,245,415)
Other Income	20,629,713	15,556,625
Financial and Other Charges	(674,537)	(893,785)
Provision for Taxation	2,308,112	6,807,105
Loss after taxation	(15,862,746)	(2,775,470)
Loss per share - Basic and diluted	(5.20)	(0.91)
Breakup Value per share in Rs	172.39	178.13

### **Debt Servicing**

As per Settlement Agreement with Faysal Bank Ltd, Company is paying monthly installments regularly and balance amount has to be paid in 18 monthly installments. Despite of problems, company managed to partially pay the outstanding liabilities towards suppliers, employees, property tax and social security etc. Management is in the process of negotiating with other debt providers/suppliers so as to reduce the financial liabilities of the company.

### **Dividend**

The Directors have not recommended any dividend due to loss.

### **Change in Accounting Policy**

In terms of Companies Act, 2017, revaluation surplus on property plant and equipment has been shown as part of equity , accordingly necessary changes have been made.

### **Directors have granted specific approval for the following transactions / adjustments mentioned in the financial statements.**

Operating fixed assets cost of deletions	Rupees 30,124,460
Long outstanding liabilities written back	435,346
Related party transactions as disclosed in financial statements.	

Directors have also granted general approval for following transactions in the financial statements.

- a. Approval of expenditures including Capital expenditure.
- b. Advances as given in note 21

### **Statement on Compliance with the best practices of Corporate Governance.**

- a) The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flow and changes in equity.

- b)** Company has maintained proper books of accounts.
- c)** In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments.
- d)** International Accounting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e)** The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.
- f)** There are no significant doubts upon the Company's ability to continue as a going concern.
- g)** There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h)** Key Operating and Financial Data for the last six years in summarized form is annexed to the Annual Report.
- i)** There are no overdue taxes and levies as on June 30, 2018 except reported in notes under contingencies and commitments in the balance sheet.
- j)** Pattern of Shareholding and Additional information as required under CCG is also annexed to the Annual Report.  
Except as disclosed in the Patron of Shareholding, during the year under review, there is no trading in shares of the company by Directors, Chief Executive, Chief Financial Officer / Company Secretary, their spouses and minor children.
- k)** During the year, Five Board Meetings, five Audit Committee meetings and one HR and Remuneration committee meeting were held. The attendance of the Directors is as follow:

Name of Director	Number of Meetings Attended		
	Board Meeting	Audit Committee	HR & Remuneration Committee
Mr. Shahid Hussain	4	N/A	N/A
Mian Habib Ullah	5	N/A	N/A
Mr. Shahid Aziz	5	5	1
Mr. Hussain Ahmed Ozgen	4	5	N/A
Mr. Sami Ullah*	2	2	N/A
Mr. Amer Zeb	1	0	N/A
Mr. Mubarik Zeb**	0	N/A	0
Rao Khalid Pervaiz	5	N/A	1

\* Mr. Sami Ullah appointed on Board & Audit Committee on 30-01-2018

\*\*Mr. Mubarak Zeb resigned from the Board & Audit Committee on 30-01-2018

(Leave of absence was granted to the Directors who could not attend meeting due to their pre-occupation)

With effective from 30-01-2018 Mr. Sami Ullah being a non-executive director was appointed as member of Audit Committee and HR and Remuneration Committee in place of Mr. Mubarak Zeb.

- I) Messrs. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore are our share registrar under section 195 of the companies Act, 2017.

### **Future Prospects & Plans**

Due to continued market recession and high inflation costs, the Mills could not resume its production process. By utilizing the available recourses, the management considerably increased its income and paying back the outstanding liabilities which will further reduce the burden of financial cost. Management has positive intention and capability to start the operations subject to improvement in market and suppliers credit for raw material & new machinery so that operations come into profit.

### **Auditors**

**The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment.**

### **Remarks on Auditors' Report & Review Report to the members:**

**(Quote: 1)**

The Company sustained net loss of Rupees 15.863 million during the year ended 30 June 2018 and as of that date its accumulated loss was Rupees 75.583 million. As of 30 June 2018, the Company's current liabilities exceeded its current assets by Rupees 59.763 million. Liability against assets subject to finance lease includes overdue amounts. The Company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed since 2014 due to shortage of working capital. As at the reporting date, the Company had few employees. The mill could not resume operations till the date of this report. The management of the Company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis. **(Unquote: 1)**

The management has successfully settled its entire outstanding loans due towards financial institutions. Rental income of the company has increased considerably. Further, the management is trying its level best to negotiate with other debt providers to settle amicably. Due to the settlement reached/to be reached with the debt providers, the Management has prepared the accounts on going concern basis.

**(Quote: 2)**

As more fully explained in Note 15 to the financial statements, the Company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the Company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the Company's account, by directors who are penalized under the order. The Chief Executive Officer (CEO) of the Company filed an appeal before the Lahore High Court (LHC), Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the Company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the CEO at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority (CDA), the property has already been transferred in the name of CEO through a court decree. The LHC, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court (IHC), Islamabad and on 03 May 2016, IHC, on submission of CEO, ordered to transfer the property in the name of the Company within sixty days. The CEO filed a petition before the IHC to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules / laws / procedures. The Company filed a suit before the court of Senior Civil Judge (West), Islamabad dated 17 October 2017 against the CEO while making SECP and CDA parties to the case for directions to transfer the property in the name of the Company, which is pending adjudication. Meanwhile, IHC, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the Company within the period of thirty days. The Company also filed an appeal before the LHC, Lahore Bench in May 2018 for detachment of the property, so the property can be transferred in the name of the Company, which is pending adjudication. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property. **(Unquote:2)**

As stated by the Auditors, the property could not be transferred in the name of the Company due to the want of completion of legal formalities. CEO filed an appeal before the Lahore High Court Rawalpindi Bench against the above mentioned SECP Order. The Honourable Court in its Order dated 26-10-2009 suspended the operation of the SECP Order. Keeping in view the financial position of the company and the legal formalities, the Board of Directors discussed this issue several times and finally decided to offer the first right of refusal to the CEO at fixed floor price of Rs.75 Million. As a result the company gained Rs.20.148 Million; and this long outstanding issue was resolved

with approval of the members of the company. Later the case was transferred to Islamabad High Court Islamabad (IHC). The CEO, in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 submitted to transfer the property in the name of the Company within sixty days. The CEO moved an application before the IHC for placement of additional documents on the grounds that in the given circumstances he has surrendered subject property rights in favour of D.M. Textile Mills Ltd and same fact is approved by the Board of Directors and Members of the Company, but the property has been attached by the Lahore High Court Lahore in two different cases titled Bank of Punjab versus Bilal Fibres Limited and Bank of Punjab versus Bilal Textiles (Private) Limited. On 30-11-2016, IHC allowed the Application for placement of additional documents on record for the reasons stated therein.

To complete the legal formalities, as per advise of our legal consultant(s), the Company has filed a civil suit before the Senior Civil Islamabad (West) for specific performance of Agreement to Sell and Surrender Deed and Permanent Injunction.

Islamabad High Court vide its Order dated 16 November 2017, decided the court case "D.M. Textile Mills Ltd Vs. Securities & Exchange Commission of Pakistan". As per opinion of our legal advisor, main operative points of the decision are as under:- (1) Penalty on 6 Directors has been reduced from Rs.100,000/= each to Rs.50,000/= each {has been paid by the concerned Directors} (2) Directors shall make efforts to release the property from both court cases at Lahore High Court Lahore Bench titled Bilal Fibres Ltd Vs Bank of Punjab and Bilal Textiles (Pvt) Ltd Vs Bank of Punjab (3) After releasing the property, in terms of his statement before the Islamabad High Court, CEO will transfer the property into the name of the Company. In compliance of the Islamabad High Court Order, Objection Application has been filed before the Lahore High Court where Property is attached.

**(Quote: 3)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, we have concluded that the other information is materially misstated for the same reasons. **(Unquote: 3)**

**The Board of Directors is of the view that as explained above, there is no material misstatement.**

**(Quote: 4)**

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the *Basis for Adverse Opinion* section of our report, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended **(Unquote: 4)**

The Board of Directors is of the view that the company follows the approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of company's affairs as at 30 June 2018 in the light of the facts stated above.

**(Quote:5)**

The Board has not appointed whole-time Company Secretary and Chief Financial Officer since the resignation of the previous Company Secretary and Chief Financial Officer as required by the regulation 21 of the Regulations. Further, acting Company Secretary having additional charge of acting Chief Financial Officer does not fulfill the qualification criteria mentioned in regulation 23 of the Regulations; **(Unquote: 5)**

The Company is making efforts to fulfill the requirements. However, professionals are not willing to join the Company due to closure of Mills and various reasons. The requirement will be fulfilled as soon as possible.

**(Quote:6)**

Head of Internal Audit does not fulfill the qualification criteria mentioned in regulation 24 of the Regulations; **(Unquote: 6)**

The Company is making efforts to fulfill the requirement. However, professionals are not willing to join the Company due to various reasons. Existing head of internal audit is working satisfactorily for the last several years whereas he has been working with us as Accounts Incharge for the last about 20 years.

**(Quote:7)**

No member of the audit committee is "financially literate" in contravention of regulation 28 [1(c)] of the Regulations; and **(Unquote: 7)**

Board is of the view that members of existing Audit Committee have relevant experience. One member is Area Incharge of the National Investment Trust and has long experience of financial matters. Other two members are also graduate. Compliance with Regulations will be made as soon as possible.

**(Quote:8)**

The Company has not complied with the financial reporting and corporate compliance requirements of the Regulations. The financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**(Unquote: 8)**

The Board of Directors is of the view that the company follows the corporate and financial reporting requirements of the Code, approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of company's affairs as at 30 June 2017 in the light of the facts stated above.

**Corporate Social Responsibility**

The company is aware of its corporate and social responsibilities and doing its best within the available resources.



**Director's Remuneration Policy**

The Company pays remuneration to two of its Executive Directors. No remuneration is paid to the Non-Executive and Independent Directors other than meeting fees.

**Board Evaluation**

The Board has developed a mechanism for evaluation of performance of the Board of Directors.

**Acknowledgement**

The Directors wish to place on record their acknowledgement for the cooperation extended by the financial institutions. Appreciation is also due to the employees of the company for their hard work and devoted efforts for the betterment of the company.

***For and behalf of the Board of Directors***



Chief Executive

Rawalpindi: October 05, 2018



Director



## ڈائریکٹرز رپورٹ

معزز ممبران،

ہم آپ کو کمپنی کے آکٹھویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں۔ ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2018 کو ختم ہونے والے سال کے مالیاتی گوشوارے (آڈٹ شدہ) بمعہ آڈیٹرز رپورٹس پیش خدمت ہیں۔

بورڈ کی تشکیل

بورڈ کے ممبران کی کل تعداد سات ہے

مرد: 7

خاتون: 0

غیر جانبدار ڈائریکٹرز	:	3
نان۔ ایگزیکٹو ڈائریکٹر	:	2
ایگزیکٹو ڈائریکٹر	:	2

30 جون 2018 کو موجود ڈائریکٹرز کے نام درج ذیل ہیں

جناب شاہد حسین	چیئر مین
جناب میاں حبیب اللہ	ڈائریکٹر / چیف ایگزیکٹو
جناب شاہد عزیز	ڈائریکٹر
جناب حسین احمد آزگن	ڈائریکٹر
جناب امیر زیب	ڈائریکٹر
جناب سمیع اللہ	ڈائریکٹر
جناب راؤ خالد پرویز	ڈائریکٹر

بورڈ کی کمیٹیاں

بورڈ نے مندرجہ ذیل دو کمیٹیاں بنائی ہوئی ہیں جن کی تفصیل درج ذیل ہے

آڈٹ کمیٹی

جناب حسین احمد آزگن	چیئر مین
جناب شاہد عزیز	ممبر
جناب سمیع اللہ	ممبر

ہیومن ریسورس اینڈ ریمزیشن کمیٹی

جناب امیر زبیر چیئرمین

جناب سمیع اللہ ممبر

جناب راؤ خالد پرویز ممبر

زیر نظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 15.862 ملین روپے کا خسارہ ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 2.775 ملین روپے کا خسارہ ہوا تھا۔ یہ خسارہ زیادہ تر impairment، گوداموں کی مرمت و بحالی اور پرانی بوسیدہ مشینری کی فروخت کی وجہ سے ہے۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

روپے		تفصیل
2017 جون 30	2018 جون 30	
(24,245,415)	(38,126,034)	انتظامی اور دیگر اخراجات
15,556,625	20,629,713	دیگر آمدن
(893,785)	(674,537)	مالی اور دیگر چارجز
6,807,105	2,308,112	ٹیکس کی پروویژن
(2,775,470)	(15,862,746)	(خسارہ) بعد از ٹیکس
(0.91)	(5.20)	فی شیئر آمدن / (خسارہ) روپے (Basic & Diluted)
178.13	172.39	بریک اپ ویلیو روپے فی شیئر

فیصل بینک کے ساتھ معاہدہ کے مطابق کمپنی ماہانہ اقساط باقاعدگی سے ادا کر رہی ہے۔ بقایا رقم 18 ماہوار اقساط میں ادا کرنی ہے۔ مشکلات کے باوجود کمپنی نے جزوی طور پر واجبات ادا کئے ہیں جن میں سپلائرز، سابق ملازمین، پراپرٹی ٹیکس، سوشل سیورٹی وغیرہ شامل ہیں۔ انتظامیہ دوسرے قرض داروں سے گفت و شنید کر رہی ہے تاکہ کمپنی کے مالی بوجھ کو مزید کم کیا جاسکے۔

مالی خسارہ کی وجہ سے ڈائریکٹرز نے ڈیویڈنڈ تجویز نہیں کیا ہے۔

اکاؤنٹنگ پالیسی میں تبدیلی

کمپنی ایکٹ 2017 کے مطابق ریویلویشن سرپلس کو اکیٹی کا حصہ دکھایا گیا ہے لہذا اس کے مطابق متعلقہ تبدیلیاں کی گئی ہیں۔

ڈائریکٹرز نے مندرجہ ذیل ٹرانزیکشن / ایڈجسٹمنٹ جو کہ مالی گوشواروں میں دیئے گئے ہیں کی خصوصی منظوری دی ہے۔

روپے

30,124,460

435,346

اپریٹنگ فکسڈ اثاثے کی (deletions)

طویل بقایا Liabilities ختم کیں

متعلقہ پارٹی ٹرانزیکشنز جو گوشواروں میں دکھائی گئی ہیں

ڈائریکٹرز نے مالی گوشواروں میں دی گئی مندرجہ ذیل ٹرانزیکشنز کی عام منظوری بھی دی:

الف۔ خرچے بمعہ کیپیٹل خرچے

ب۔ ایڈوانسز

کارپوریٹ گورننس کی بہترین عملداری پر بیان

a۔ کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے کہ سرگرمیوں کے نتائج رقم کی آمد و رفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

b۔ کمپنی نے حسابداری کے مناسب کھاتے رکھے ہیں

c۔ مالیاتی گوشواروں کی تیاری کے لیے مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

d۔ پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کو مالیاتی گوشواروں کی تیاری کے لئے بروئے کار لایا جاتا ہے اور ان میں ہونے والی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے۔

e۔ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے اور کسی بھی کمزوری کو دور کیا جاتا ہے۔

f۔ کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہ ہے

g۔ لسٹنگ ریگولیشن میں دی گئے کارپوریٹ گورننس کے طریقہ کار سے انحراف نہیں کیا ہے۔

h۔ گذشتہ 6 سال کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

i۔ اس سال کی مالیاتی رپورٹ کے نوٹس میں دیئے گئے واجب الادا ٹیکسوں اور لیویز کے علاوہ اور واجب الادا ٹیکس یا لیویز نہ ہیں۔

j۔ کوڈ آف کارپوریٹ گورننس کے تحت کمپنی کے حصص یافتگان کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔ ماسوائے پیٹرن آف شیئرز ہولڈنگ میں ظاہر کیا گیا ہے، کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویوں / بچوں / نیکمپنی کے شیئرز کا تجارتی لین دین نہیں کیا ہے

k- اس سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب شاہد حسین	4
جناب میاں حبیب اللہ	5
جناب شاہد عزیز (نمائندہ NIT)	5
جناب حسین احمد آزرگن	4
جناب سمیع اللہ	2
جناب امیر زیب	1
جناب راؤ خالد پرویز	5

جو ڈائریکٹرز صاحبان بورڈ کی میٹنگ میں شریک نہ ہو سکے، تو اُن کے مطابق ان کے چھٹی منظور کی گئی۔  
جناب سمیع اللہ مورخہ 30-01-2018 کو بورڈ کے رکن نامزد ہوئے جبکہ جناب مبارک زیب نے اسی تاریخ کو استعفیٰ دیا۔

اس سال کے دوران آڈٹ کمیٹی کے پانچ اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب حسین احمد آزرگن	5
جناب شاہد عزیز	5
جناب سمیع اللہ	2
جناب امیر زیب	0

جو ڈائریکٹرز صاحبان آڈٹ کمیٹی کی میٹنگ میں شریک نہ ہو سکے، تو اُن کے مطابق ان کے چھٹی منظور کی گئی۔  
جناب سمیع اللہ مورخہ 30-01-2018 کو جناب امیر زیب کی جگہ کمیٹی کے رکن نامزد ہوئے

اس سال کے دوران ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی کا ایک اجلاس ہوا جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب راؤ خالد پرویز	1
جناب شاہد عزیز	1
جناب مبارک زیب	0

جو ڈائریکٹرز صاحبان ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی کی میٹنگ میں شریک نہ ہو سکے، تو اُن کے مطابق ان کے چھٹی منظور کی گئی۔

کمپنیز ایکٹ کی شق 195 کے تحت میسرز کارپلنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل ماڈل ٹاؤن، لاہور، کمپنی کے شیئر رجسٹرار ہیں

مسلسل مارکیٹ بحران اور ان پٹ لاگت میں اضافہ اور وسائل کی کمی کی وجہ سے کمپنی پیداواری صلاحیت کو بحال نہ کر سکی۔ اپنے وسائل کو استعمال کرتے ہوئے انتظامیہ نے اپنی آمدن کو مناسب بڑھایا ہے اور واجبات ادا کر رہی ہے جس کی وجہ سے مالی بوجھ مزید کم ہوگا۔ انتظامیہ کی نیت مثبت ہے اور پیداوار شروع کرنے کی صلاحیت بھی رکھتی ہے بشرطیکہ مارکیٹ بہتر ہو، سپلائرز سے خام مال اور نئی مشینری ادھار ملے تاکہ پیداوار منافع بخش ہو سکے۔

ریٹائر ہونے والے آڈیٹرز میسرز ریاض احمد اینڈ کمپنی تعیناتی کے اہل ہیں اور انہوں نے اپنے آپ کو دوبارہ تعیناتی کے لئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز ان کی دوبارہ تعیناتی کی سفارش کرتا ہے۔

آڈیٹرز رپورٹ اور جائزہ رپورٹ برائے ممبران پر بورڈ آف ڈائریکٹرز کا بیان:

(اقتباس-1)

" کمپنی کو 30 جون 2018 کو ختم ہونے والے سال میں 15.863 ملین کا خالص خسارہ ہوا۔ اسی مدت میں اس کا مجموعی خسارہ 75.583 ملین رہا۔ 30 جون 2018 تک کمپنی کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 59.763 ملین تجاوز کر گئیں۔ ذمہ داریوں میں فنانس لیز والے اثاثہ جات کی over due رقم شامل ہے۔ کمپنی ورکنگ کیپٹل اور دیگر مقاصد کے لئے نئی فنانسنگ حاصل نہ کر سکی۔ سال کے دوران ملزمنڈی کے بحران اور ورکنگ کیپٹل کی کمی کی وجہ سے بند رہی۔ اس رپورٹ کی تاریخ تک کمپنی کے چند ملازمین تھے اور ملزموں کو دوبارہ پیداوار شروع نہ کر سکی۔ کمپنی انتظامیہ نے ہمیں کمپنی کے قائم رہنے کے خدشہ کے بارے میں اپنی رائے نہیں دی جو کہ ان حسابات اور مستقبل کے مالی اندازوں کی تیاری میں استعمال ہوئے جس سے کمپنی کا اقتصادی استحکام ظاہر ہو۔ یہ واقعات مواد کی غیر یقینی کو ظاہر کرتے ہیں جس سے کمپنی کے قائم رہنے کی صلاحیت پر شکوک اٹھتے ہیں اس لئے ہو سکتا ہے کہ عام کاروباری حالات میں یہ اپنے اثاثوں کو realize اور ذمہ داریوں کو پورا نہ کر سکے۔ مالیاتی گوشوارے (اور ان پر دیئے گئے نوٹس) اس حقیقت کو واضح نہیں کرتے۔ یہ مالیاتی گوشوارے قائم رہنے کے تصور پر تیار کئے گئے ہیں "

انتظامیہ نے کامیابی سے تمام مالیاتی اداروں کے ساتھ اپنے قرضہ جات کے معاملات حل کر لئے ہیں۔ کرایہ کی آمدن مناسب بڑھی ہے۔ مزید برآں انتظامیہ دیگر قرض داروں سے معاملات طے کرنے کے لئے پوری کوشش کر رہی ہے۔ قرض داروں کے ساتھ طے شدہ معاملات اور دیگر قرض داروں کے ساتھ جو معاملات طے کئے جا رہے ہیں کیوجہ سے انتظامیہ نے یہ حسابات قائم رہنے کی بنیاد پر تیار کئے ہیں۔

(اقتباس-2)

" جیسا کہ مالیاتی گوشوارے کے نوٹ 15 میں زیادہ تفصیل دی گئی ہے، کمپنی نے جائیداد خریدنے کے لئے 51.150 ملین روپے ایڈوانس دیا۔ قانونی معاملات کی وجہ سے جائیداد کمپنی کے نام ٹرانسفر نہ ہو سکی۔ SECP نے اپنے حکم بتاریخ 29 نومبر 2007 کمپنی کے ڈائریکٹرز کو 30 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا کہا۔ یہ بھی حکم دیا گیا کہ حساب لگانے میں اسی عرصہ میں اگر یہ رقم شیڈول بینک میں روزانہ کی بنیاد پر جمع کروائی جاتی تو اس پر کتنا منافع بنتا۔ اور حکم دیا کہ یہ رقم وہ ڈائریکٹرز جن پر جرمانہ ہوا ہے، تناسب سے کمپنی کے کھاتے میں جمع کروائیں۔ چیف ایگزیکٹو نے لاہور ہائی کورٹ راولپنڈی بینچ میں رٹ دائر کی جہاں سے SECP کے مندرجہ بالا حکم پر عمل درآمد کا stay order جاری ہوا۔ کمپنی کے بورڈ آف ڈائریکٹرز نے میسرز نیکمز ایسوسی ایٹس سے جائیداد کی مجبوراً فروخت ویلیویشن Rs.72.007 ملین کروانے کے بعد اپنی میٹنگ مورخہ 23

اپریل 2014 کو منظوری دی کہ جائیداد میں حقوق بمعہ فکچر اور فٹنگ چیف ایگزیکٹو نے شدہ قیمت مبلغ 75 ملین میں آفر کیا جائے۔ جبکہ کمپنیل ڈولپمنٹ اتھارٹی کے مطابق جائیداد چیف ایگزیکٹو میاں حبیب اللہ کے نام بذریعہ عدالتی ڈگری پہلے ہی ٹرانسفر ہو چکی ہے۔ لاہور ہائی کورٹ راولپنڈی بینچ نے اپنے عبوری حکم مورخہ 06 فروری 2015 التوا کی اجازت دیتے ہوئے ہدایت کی کہ کسی بھی صورت میں کمپنی کی جائیداد انڈر ٹیکنگ کو ٹرانسفر الگ الگ نہ کیا جائے۔ اسی دوران مورخہ 03 مئی 2016 کو کیس اسلام آباد ہائی کورٹ ٹرانسفر ہو گیا۔ چیف ایگزیکٹو کے بیان پر اسلام آباد ہائی کورٹ نے 60 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا حکم دیا۔ چیف ایگزیکٹو نے اسلام آباد ہائی کورٹ میں ریلیف کی درخواست دائر کی کہ جائیداد پہلے ہی دو مقدمات میں Attach ہو چکی ہے جو کہ بینک آف پنجاب بنام بلال فائبر زلمینڈ اور بینک آف پنجاب بنام بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ ہیں جہاں چیف ایگزیکٹو ضامن تھا اسی دوران بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز نے اپنی ملاقاتوں میں جو کہ بالترتیب مورخہ 09 اکتوبر 2016 اور 13 اکتوبر 2016 کو منعقد ہوئیں منظوری دی کہ چیف ایگزیکٹو کو جائیداد کی فروخت کی ٹرانزیکشن کو رسمی قانونی کارروائی مکمل کرنے کے بعد واپس کر دیا جائے۔ کمپنی نے سول جج (مغربی) اسلام آباد کی عدالت میں 17 اکتوبر 2017 کو سی ای او کے خلاف دعوہ دائر کیا ہے جس میں سیکورٹی اینڈ ایکسچینج کمیشن اور کمپنیل ڈولپمنٹ اتھارٹی کو پارٹی بنایا ہے اور درخواست کی گئی ہے کہ ان کو پارٹی کمپنی کے نام ٹرانسفر کرنے کی ہدایت کی جائے، یہ دعوہ بھی زیر التوا ہے۔ اسی دوران اسلام آباد ہائی کورٹ نے اپنے حکم مورخہ 16 نومبر 2017 کے تحت جرمانہ مبلغ 100,000 روپے سے کم کر کے مبلغ 50,000 روپے کر دیا ہے جو کہ ہر ڈائریکٹر نے 30 دن کے اندر ادا کرنا ہے۔ کمپنی نے مئی 2018 کو لاہور ہائی کورٹ لاہور بینچ میں بھی ایک اپیل جائیداد کی detachment کے بابت دائر کی ہے تاکہ پارٹی کمپنی کے نام ٹرانسفر ہو سکے۔ یہ اپیل بھی ابھی عدالت میں پنڈنگ ہے۔ ہم مندرجہ بالا احکامات کی عملداری کو یقینی نہ بنا سکے اور اپنے آپ کو مطمئن نہ کر سکے کہ جائیداد کی جبری فروخت قیمت کو جائیداد کے لئے دیئے گئے ایڈوانس کے عوض ایڈجسٹمنٹ کیا جائے۔"

جیسا کہ آڈیٹرز نے بیان کیا، قانونی معاملات کی وجہ سے جائیداد کمپنی کے نام ٹرانسفر نہ ہو سکی۔ چیف ایگزیکٹو نے لاہور ہائی کورٹ راولپنڈی بینچ میں رٹ دائر کی جہاں سے SECP کے مندرجہ بالا حکم پر عمل درآمد کا stay order جاری ہوا۔ کمپنی کی مالی حالت اور قانونی ضرورتوں کو مد نظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے کئی دفع اس معاملے پر بحث کی اور آخر میں فیصلہ کیا کہ چیف ایگزیکٹو کو ریفوزل کا پہلا حق مبلغ 75 ملین جو کہ فکس فلور پر اس تھی آفر کیا جائے۔ اس کے نتیجے میں کمپنی کو مبلغ 20.148 ملین کا منافع ہوا اور یہ دیر سے انکا ہو معاملہ ممبرز کی منظوری سے حل ہوا۔ بعد ازاں کیس اسلام آباد ہائی کورٹ منتقل ہو گیا۔ چیف ایگزیکٹو کے بیان پر اسلام آباد ہائی کورٹ نے 60 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا حکم دیا۔ چیف ایگزیکٹو نے اسلام آباد ہائی کورٹ میں ریلیف کی درخواست دائر کی کہ اور مزید کاغذات پیش کرنے کی اجازت مانگی اور استدعا کی کہ موجودہ حالات میں وہ جائیداد میں حقوق سرٹڈ کر چکے جس کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز اور ممبران دے چکے ہیں لیکن جائیداد پہلے ہی بحکم لاہور ہائی کورٹ لاہور دو مقدمات میں Attach ہو چکی ہے جو کہ بینک آف پنجاب بنام بلال فائبر زلمینڈ اور بینک آف پنجاب بنام بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ ہیں جہاں چیف ایگزیکٹو ضامن تھا۔ معزز اسلام آباد ہائی کورٹ نے مورخہ 30 نومبر 2016 کو پیش کردہ وجوہات کی بنا پر اضافی کاغذات پیش کرنے کی درخواست کو منظور کیا۔ قانونی تقاضے پورے کرنے کے لئے، اپنے قانونی معاون کے مشورے سے، کمپنی نے سینئر سول جج اسلام آباد (مغربی) کو معاہدے اور سرٹڈ ڈیڈ کی سپسیفک پرفارمنس اینڈ پرمائنٹ انجکشن کے لئے دعوہ دائر کیا ہے۔ اسلام آباد ہائی کورٹ نے اپنے حکم مورخہ 16 نومبر 2017 کو مقدمے "ڈی ایم ٹیکسٹائل ملز لمیٹڈ بنام سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان" کا فیصلہ کیا۔ ہمارے قانونی مشیر کی رائے کے مطابق فیصلے کے اہم operative نکات مندرجہ ذیل ہیں۔ (1) ڈائریکٹرز پر جرمانہ 100,000 روپے سے کم کر کے 50,000 روپے کر دیا گیا ہے۔ متعلقہ ڈائریکٹرز نے ادا کر دیا ہے (2) ڈائریکٹرز لاہور ہائی کورٹ کے سامنے دونوں کیسوں "بینک آف پنجاب بنام بلال فائبر زلمینڈ" اور "بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ بنام بینک آف پنجاب" سے پارٹی کو واگزار کروانے کی کوشش کریں (3) پارٹی واگزار کروانے کے بعد، اپنے بیان کے مطابق، سی ای او جائیداد کمپنی کے نام ٹرانسفر کرے۔ اسلام آباد ہائی کورٹ کے حکم کی تعمیل میں، لاہور ہائی کورٹ لاہور بینچ میں Objection Appliation دائر کر دی گئی ہے جو کہ بھی عدالت میں پنڈنگ ہے۔

(اقتباس-3)

"مالیاتی گوشواروں کے آڈٹ کے بارے میں ہماری ذمہ داری دوسری معلومات کو پڑھنا ہے، ایسا کرتے ہوئے، یہ جائزہ لینا کہ کیا دیگر معلومات مالیاتی گوشواروں سے materially inconsistent ہیں، یا آڈٹ میں حاصل کیا گیا ہمارے علم، یا دوسری طرح materially misstated ظاہر ہوتی ہیں۔ اگر، کام کی نوعیت جو ہم نے کیا ہے، ہم اس نتیجے پر پہنچے ہیں کہ دیگر معلومات کی material misstatement ہے اور ہمیں اسے ظاہر کرنا ہے۔ جن معاملات پر ہماری رپورٹ adverse basis for opinion section میں بحث کی گئی ہے، ہم اس نتیجے پر پہنچے ہیں کہ انہیں وجوہات کی وجہ سے دیگر معلومات میں material misstatement ہوئی ہے"

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ اوپر دی گئی وضاحتوں کو بنا کر کوئی material misstatement نہیں ہے۔

(اقتباس-4)

"ہماری رائے میں اور ہماری بہترین معلومات کے مطابق اور ہمیں دی گئی وضاحتوں کے مطابق، ہماری رپورٹ adverse opinion section میں دیئے گئے معاملات کہ اہمیت کی وجہ سے، مالیاتی قابلیت کا بیان، نفع یا نقصان کا بیان، comprehensive آمدن کا بیان، ایکویٹی میں تبدیلی کا بیان، کیش فلوکا بیان، نوٹس کے ساتھ جو اس کا حصہ بنتے ہیں، پاکستان میں رائج اکاؤنٹنگ سٹینڈرڈ کے مطابق نہیں ہیں اور کمپنی ایکٹ کے مطابق معلومات نہیں دیتے جس طرح ضروری ہیں اور 30 جون 2018 تک کمپنی کے درست اور منصفانہ معاملات کا ملاحظہ نہیں دیتے۔ اور نقصان کا، اس کے جامع نقصان کا، اس کے کیش فلوکا اور ایکویٹی میں تبدیلی کا"

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ کمپنی منظور شدہ اکاؤنٹنگ سٹینڈرڈز پر عمل کرتی ہے جو کہ پاکستان میں رائج ہیں۔ اور گوشوارے اوپر دیئے گئے حقائق کی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات برائے سال ختمہ 30 جون 2018 کو پیش کرتے ہیں۔

(اقتباس-5)

"جب سے سابقہ کمپنی سیکٹری اور چیف فنانشل آفیسر نے استعفیٰ دیا ہے بورڈ نے ریگولیشن کی شق 21 کے تحت کل وقتی کمپنی سیکٹری اور چیف فنانشل آفیسر مقرر نہیں کیا۔ مزید قائم مقام کمپنی سیکٹری کے پاس چیف فنانشل آفیسر کا اضافی چارج ہے وہ ریگولیشن کی شق 23 کے تحت تعلیمی معیار پورا نہیں کرتا"

کمپنی اس ضرورت کو پورا کرنے کی کوشش کر رہی ہے تاہم متعلقہ پیشہ ور جو کہ اس معیار پر پورا اترتے ہیں ملز بند ہونے اور مختلف وجوہات کی وجہ سے نہیں آرہے۔ جتنا جلدی ممکن ہو یہ requirement پوری کر دی جائے گی۔

(اقتباس-6)

"انٹرنل آڈٹ ہیڈ ریگولیشن کی شق 24 کے مطابق کوآپٹیمائزیشن کا معیار پورا نہیں کرتا۔"

کمپنی اس ضرورت کو پورا کرنے کی کوشش کر رہی ہے تاہم متعلقہ پیشہ ور جو کہ اس معیار پر پورا اترتے ہیں مختلف وجوہات کی وجہ سے نہیں آرہے۔ موجودہ انٹرنل آڈٹ ہیڈ کی سالوں سے تسلی بخش کام کر رہا ہے جبکہ یہ پچھلے تقریباً 20 سال سے اکائونٹ انچارج کے طور پر کام کر رہا ہے۔

(اقتباس-7)

"آڈٹ کمیٹی کا کوئی ممبر مالی طور پر خواندہ نہیں ہیں جبکہ ریگولیشن (c)1{28 کی خلاف ورزی ہے"

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ موجودہ کمیٹی کے ممبران متعلقہ تجربہ رکھتے ہیں۔ ایک رکن قومی مالیاتی ٹرسٹ کا علاقے کا انچارج ہے اور وسیع مالیاتی تجربہ رکھتا ہے۔ دوسرے دو ممبران بھی گریجویٹ ہیں۔ جتنا جلد ممکن ہو سکا ریگولیشن کی تعمیل کی جائے گی۔


(اقتباس-8)

"کمپنی نے ریگولیشنز کی فنانشل رپورٹنگ اور کارپوریٹ رپورٹنگ کی ضرورت کو پورا نہیں کیا ہے۔ کمپنی کی فنانشل سٹیٹمنٹ پاکستان میں رائج اکاؤنٹنگ سٹینڈرڈ کے مطابق تیار نہیں کی گئی۔ لہذا فنانشل سٹیٹمنٹ نقصان، جامع نقصان کا بیان، کیش فلوا اور ایکویٹی میں تبدیلیاں بابت سال 30 جون 2018 کے درست اور منصفانہ معاملات کا ملاحظہ نہیں دیتے"

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ کمپنی منظور شدہ اکاؤنٹنگ سٹینڈرڈز پر عمل کرتی ہے جو کہ پاکستان میں رائج ہیں۔ اور گوشوارے اوپر دیئے گئے حقائق کی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات برائے سال ختمہ 30 جون 2018 کو پیش کرتے ہیں۔

کمپنی اپنی کارپوریٹ اور سماجی ذمہ داریوں سے آگاہ ہے اور دستیاب وسائل کے مطابق کوشش کرتی ہے۔ کمپنی اپنے دوا ایگزیکٹوڈائریکٹرز کو اجرت دیتی ہے۔ نان ایگزیکٹوڈائریکٹرز اور غیر جانبدار ڈائریکٹرز کو مینٹنگ فیس کے علاوہ کوئی ادائیگی نہیں کی جاتی۔ بورڈ نے اپنے تجزیہ اور کارکردگی کے جائزے کا میکنزم بنایا ہوا ہے۔

ڈائریکٹرز مالیاتی اداروں کے تعاون کے مشکور ہیں۔ کمپنی کے ملازمین داد کے مستحق ہیں کہ انھوں نے کمپنی کی بہتری کے لئے لگن اور محنت سے کام کیا۔

  
ڈائریکٹر

  
چیف ایگزیکٹو

راولپنڈی: 05 اکتوبر 2018



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at factory premises at Industrial Area, Westridge, Rawalpindi, **on Saturday, October 27, 2018 at 05:00 PM** to transact the following business:

### ORDINARY BUSINESS

1. To confirm the Minutes of the last Annual General Meeting held on 28 October 2017
2. To receive, consider and adopt the annual audited accounts of the company for the year ended June 30, 2018 together with Chairman's review, directors', and auditors' reports thereon.
3. To appoint auditors and fix their remuneration. Retiring auditors M/s. Riaz Ahmad & Company being eligible offer themselves for re-appointment.

### SPECIAL BUSINESS

To consider and if deemed fit, to pass the following resolution(s) as ordinary resolution(s), with or without any modification, addition or deletion in terms of section 183(3)(a) of the Companies Act, 2017.

1. **Revalidation of Approval for Sale of Land & Building**  
Resolved that, "Ordinary Resolution pertaining to sale of approx 07.19 Kanal land comprising open area and old worker quarters passed by the AGM held on 28 October 2017 be and is hereby revalidated for one year from the date of passing of this resolution".

Further resolved that, "Board of Directors of the Company or their nominee(s) as the board of directors may from time to time specially designate for the purpose, be and are hereby severally authorized to take any or all actions necessary or conducive for fulfilling any requirement or in implementation thereof including, without limitation, to negotiate, finalize and execute as applicable any and all contracts, instruments, power of attorney, notices, certificates, documents (of whatever nature and description) for or in connection with the aforesaid, issue any notices seek any approvals, make any filings and do all such acts, deeds and things as they may deem necessary and / or expedient".

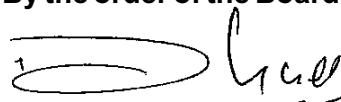
### GENERAL BUSINESS

1. To transact any other business with the permission of the chair.

Statement of material facts under section 134(3) of the Companies Act, 2017 is being sent to the members along with notice of AGM.

**Date: 05 October 2018**

**By the order of the Board**



**Rao Khalid Pervaiz  
(Director)**

**Notes:**

1. The members' register will remain closed from **19 October 2018 to 27 October 2018** (both days inclusive). Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore or our registered office by the close of business on 18 October, 2018 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:
  - a. For attending the meeting
    - i). In case of individuals, 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 original computerized 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 with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting
  - b. For appointing proxies
    - i). In case of individuals, 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 requirement.
    - ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
    - iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
    - iv). The proxy shall produce his 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 with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Financial Statements for the year ended 30-06-2018 are being uploaded on the website of the Company [www.dmtextile.com.pk](http://www.dmtextile.com.pk).

### STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Textile industry especially old units have been passing through severe crises for the past few years due to market recess and high energy cost and rising cost of production etc.

Company is facing financial problems and has to pay the liabilities of the financial institutions, suppliers, employees, debt providers, EOBI, Social Security, Cantonment Board and income taxes etc. Therefore, it is appropriate to dispose off the said piece of land. The Board of Directors of the Company in their meeting held on April 20, 2016 & 06 October 2017 after due consideration has decided to sell approx 07.19 Kanal piece of land comprising about 40 years old worker quarters and open area of the company subject to consent of members of the company in general meeting and clearance from the banks/financial institutions where such assets are under lien/charge.

1. Members of the Company in their meetings held on 31 October 2016 & 28 October 2017 granted approval for sale of this piece of land/building. Due to non-availability of good buyer(s), these assets could not be sold.

The information required under Notification SRO No. 1227/2005 dated 12 December 2005 is as follow:

<u>Description</u>	<u>Owner/Leased Assets/Rupees</u>
Detail of Assets to be sold	07.19 Kanal Land comprising open area and old worker quarters
Location	Factory premises, Westridge Industrial Area, Rawalpindi
Cost of Land & building	Rs.4,721,085/=
Book Value	Rs.60,650,523/=
Revalued amount	Rs.39,559,100/=
Approximate current market price/ fair value	Rs. 33,625,235/=

It is proposed to place the resolution as mentioned at Agenda No. 1 of Special Business above for approval of members in the AGM.

As per requirement, additional information with respect to sale of assets is as under:

The proposed manner of disposal	Outright sale and/or through any other mean (advertisement for tenders, quotations, bids etc), to be sold in a transparent manner.
---------------------------------	--

Reason for the disposal/sale

To pay off the liabilities of the Company

Benefits expected to accrue to the shareholders

The sale proceeds will be used to decrease the financial liabilities/over due payments to avoid litigations.

Nature and extent of interest, if any, of Directors

None of the Directors have any direct or indirect interest in the sale/disposal of the said assets except as shareholders of the Company

**Availability of Relevant Documents:**

The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto 26 October 2018 during business hours and also at the time of meeting.

**By the order of the Board**



**Rao Khalid Pervaiz  
(Director)**

**Date: 05 October 2018**

## STATEMENT OF FINANCIAL POSITION

	NOTE	2018 Rupees	2017 Restated Rupees	2016 Restated Rupees
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital 5,000,000 (2017: 5,000,000) ordinary shares of Rupees 10 each		<u>50,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>	3	30,524,290	30,524,290	30,524,290
<b>Accumulated loss</b>		(75,583,279)	(61,826,249)	(61,485,162)
<b>Capital reserve - surplus on revaluation of property, plant and equipment - net of deferred income tax</b>	4	<u>571,260,712</u>	<u>575,018,505</u>	<u>602,661,894</u>
<b>Total equity</b>		<u>526,201,723</u>	<u>543,716,546</u>	<u>571,701,022</u>
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long term financing	5	1,766,260	5,131,086	8,136,890
Liability against assets subject to finance lease	6	-	-	-
Employees' retirement benefit	7	10,611,500	10,063,175	9,839,462
Deferred income tax liability	8	7,240,523	14,855,512	22,476,930
		<u>19,618,283</u>	<u>30,049,773</u>	<u>40,453,282</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	9	82,579,959	81,038,020	82,897,881
Unclaimed dividend		144,947	144,947	144,947
Accrued mark-up	10	20,767,825	20,767,825	21,275,680
Short term borrowings	11	11,890,030	14,594,370	10,760,361
Current portion of non-current liabilities	12	4,023,357	3,664,335	3,185,439
Taxation - net		298,610	-	-
		<u>119,704,728</u>	<u>120,209,497</u>	<u>118,264,308</u>
<b>Total liabilities</b>		<u>139,323,011</u>	<u>150,259,270</u>	<u>158,717,590</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13			
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>665,524,734</u>	<u>693,975,816</u>	<u>730,418,612</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

## AS AT 30 JUNE 2018

		2018	2017	2016
	NOTE	Rupees	Rupees	Rupees
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	14	574,652,120	601,279,761	679,890,756
Advance against property	15	-	-	-
Due from related party	16	-	-	-
Long term investment	17	6,516,751	6,135,445	-
Long term deposits		<u>24,414,434</u>	<u>24,414,434</u>	<u>24,403,761</u>
		605,583,305	631,829,640	704,294,517
<b>CURRENT ASSETS</b>				
Stores, spare parts and loose tools	18	-	-	-
Stock-in-trade	19	-	-	-
Trade debts	20	-	-	-
Advances	21	51,001	183,435	305,985
Current portion of due from related party	16	17,619,962	17,619,962	16,823,426
Short term deposit	22	2,000,000	2,000,000	2,000,000
Other receivables	23	3,812,139	5,883,907	5,721,692
Short term investment	24	1,180,033	1,142,000	1,142,000
Cash and bank balances	25	51,109	89,687	130,992
		<u>24,714,244</u>	<u>26,918,991</u>	<u>26,124,095</u>
Non-current assets classified as held for sale	26	<u>35,227,185</u>	<u>35,227,185</u>	-
		59,941,429	62,146,176	26,124,095
<b>TOTAL ASSETS</b>		<u><u>665,524,734</u></u>	<u><u>693,975,816</u></u>	<u><u>730,418,612</u></u>



CHIEF FINANCIAL OFFICER

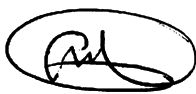
**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 Rupees	2017 Rupees
ADMINISTRATIVE AND GENERAL EXPENSES	27	(26,062,539)	(23,710,415)
OTHER EXPENSES	28	(12,063,495)	(535,000)
		<u>(38,126,034)</u>	<u>(24,245,415)</u>
		(38,126,034)	(24,245,415)
OTHER INCOME	29	<u>20,629,713</u>	<u>15,556,625</u>
LOSS FROM OPERATIONS		(17,496,321)	(8,688,790)
FINANCE COST	30	<u>(674,537)</u>	<u>(893,785)</u>
LOSS BEFORE TAXATION		(18,170,858)	(9,582,575)
TAXATION	31	<u>2,308,112</u>	<u>6,807,105</u>
LOSS AFTER TAXATION		<u>(15,862,746)</u>	<u>(2,775,470)</u>
LOSS PER SHARE - BASIC AND DILUTED	32	<u>(5.20)</u>	<u>(0.91)</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

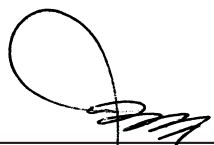


CHIEF FINANCIAL OFFICER

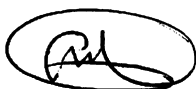
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 Rupees	2017 Rupees
<b>LOSS AFTER TAXATION</b>	(15,862,746)	(2,775,470)
<b>OTHER COMPREHENSIVE INCOME / LOSS</b>		
<b>Items that will not be reclassified to statement of profit or loss</b>		
Remeasurement of defined benefit plan	(392,424)	(317,861)
Related deferred tax	113,803	95,358
	(278,621)	(222,503)
Reversal of revaluation surplus	(2,496,249)	(25,423,339)
Related deferred tax	723,912	-
	(1,772,337)	(25,423,339)
<b>Items that may be reclassified subsequently to statement of profit or loss</b>	-	-
Other comprehensive loss for the year - net of tax	(2,050,958)	(25,645,842)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>	(17,913,704)	(28,421,312)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



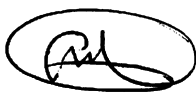
**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2018**

	NOTE	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	33	1,055,619	(4,309,587)
Finance cost paid		(674,537)	(1,401,640)
Income tax paid		(1,442,803)	(911,729)
Gratuity paid		(376,423)	(618,580)
Net increase in long term deposits		-	(10,673)
<b>Net cash used in operating activities</b>		(1,438,144)	(7,252,209)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		-	(788,050)
Investment made		-	(6,000,000)
Interest received		239,710	376,853
Proceeds from sale of property, plant and equipment		6,870,000	12,315,000
<b>Net cash from investing activities</b>		7,109,710	5,903,803
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(3,005,804)	(2,526,908)
Short term borrowings - net		(2,704,340)	3,834,009
<b>Net cash (used in) / from financing activities</b>		(5,710,144)	1,307,101
<b>Net decrease in cash and cash equivalents</b>		(38,578)	(41,305)
<b>Cash and cash equivalents at the beginning of the year</b>		89,687	130,992
<b>Cash and cash equivalents at the end of the year</b>		51,109	89,687

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

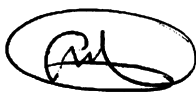
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	SHARE CAPITAL	ACCUMULATED LOSS	CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL EQUITY
	----- (Rupees) -----			
Balance as at 30 June 2016 - As previously reported	30,524,290	(61,485,162)	-	(30,960,872)
Impact of restatement (Note 2.5)	-	-	602,661,894	602,661,894
Balance as at 30 June 2016 - restated	30,524,290	(61,485,162)	602,661,894	571,701,022
Loss for the year	-	(2,775,470)	-	(2,775,470)
Other comprehensive loss for the year	-	(222,503)	(25,423,339)	(25,645,842)
Total comprehensive loss for the year ended 30 June 2017	-	(2,997,973)	(25,423,339)	(28,421,312)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,656,886	(2,656,886)	-
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4)	-	-	436,836	436,836
Balance as at 30 June 2017 - restated	30,524,290	(61,826,249)	575,018,505	543,716,546
Loss for the year	-	(15,862,746)	-	(15,862,746)
Other comprehensive loss for the year	-	(278,621)	(1,772,337)	(2,050,958)
Total comprehensive loss for the year ended 30 June 2018	-	(16,141,367)	(1,772,337)	(17,913,704)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4)	-	2,384,337	(2,384,337)	-
Revaluation surplus on property, plant and equipment - adjustment due to change in tax rates	-	-	398,881	398,881
Balance as at 30 June 2018	30,524,290	(75,583,279)	571,260,712	526,201,723

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

### 1. THE COMPANY AND ITS OPERATIONS

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office, head office and manufacturing unit is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

#### 1.2 Summary of significant transactions and events affecting the Company's financial position and performance

For a detailed discussion about the Company's performance, please refer to the Directors' report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

#### 2.1 Basis of preparation

##### a) Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

##### b) Preparation of financial statements under the Companies Act, 2017

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its Fourth Schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 14.4), management assessment of sufficiency of tax provision in the financial statements (refer note 31.2) etc.

##### c) Accounting convention

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments which are carried at their fair values and defined benefit plan which is carried at present value.

##### d) Critical accounting estimates and judgments

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

##### **Useful lives, patterns of economic benefits and impairments**

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

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

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

**Inventories**

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

**Taxation**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

**Provisions for doubtful debts**

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

**e) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2017:

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments have resulted in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments have no significant impact on Company's financial statements.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive loss and total comprehensive loss.

**f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2018 or later periods:

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, the Company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of the amendment is not likely to have an impact on these financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 July 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

The effect of change in accounting policy is summarized below:

30 June 2017			30 June 2016		
As previously reported	As re-stated	Restatement	As previously reported	As re-stated	Restatement

----- (Rupees) -----

**Effect on statement of financial position**

Surplus on revaluation of property, plant and equipment	575,018,505	-	(575,018,505)	602,661,894	-	(602,661,894)
Total equity	-	575,018,505	575,018,505	-	602,661,894	602,661,894

**Effect on statement of changes in equity**

Surplus on revaluation of property, plant and equipment	-	575,018,505	575,018,505	-	602,661,894	602,661,894
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For the year ended 30 June 2017		
As previously reported	As re-stated	Restatement

----- Rupees -----

**Effect on statement of comprehensive income**

Surplus on revaluation of property, plant and equipment	-	(25,423,339)	(25,423,339)
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There was no impact on statement of profit or loss and statement of cash flows as a result of the retrospective application of change in accounting policy.

**Leased**

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to statement of profit or loss over the lease term.

**g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2018 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.2 Employee benefit**

The Company operates unfunded unapproved gratuity scheme for permanent employees of the Company, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits.

**2.3 Taxation****Current**

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

**Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

**2.4 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

**2.5 Property, plant, equipment and depreciation****Owned**

Property, plant and equipment except freehold land and capital work-in-progress are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

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

### Change in accounting policy

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's accounting policy for surplus on revaluation of property, plant and equipment stands amended as follows:

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to statement of profit or loss.

### Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

### De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

## 2.6 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

### Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in statement of profit or loss when the investments are de-recognized or impaired, as well as through the amortization process.

## 2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

### Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

### Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- |      |   |   |
|------|---|---|
| (i)  | For raw materials:                      | Weighted average basis.   |
| (ii) | For work-in-process and finished goods: | Average manufacturing cost including a portion of production overheads. |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

### 2.8 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### 2.9 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

### 2.10 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

### 2.11 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

### 2.13 Share capital

Ordinary shares are classified as share capital.

### 2.14 Revenue recognition

Revenue from different sources is recognized as under:

- a) Revenue from sale of goods is recognized on dispatch of goods to customers.
- b) Rental income is recognized on accrual basis.
- c) Profit on deposits with banks and investment is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

### 2.15 Financial instruments

Financial instruments carried on the statement of financial position include due from related party, investments, deposits, trade debts, advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.



## Impairment

### a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

### b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

### 2.16 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

### 2.17 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 2.18 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than continuous use. These are measured at lower of carrying amount and fair value less cost to sell.

## 3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018 (Number of shares)	2017 (Number of shares)	NOTE	2018 Rupees	2017 Rupees
2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid-up in cash	29,524,290	29,524,290
100,000	100,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,000,000	1,000,000
<u>3,052,429</u>	<u>3,052,429</u>		<u>30,524,290</u>	<u>30,524,290</u>

## 4 CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX

Opening balance		575,018,505	602,661,894
Deferred tax adjustment due to change in tax rate	8.1	398,881	436,836
Reversal of surplus on revaluation of property, plant and equipment - net	14	(2,496,249)	(25,423,339)
Related deferred income tax liability	8.1	723,912	-
		(1,772,337)	(25,423,339)
Transferred to accumulated loss in respect of incremental depreciation charged during the year		(3,358,222)	(3,795,551)
Related deferred income tax liability	8.1	973,885	1,138,665
		(2,384,337)	(2,656,886)
		<u>571,260,712</u>	<u>575,018,505</u>

	NOTE	2018 Rupees	2017 Rupees
<b>5 LONG TERM FINANCING</b>			
Faysal Bank Limited - secured	5.1	5,131,086	8,136,890
Less: Current portion shown under current liabilities	12	<u>3,364,826</u>	<u>3,005,804</u>
		<u>1,766,260</u>	<u>5,131,086</u>
<b>5.1</b>	<p>The Company entered into settlement agreement with Faysal Bank Limited. Pursuant to the agreement, short term borrowings including related accrued mark-up were reduced to Rupees 17.544 million. The Company paid down payment of Rupees 4.044 million. Remaining amount is interest free and is payable in 48 monthly installments (12 installments of Rupees 250,000, 12 installments of Rupees 275,000 and 24 installments of Rupees 300,000) commenced from January 2016. In case of default, the settlement agreement or any of its arrangement shall stand cancelled / withdrawn. Consequently, the Bank will be entitled to recover outstanding amount as per books of ledger.</p> <p>In accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' it has been stated at present value using effective interest rate of 6.52%.</p> <p>These are secured against registered hypothecation charge of Rupees 50 million, second supplement agreement of hypothecation on all future and current assets, stocks of raw material, work in process, finished goods, plant and machinery, equipment tools and stores and spares.</p>		
<b>6 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>			
Future minimum lease payments		658,531	658,531
Less: Unamortized finance charges		-	-
Present value of future minimum lease payments		<u>658,531</u>	<u>658,531</u>
Less: Current portion shown under current liabilities	12	<u>658,531</u>	<u>658,531</u>
		<u>-</u>	<u>-</u>
<b>6.1</b>	<p>It represents last installment payable to the lessor under the settlement agreement. Taxes, repairs and insurance costs are to be borne by the Company. It is secured against charge on leased assets and personal guarantees of sponsor directors.</p>		
<b>7 EMPLOYEES' RETIREMENT BENEFIT</b>			
	<p>The latest actuarial valuation was carried out as at 30 June 2018, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:</p>		
<b>7.1 Statement of financial position obligation for gratuity</b>			
Present value of unfunded defined benefit obligation		<u>10,611,500</u>	<u>10,063,175</u>
<b>7.2 Movement in liability recognized in the statement of financial position</b>			
At the beginning of the year		10,063,175	9,839,462
Current service cost		352,771	290,982
Interest cost for the year		179,553	233,450
Charge to other comprehensive income		392,424	317,861
Benefit paid during the year		<u>(376,423)</u>	<u>(618,580)</u>
At the end of the year		<u>10,611,500</u>	<u>10,063,175</u>
<b>7.3 Amounts recognized in statement of profit or loss</b>			
Current service cost		352,771	290,982
Interest cost for the year		179,553	233,450
		<u>532,324</u>	<u>524,432</u>
<b>7.4 Amount recognized in statement of comprehensive income</b>			
Actuarial loss due to experience adjustments		<u>392,424</u>	<u>317,861</u>

	NOTE	2018 Rupees	2017 Rupees
7.5	<b>Changes in present value of defined benefit obligations</b>		
	Present value of defined benefit obligations	10,063,175	9,839,462
	Current service cost	352,771	290,982
	Interest cost for the year	179,553	233,450
	Benefits paid during the year	(376,423)	(618,580)
	Remeasurement due to experience adjustment	392,424	317,861
		10,611,500	10,063,175

7.6 **Allocation of charge for the year**

	Administrative and general expenses	532,324	524,432
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7.7 **Principal actuarial assumptions used**

	Discount rate	9.00%	7.25%
	Expected rate of increase in salary	8.00%	6.25%
	Average expected remaining working life of employees	8 Year	9 Year
	Average duration of liability	7 Years	7 Years

7.8 **Experience adjustment on plan unfunded liabilities:**

	2018	2017	2016	2015	2014
	----- R u p e e s -----				
	392,424	317,861	(277,500)	671,809	1,168,355

		2018 Rupees	2017 Rupees
7.9	<b>Sensitivity analysis</b>		
	Discount Rate + 1 %	2,854,537	2,465,711
	Discount Rate - 1 %	3,442,704	3,077,747
	Salary growth rate + 1 %	3,442,704	3,077,747
	Salary growth rate - 1 %	2,849,715	2,460,747

7.10 The expected gratuity expense for next financial year is Rupees 641,709.

7.11 **Risks associated with the gratuity scheme**

The gratuity scheme is an un-funded scheme. There is no minimum funding requirement for a gratuity scheme which leads to relatively less secured gratuity benefit. The gratuity benefit liability reflected in the Company accounts provides a reasonable security of the accrued rights because it is likely that the accrued gratuity benefits could be considered as high priority debt in case of insolvency of the sponsor.

The gratuity scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

**8 DEFERRED INCOME TAX LIABILITY**

This comprises of following:

**Taxable temporary differences**

Accelerated tax depreciation		2,542,235	8,023,642
Surplus on revaluation of property, plant and equipment		9,869,745	11,966,423
		12,411,980	19,990,065

**Deductible temporary differences**

Provision for gratuity		(3,077,335)	(3,018,953)
Liability against assets subject to finance lease		(35,872)	(27,929)
Provision for doubtful debts		(126,452)	(130,812)
Provision for doubtful advances		(40,168)	-
Provision for obsolete stores, spare parts and loose tools		(1,834,928)	(1,898,201)
Provision for obsolescence of raw material		(56,702)	(58,658)
		(5,171,457)	(5,134,553)
		7,240,523	14,855,512

	NOTE	2018 Rupees	2017 Rupees
<b>8.1 Movement in deferred tax balances is as follows:</b>			
At beginning of the year		14,855,512	22,476,930
Recognized in statement of profit or loss:			
Accelerated tax depreciation on fixed assets		(5,481,407)	(6,137,739)
Surplus on revaluation of property, plant and equipment	4	(973,885)	(1,138,665)
Liability against assets subject to finance lease		(7,943)	(9,045)
Provision for gratuity		55,421	126,638
Provision for doubtful debts		4,360	4,359
Provision for doubtful advances		(40,168)	-
Provision for obsolete stores, spare parts and loose tools		63,273	63,273
Provision for obsolescence of raw material		1,956	1,955
	31	(6,378,393)	(7,089,224)
Recognized in statement of comprehensive income:			
Remeasurement of defined benefit plan		(113,803)	(95,358)
Reversal of revaluation surplus - net	4	(723,912)	-
		(837,715)	(95,358)
Recognized in surplus on revaluation of property, plant and equipment:			
Effect of change in tax rate	4	(398,881)	(436,836)
		<u>7,240,523</u>	<u>14,855,512</u>
<b>8.2</b> Deferred income tax asset of Rupees 58.710 million (2017: Rupees 68.18 million) on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.			
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors - un-secured		46,913,934	48,119,993
Advance rental income		4,479,010	2,207,933
Advances from customers		1,743,024	2,003,717
Accrued liabilities		18,573,726	18,537,112
Withholding tax payable		5,767,465	5,767,465
Security deposits against rent	9.1	5,102,800	4,401,800
		<u>82,579,959</u>	<u>81,038,020</u>
<b>9.1</b> This represents security deposits received from tenants of the Company. Tenants have given the Company a right to utilise deposits in ordinary course of business.			
<b>10 ACCRUED MARK-UP</b>			
It represents accrued markup on short term borrowings from Faysal Bank Limited which have been converted into long term financing as more fully explained in Note 5.1. According to the settlement agreement, this will be written off upon completion of payments under the aforesaid agreement.			
<b>11 SHORT TERM BORROWINGS</b>			
<b>From related parties:</b>	11.1		
Chief Executive Officer (C.E.O)		8,450,030	8,321,744
Close family member of C.E.O.		1,400,000	-
Director		2,040,000	-
		11,890,030	8,321,744
<b>Others</b>	11.1	-	6,272,626
		<u>11,890,030</u>	<u>14,594,370</u>
<b>11.1</b> These are interest free and unsecured loans obtained by the Company to meet day to day expenses. Repayment terms and other conditions of these loans are yet to be finalized.			

	NOTE	2018 Rupees	2017 Rupees
<b>12 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Long term financing	5	3,364,826	3,005,804
Finance lease - over due	6	658,531	658,531
		4,023,357	3,664,335
<b>13 CONTINGENCIES AND COMMITMENTS</b>			
<b>13.1 Contingencies</b>			
<p>(a) Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad rejected SNGPL claim for excessive billing vide order dated 18 December 2012. SNGPL filed appeal before Additional District and Session Judge, Islamabad, where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favorable outcome of the case.</p>			
<p>(b) On 01 February 2011, the Company filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. Pending the outcome of this case no provision has been made in these financial statements as the Company, based on advice of legal advisor, is hopeful for favorable outcome.</p>			
<p>(c) The Company filed an appeal on 04 April 2011, before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. No provision has been made in these financial statements as the Company is hopeful for favorable outcome.</p>			
<p>(d) For the tax year 2010, assessment order dated 20 February 2011 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 4.223 million was created. The Company filed an appeal on 11 May 2011 before Commissioner Inland Revenue (Appeals) and the case was decided in favor of the Company through order dated 29 December 2011. However, the department filed appeal against decision of Commissioner Inland Revenue (Appeals) before Appellate Tribunal Inland Revenue who remanded back the case to the assessing officer. No provision has been made in these financial statements as the Company is hoping a favorable outcome.</p>			
<p>(e) Faysal Bank Limited filed a suit before Banking Court Islamabad against the Company for recovery of outstanding loans and other charges amounting to Rupees 21.270 million. Due to settlement agreement dated 29 December 2015 as more fully explained in note 5.1 and on request of both the parties, Banking Court Islamabad issued sine die adjournment/ consent decree of recovery suit.</p>			
<p>(f) On 26 January 2006, Collector of Customs (Appraisalment) directed the Company to pay duties and taxes amounting to Rupees 19.41 million against import of textile machinery during 2001 to 2004. The Company applied to Member Legal, Federal Board of Revenue Islamabad to allow relief by payment of custom duty @ 5% of dutiable value of machinery amounting to Rupees 3.49 million under amnesty scheme announced by the Federal Government. Federal Board of Revenue allowed relief to the Company under the amnesty scheme. The Company paid Rupees 3.49 million to the Custom Department. However, being aggrieved, Collector of Custom filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal, which was decided in favor of the Company. Collector of Customs, Appraisalment filed special custom reference before Sindh High Court, Karachi against the order of Customs, Excise and Sales Tax Appellate Tribunal where the case is still pending. No provision of the remaining amount of Rupees 15.92 million has been made in these financial statements as the Company is hopeful for favorable outcome.</p>			
<p>(g) The Company filed sales tax refund application with the Federal Board of Revenue. On scrutiny of the refund claims filed by the Company, discrepancies were found and a show cause notice dated 07 April 2015 was issued to the Company. Deputy Commissioner Inland Revenue (Refund) vide order dated 04 August 2015 rejected the reply of the Company and sales tax refunds claim amounting to Rupees 2,458,359 were also rejected. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favorable outcome.</p>			
<p>(h) Guarantee of Rupees 7.141 million (2017: Rupees 7.141 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.</p>			
<b>13.2 Commitments</b>		Nil	Nil

14 PROPERTY, PLANT AND EQUIPMENT

	Rupees										Grand Total
	Owned					Leased					
	Freehold land	Buildings on freehold land	Non factory building	Plant and machinery	Electric Installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	
<b>At 30 June 2016</b>											
Cost / revalued amount	572,625,000	97,994,338	44,921,738	238,780,340	26,470,780	18,505,799	2,744,965	11,092,948	1,013,135,908	2,043,610	1,015,179,518
Accumulated depreciation	-	(64,309,613)	(27,728,762)	(195,328,246)	(20,498,610)	(13,620,158)	(2,321,001)	(10,036,377)	(333,842,767)	(1,445,985)	(335,288,762)
Net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	679,890,756
<b>Year ended 30 June 2017</b>											
Opening net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	679,890,756
Reversal of revaluation surplus (Note 4)	(25,423,339)	-	-	-	-	-	-	-	(25,423,339)	-	(25,423,339)
Addition	-	-	-	-	-	-	-	788,050	788,050	-	788,050
Classified as held for sale:											
Cost / revalued amount	(28,750,000)	-	(6,477,185)	-	-	-	-	-	(35,227,185)	-	(35,227,185)
Accumulated depreciation	(28,750,000)	-	(6,477,185)	-	-	-	-	-	(35,227,185)	-	(35,227,185)
Disposals:											
Cost / revalued amount	-	-	-	(12,172,000)	-	-	-	(2,705,470)	(14,878,470)	-	(14,878,470)
Accumulated depreciation	-	-	-	524,375	-	-	-	2,565,179	3,089,554	-	3,089,554
Depreciation charge (Note 27)	-	(2,885,881)	(846,283)	(1,836,289)	(578,740)	(473,449)	(41,084)	(141,291)	(11,788,916)	-	(11,788,916)
Closing net book value	518,451,661	30,798,844	9,869,508	29,968,180	5,393,430	4,412,192	382,880	1,437,633	600,714,328	565,433	601,279,761
<b>At 30 June 2017</b>											
Cost / revalued amount	518,451,661	97,994,338	38,444,553	226,608,340	26,470,780	18,505,799	2,744,965	9,174,528	938,394,964	2,043,610	940,438,574
Accumulated depreciation	-	(67,195,494)	(28,575,045)	(196,640,160)	(21,077,350)	(14,093,607)	(2,362,085)	(7,736,895)	(337,680,636)	(1,478,177)	(339,158,813)
Net book value	518,451,661	30,798,844	9,869,508	29,968,180	5,393,430	4,412,192	382,880	1,437,633	600,714,328	565,433	601,279,761
<b>Year ended 30 June 2018</b>											
Opening net book value	518,451,661	30,798,844	9,869,508	29,968,180	5,393,430	4,412,192	382,880	1,437,633	600,714,328	565,433	601,279,761
Revaluation surplus / (reversal of revaluation surplus) (Note 4)	-	-	-	-	(574,328)	(2,811,985)	-	-	(3,386,313)	890,064	(2,496,249)
Impairment loss (Note 28)	-	-	-	(5,412,505)	-	(611,521)	-	-	(6,024,026)	-	(6,024,026)
Disposals:											
Cost / revalued amount	-	-	-	(30,124,460)	-	-	-	-	(30,124,460)	-	(30,124,460)
Accumulated depreciation	-	-	-	17,888,503	-	-	-	-	17,888,503	-	17,888,503
Depreciation charge (Note 27)	-	(2,768,388)	(846,283)	(971,682)	(522,657)	(427,570)	(37,103)	(267,151)	(5,840,812)	(30,597)	(5,871,409)
Closing net book value	518,451,661	28,030,458	9,023,225	11,348,056	4,296,445	561,116	345,777	1,170,482	573,227,220	1,424,900	574,652,120
<b>At 30 June 2018</b>											
Cost / revalued amount	518,451,661	97,994,338	38,444,553	191,071,375	25,896,452	15,082,293	2,744,965	9,174,528	898,860,165	2,933,674	901,793,839
Accumulated depreciation	-	(69,963,880)	(29,421,328)	(179,723,319)	(21,600,007)	(14,521,177)	(2,399,188)	(8,004,046)	(325,632,945)	(1,508,774)	(327,141,719)
Net book value	518,451,661	28,030,458	9,023,225	11,348,056	4,296,445	561,116	345,777	1,170,482	573,227,220	1,424,900	574,652,120

Annual rate of depreciation (%)

5

20

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5

10

- 14.1 The revaluation of plant and machinery, electric installations and factory equipment was carried out on 02 May 2018, while freehold land and buildings on freehold land were revalued on 02 June 2016 by an independent valuer Messrs Danish Enterprises and Construction on the basis of depreciated replacement value method. Had there been no revaluation, the cost, accumulated depreciation and book value of revalued property, plant and equipment would have been as follows:

Description	2018			2017
	Historical cost	Accumulated depreciation	Book value	Book value
----- Rupees -----				
Freehold land	94,892	-	94,892	94,892
Buildings on free hold land	38,804,549	35,880,013	2,924,536	3,249,485
Non factory building	12,505,284	7,264,022	5,241,262	5,517,118
Plant and machinery	166,460,000	119,972,707	46,487,293	71,757,453
Factory equipment	7,375,169	6,776,575	598,594	1,344,572
Electric installations	14,911,234	12,524,511	2,386,723	2,651,914
Furniture, fixtures and office equipment	2,312,105	2,006,974	305,131	339,034
Vehicles	6,949,690	6,457,940	491,750	614,687
Plant and machinery - leased	3,778,900	1,593,213	2,185,687	2,300,723
	<b>253,191,823</b>	<b>192,475,955</b>	<b>60,715,868</b>	<b>87,869,878</b>

- 14.2 Forced sale value of property, plant and equipment is given below:

Description	Valuation date	Rupees
Freehold land	02 June 2016	486,731,250
Buildings on free hold land	02 June 2016	30,312,406
Non factory building	02 June 2016	13,221,237
Plant and machinery	02 May 2018	3,726,140
Factory equipment	02 May 2018	226,920
Electric installations	02 May 2018	1,656,000
Plant and machinery - leased	02 May 2018	572,000

- 14.3 Detail of property, plant and equipment exceeding book value of Rupees 500,000 disposed off during the year is as follows:

Description	QTY	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Loss	Mode of disposal	Particulars of purchasers
----- Rupees -----								
<b>Plant and Machinery:</b>								
Generator	1	14,615,089	8,619,549	5,995,540	3,000,000	(2,995,540)	Negotiation	Hina Enterprises, Karachi
Blow room with accessories	1	2,650,421	1,176,310	1,474,111	1,090,000	(384,111)	Negotiation	Muhammad Tahir, Faisalabad
Murata machine coner	1	5,300,095	2,728,438	2,571,657	1,700,000	(871,657)	Negotiation	Muhammad Tahir, Faisalabad
Drawing Machine	14	7,558,855	5,364,206	2,194,649	1,080,000	(1,114,649)	Negotiation	Murtaza Javed, Faisalabad
		<b>30,124,460</b>	<b>17,888,503</b>	<b>12,235,957</b>	<b>6,870,000</b>	<b>(5,365,957)</b>		
		<b>30,124,460</b>	<b>17,888,503</b>	<b>12,235,957</b>	<b>6,870,000</b>	<b>(5,365,957)</b>		

- 14.4 Particulars of immovable property (i.e. land & building) in the name of the Company are as follows:

Location	Usage of Immovable Property	Total Area (Acres)	Covered Area (Sqr feet)
Westridge, Industrial Area, Rawalpindi	Manufacturing facilities	4.13	147,196
	Residential and offices	2.84	131,413
	Land	2.58	-

**15 ADVANCE AGAINST PROPERTY**

An amount of Rupees 51.150 million was given by the Company as advance against purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the repealed Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer (C.E.O) of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the repealed Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under section 485 of the repealed Companies Ordinance, 1984 read with Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order. The Lahore High Court, Rawalpindi Bench, in its interim order dated 06 February 2015, granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company meanwhile. Further, the court, through its order dated 09 December 2015 transferred the case to Islamabad High Court, Islamabad.

The Board of Directors in the meeting held on 23 April 2014, after getting valuation at forced sale value of Rupees 72.007 million of said property from NAKMS Associates (Private) Limited, resolved that the right in property along with fixtures and fittings to be offered to the C.E.O on the basis of "first right of refusal" at the fixed floor price of Rupees 75.00 million. The Board further decided that an amount of Rupees 48.570 million be adjusted from interest free loan given by C.E.O and his close family members to the Company and the balance amount to be paid in three equal annual installments of Rupees 8.810 million commencing from 01 May 2015. Accordingly, agreement was made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

However, the C.E.O in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 has submitted to transfer the property in the name of the Company within sixty days therefrom. The C.E.O filed a petition before the Islamabad High Court to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the C.E.O was a guarantor. Meanwhile, the Board of directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to C.E.O, subject to completion of legal formalities and in accordance with rules / law / procedures.

The Company filed a suit before the court of Senior Civil Judge (west), Islamabad dated 17 October 2017 against the C.E.O while making Securities and Exchange Commission of Pakistan and Capital Development Authority parties to the case for directions to transfer the property in the name of the Company, which is pending adjudication.

Meanwhile, the Islamabad High Court, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the Company within the period of thirty days.

The Company also filed an appeal before the Lahore High Court, Lahore Bench in May 2018 for detachment of the property, so the property can be transferred in the name of the Company, which is pending adjudication.

		<b>2018</b>	<b>2017</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>16</b>	<b>DUE FROM RELATED PARTY</b>		
	Due from C.E.O	17,619,962	17,619,962
	Less: Current portion shown under current assets	<u>(17,619,962)</u>	<u>(17,619,962)</u>
		<u>-</u>	<u>-</u>
	It represents receivable from C.E.O against sale of property as more fully explained in Note 15. The maximum amount due from C.E.O at the end of any month during the year was Rupees 17.620 million (2017: Rupees 17.620 million).		
<b>17</b>	<b>LONG TERM INVESTMENT</b>		
	<b>Held to maturity</b>		
	This represents term deposit receipts of Habib Metropolitan Bank Limited for the period of five years ending on February 2022, carrying interest at the rate of 6.25% per annum. It is under lien with the bank against guarantee given on behalf of the Company.		
<b>18</b>	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
	Stores	495,402	495,402
	Spare parts	5,792,648	5,792,648
	Loose tools	<u>39,287</u>	<u>39,287</u>
		6,327,337	6,327,337
	Less: Provision for obsolete stores, spare parts and loose tools	<u>(6,327,337)</u>	<u>(6,327,337)</u>
		<u>-</u>	<u>-</u>
<b>19</b>	<b>STOCK-IN-TRADE</b>		
	Raw material	195,525	195,525
	Less: Provision for obsolescence of raw material	<u>(195,525)</u>	<u>(195,525)</u>
		<u>-</u>	<u>-</u>
<b>20</b>	<b>TRADE DEBTS - Unsecured</b>		
	<b>Considered doubtful</b>		
		436,040	436,040
	Less: Provision for doubtful debts	<u>(436,040)</u>	<u>(436,040)</u>
		<u>-</u>	<u>-</u>



		NOTE	2018 Rupees	2017 Rupees
21	<b>ADVANCES</b>			
	<b>Unsecured</b>			
	<b>Considered good:</b>			
	Suppliers		-	113,402
	Employees - interest free		51,001	70,033
			<u>51,001</u>	<u>183,435</u>
	<b>Considered doubtful:</b>			
	Employees - interest free		25,110	-
	Suppliers		113,402	-
			<u>189,513</u>	<u>183,435</u>
	Less: Provision for doubtful advances	28	<u>(138,512)</u>	<u>-</u>
			<u>51,001</u>	<u>183,435</u>
22	<b>SHORT TERM DEPOSIT</b>			
	It represents advance given to Messrs Fauji Foundation for purchase of mill. The amount is considered good as the Court decided the case in favor of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable Lahore High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.			
23	<b>OTHER RECEIVABLES</b>			
	<b>Considered good:</b>			
	Advance income tax		-	2,328,868
	Sales tax refundable		3,643,972	3,386,872
	Export rebate and claims		134,667	134,667
	Others		33,500	33,500
			<u>3,812,139</u>	<u>5,883,907</u>
24	<b>SHORT TERM INVESTMENT</b>			
	<b>Held to maturity</b>			
	This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year. Return on this certificate will be paid on maturity at the effective rate of 5.25% (2017: 5.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.			
25	<b>CASH AND BANK BALANCES</b>			
	<b>Cash at bank:</b>			
	On saving accounts	25.1	4,449	5,500
	On current accounts		31,796	38,278
			<u>36,245</u>	<u>43,778</u>
	<b>Cash in hand</b>		14,864	45,909
			<u>51,109</u>	<u>89,687</u>
25.1	The balances in saving accounts carry interest at the rate of 5.50% (2017: 3.75%) per annum.			
26	<b>NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>			
	Free hold land		28,750,000	28,750,000
	Non-factory building		6,477,185	6,477,185
			<u>35,227,185</u>	<u>35,227,185</u>
26.1	These represent freehold land measuring approximately 7.19 kanal comprising open area and old worker quarters, on the extreme back side of the mills situated at Westridge Industrial Area, Rawalpindi. This freehold land and non-factory building is expected to be sold within a year. An active search is underway for the buyer. The forced sale value of free hold land and non-factory building is Rupees 24,437,500 and Rupees 9,187,735 respectively.			

**Non-recurring fair value measurements**

Freehold land and non-factory building classified as held for sale was measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of freehold land and non-factory building was determined by Danish Enterprises and Construction. This is a level 2 measurement as per the fair value hierarchy set out in note 40.

Difference between carrying value and fair value less costs to sell of non-current assets classified as held for sale amounting to Rupees 25,423,339 has been charged to surplus on revaluation of property, plant and equipment. The fair value less costs to sell of non-current assets classified as held for sale was lower than their carrying amount at the time of reclassification in view of management's decision to sale these non-current assets, located on the extreme back side of the mills situated at Westridge Industrial Area, Rawalpindi, independently and not along with the rest of freehold land, as a single piece. Further, this freehold land measuring approximately 7.19 kanal does not enjoy good access as compared to rest of freehold land and its level is below the road level. The fair valuation of freehold land classified under property, plant and equipment done by the independent valuer, Danish Enterprises and Construction on 02 June 2016 was for the complete freehold land of the Company as a single piece.

	NOTE	2018 Rupees	2017 Rupees
<b>27 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries, wages and other benefits	27.1	9,201,790	9,200,768
Rent, rates and taxes		1,211,720	1,102,092
Printing and stationery		163,765	221,905
Fuel and power		2,047,106	1,908,643
Postage and telephone		307,167	311,610
Traveling and conveyance		558,482	459,275
Vehicles' running		1,318,653	1,103,641
Repair and maintenance		3,560,675	1,423,872
Miscellaneous		146,601	78,054
Entertainment		337,916	133,324
Advertisement		165,657	132,526
Legal and professional		722,500	452,300
Fees and subscription		449,098	222,800
Depreciation	14	5,871,409	6,959,605
		<u>26,062,539</u>	<u>23,710,415</u>
27.1 This includes employees' retirement benefits of Rupees 532,324 (2017: Rupees 524,432).			
<b>28 OTHER EXPENSES</b>			
Auditor's remuneration	28.1	535,000	535,000
Impairment of property, plant and equipment	14	6,024,026	-
Loss on sale of property, plant and equipment	14.3	5,365,957	-
Provision for doubtful advances	21	138,512	-
		<u>12,063,495</u>	<u>535,000</u>
28.1 <b>Auditor's remuneration</b>			
Audit fee		455,000	455,000
Half yearly review		55,000	55,000
Other certification		25,000	25,000
		<u>535,000</u>	<u>535,000</u>
<b>29 OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposits with banks		320	268
Return on investment		659,049	512,298
Effect of fair value adjustment on due from related party		-	796,536
Long outstanding liabilities written back		435,346	1,332,662
		<u>1,094,715</u>	<u>2,641,764</u>
<b>Income from non-financial assets</b>			
Gain on sale of property, plant and equipment		-	526,084
Scrap sale		1,400,000	-
Rental income		18,134,998	12,388,777
		<u>19,534,998</u>	<u>12,914,861</u>
		<u>20,629,713</u>	<u>15,556,625</u>
<b>30 FINANCE COST</b>			
Mark-up on:			
Long term financing		444,196	623,091
Short term borrowings		-	76,330
		<u>444,196</u>	<u>699,421</u>
Bank charges and commission		230,341	194,364
		<u>674,537</u>	<u>893,785</u>

31 TAXATION	NOTE	2018 Rupees	2017 Rupees
Current			
Current year	31.1	4,352,400	3,072,417
Prior year		<u>(282,119)</u>	<u>(2,790,298)</u>
		4,070,281	282,119
Deferred	8.1	<u>(6,378,393)</u>	<u>(7,089,224)</u>
		<u>(2,308,112)</u>	<u>(6,807,105)</u>

31.1 Provision for current tax represents tax on rental income only because of gross loss for the year and in view of available tax losses of Rupees 202.448 million (2017: Rupees 227.294 million). Consequently, tax expense reconciliation is not being presented.

**31.2 Management assessment of sufficiency of current income tax provision**

A comparison of provision on account of income taxes with most recent tax assessment for last three years is as follows:

	Year ended 30 June		
	2017	2016	2015
	-----Rupees-----		
Provision for taxation in financial statements	282,119	2,790,298	1,793,269
*Tax assessed as per most recent tax assessment	-	-	35,745

Various appeals are pending at different appellate forums on various issues. The Company computes tax based on the generally accepted interpretations of the tax laws and considering views followed by tax authorities to ensure that the sufficient provision for the purpose of taxation is available. According to management, the tax provision made in the financial statements is sufficient.

\*This represents income tax payable per return of income filed by the Company. As per section 120 of the Income Tax Ordinance, 2001, the return is taken to be an assessment order issued to the tax payer by the Commissioner of the day return was filed.

32 LOSS PER SHARE - BASIC AND DILUTED	2018	2017
There is no dilutive effect on the basic loss per share which is based on:		
Loss attributable to ordinary shares	(Rupees) <u>(15,862,746)</u>	<u>(2,775,470)</u>
Weighted average number of ordinary shares	(Numbers) <u>3,052,429</u>	<u>3,052,429</u>
Loss per share	(Rupees) <u>(5.20)</u>	<u>(0.91)</u>

**33 CASH GENERATED FROM / (USED IN) OPERATIONS**

<b>Loss before taxation</b>	(18,170,858)	(9,582,575)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	5,871,409	6,959,605
Impairment of property, plant and equipment	6,024,026	-
Provision for gratuity	532,324	524,432
Provision for doubtful advances	138,512	-
Loss / (gain) on sale of property, plant and equipment	5,365,957	(526,084)
Return on investment	(659,049)	(512,298)
Effect of fair value adjustment on due from related party	-	(796,536)
Finance cost	674,537	893,785
Long outstanding liabilities written back	(435,346)	(1,332,662)
Working capital changes	33.1	<u>62,746</u>
	<u>1,055,619</u>	<u>(4,309,587)</u>

**33.1 Working capital changes**

<b>(Increase) / Decrease in current assets:</b>		
Advances	(6,078)	122,550
Other receivables	<u>(257,100)</u>	<u>467,395</u>
	(263,178)	589,945
<b>Increase / (decrease) in trade and other payables</b>	<u>1,977,285</u>	<u>(527,199)</u>
	<u>1,714,107</u>	<u>62,746</u>

33.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	-----Rupees-----			
Balance as at 01 July 2017	8,136,890	14,594,370	144,947	22,876,207
Repayment of long term financing	(3,005,804)	-	-	(3,005,804)
Short term borrowings - net	-	(2,704,340)	-	(2,704,340)
	5,131,086	11,890,030	144,947	17,166,063

**34 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS**

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2018	2017	2018	2017
	-----Rupees-----			
<b>Managerial remuneration Allowance</b>	2,400,000	2,400,000	442,800	388,800
Utilities	691,071	-	49,200	43,200
	3,091,071	2,400,000	492,000	432,000
<b>Number of persons</b>	1	1	1	2

34.1 The Company also provides to Chief Executive Officer free use of the Company's maintained car, residential telephone, medical facility and residence to one (2017: one) directors.

34.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2017: 1) director was Rupees 20,000 (2017: Rupees 20,000).

34.3 No remuneration was paid to non-executive directors of the Company.

**35 TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2018 Rupees	2017 Rupees
<b>Mr. Habib Ullah - C.E.O</b>		
Loan obtained during the year	1,853,000	9,893,500
Adjustment / payment against outstanding balance	1,724,714	2,232,117
<b>Mrs. Riffat Habib - Close family member of C.E.O.</b>		
Loan obtained during the year	1,400,000	-
<b>Mr. Sami Ullah - Director</b>		
Loan obtained during the year	2,115,000	-
Adjustment / payment against outstanding balance	75,000	-
Rental income	20,000	-

**36 PLANT CAPACITY AND ACTUAL PRODUCTION**

	(Numbers)	
Spindles installed	2,064	2,064
	(Kilograms)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	5,588,830	5,588,830
Actual production converted into 20s count based on 3 shifts per day for 1095 shifts (2017: 1095 shifts)	-	-

**36.1 Reason for low production**

The mill remained closed during the year due to market recession and shortage of working capital.

	2018	2017
<b>37 NUMBER OF EMPLOYEES</b>		
Number of employees as on 30 June	29	29
This includes Nil (2017: Nil) number of factory employees.	-	-
Average number of employees during the year	28	28
This includes Nil (2017: Nil) number of factory employees.	-	-

**38 FINANCIAL RISK MANAGEMENT**

**38.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

**(a) Market risk**

**(i) Currency risk**

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

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign currency.

**(ii) Other price risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

**(iii) Interest rate risk**

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

The Company has no significant long-term interest-bearing assets except term deposit receipts. The Company's interest rate risk arises from investments and bank balances in saving accounts. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the statement of financial position the interest rate profile of the Company's interest bearing financial instruments was:

	2018 Rupees	2017 Rupees
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Investments	7,696,784	7,277,445
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	4,449	5,500

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

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

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

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 44 (2017: Rupees 55) lower / higher, mainly as a result of higher / lower interest on saving accounts.

**(b) Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018 Rupees	2017 Rupees
Investments	7,696,784	7,277,445
Due from related party	17,619,962	17,619,962
Deposits	26,414,434	26,414,434
Advances	51,001	70,033
Other receivables	33,500	33,500
Bank balances	36,245	43,778
	<u>51,851,926</u>	<u>51,459,152</u>

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2018	2017
	Short term	Long term	Agency	Rupees	Rupees
<b>Banks</b>					
National Bank of Pakistan	AAA	A1	PACRA	2,822	2,322
Bank Alfalah Limited	A1+	AA+	PACRA	1,063	1,343
Habib Bank Limited	A1+	AAA	JCR-VIS	2,313	813
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	6,641	5,204
MCB Bank Limited	A1+	AAA	PACRA	3,165	3,670
Silk Bank Limited	A-2	A-	JCR-VIS	5,413	3,790
The Bank of Khyber	A-1	A	JCR-VIS	1,700	-
Faysal Bank Limited	A-1+	AA	JCR-VIS	1,625	-
Meezan Bank Limited	A-1+	AA	JCR-VIS	11,503	26,636
				<u>36,245</u>	<u>43,778</u>
<b>Investments</b>					
Habib Metropolitan Bank Limited	A-1+	AAA	JCR-VIS	7,696,784	7,277,445
				<u>7,733,029</u>	<u>7,321,223</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through sponsors' support. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year
----- Rupees -----					
<b>Non-derivative financial liabilities:</b>					
Long term financing	5,131,086	5,400,000	1,800,000	1,800,000	1,800,000
Liability against assets subject to finance lease	658,531	658,531	658,531	-	-
Trade and other payables	70,590,460	70,590,460	70,590,460	-	-
Unclaimed dividend	144,947	144,947	144,947	-	-
Short term borrowings	11,890,030	11,890,030	11,890,030	-	-
Accrued mark-up	20,767,825	20,767,825	20,767,825	-	-
	<u>109,182,879</u>	<u>109,451,793</u>	<u>105,851,793</u>	<u>1,800,000</u>	<u>1,800,000</u>

Contractual maturities of financial liabilities as at 30 June 2017.

	Carrying amount	Contractual cash flows	6 months or less	6-12 month	1-2 Year	More than 2 years
----- Rupees -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	8,136,890	8,850,000	1,650,000	1,800,000	3,600,000	1,800,000
Liability against assets subject to finance lease	658,531	658,531	658,531	-	-	-
Trade and other payables	71,058,905	71,058,905	71,058,905	-	-	-
Unclaimed dividend	144,947	144,947	144,947	-	-	-
Short term borrowings	14,594,370	14,594,370	14,594,370	-	-	-
Accrued mark-up	20,767,825	20,767,825	20,767,825	-	-	-
	<u>115,361,468</u>	<u>116,074,578</u>	<u>108,874,578</u>	<u>1,800,000</u>	<u>3,600,000</u>	<u>1,800,000</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 5 and 10 to these financial statements.

38.2 Financial instruments by categories

**As at 30 June 2018**

**Assets as per statement of financial position**

	Loans and receivables	Held to maturity	Total
	----- Rupees -----		
Investments	-	7,696,784	7,696,784
Due from related party	17,619,962	-	17,619,962
Deposits	26,414,434	-	26,414,434
Advances	51,001	-	51,001
Other receivables	33,500	-	33,500
Cash and bank balances	51,109	-	51,109
	<u>44,170,006</u>	<u>7,696,784</u>	<u>51,866,790</u>

**Financial liabilities at amortized  
cost**

----- Rupees -----

**Liabilities as per statement of financial position**

Long term financing	5,131,086
Liability against assets subject to finance lease	658,531
Accrued mark-up	20,767,825
Short term borrowings	11,890,030
Unclaimed dividend	144,947
Trade and other payables	57,784,198
	<u>96,376,617</u>

Loans and receivables	Held to maturity	Total
--------------------------	---------------------	-------

----- Rupees -----

**As at 30 June 2017**

**Assets as per statement of financial position**

	Loans and receivables	Held to maturity	Total
	----- Rupees -----		
Investments	-	7,277,445	7,277,445
Due from related party	17,619,962	-	17,619,962
Deposits	26,414,434	-	26,414,434
Advances	70,033	-	70,033
Other receivables	33,500	-	33,500
Cash and bank balances	89,687	-	89,687
	<u>44,227,616</u>	<u>7,277,445</u>	<u>51,505,061</u>

**Financial liabilities at amortized  
cost**

----- Rupees -----

**Liabilities as per statement of financial position**

Long term financing	8,136,890
Liability against assets subject to finance lease	658,531
Accrued mark-up	20,767,825
Short term borrowings	14,594,370
Unclaimed dividend	144,947
Trade and other payables	71,058,905
	<u>115,361,468</u>

38.3 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

**39 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**

**(i) Fair value hierarchy**

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**40 RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS**

**(i) Fair value hierarchy**

The judgments and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2018	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	518,451,661	-	518,451,661
Buildings on freehold land	-	28,030,458	-	28,030,458
Non factory building	-	9,023,225	-	9,023,225
Plant and machinery	-	11,348,056	-	11,348,056
Electric Installations	-	4,296,445	-	4,296,445
Factory equipment	-	561,116	-	561,116
Furniture, fixtures and office equipment	-	345,777	-	345,777
Vehicles	-	1,170,482	-	1,170,482
Plant and machinery - leased	-	1,424,900	-	1,424,900
	-	574,652,120	-	574,652,120
	-	574,652,120	-	574,652,120

At 30 June 2017	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	518,451,661	-	518,451,661
Buildings on freehold land	-	30,798,844	-	30,798,844
Non factory building	-	9,869,508	-	9,869,508
Plant and machinery	-	29,968,180	-	29,968,180
Electric Installations	-	5,393,430	-	5,393,430
Factory equipment	-	4,412,192	-	4,412,192
Furniture, fixtures and office equipment	-	382,880	-	382,880
Vehicles	-	1,437,633	-	1,437,633
Plant and machinery - leased	-	565,433	-	565,433
	-	601,279,761	-	601,279,761
	-	601,279,761	-	601,279,761

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.



**(ii) Valuation techniques used to determine level 2 fair values**

The Company obtains independent valuations for its property, plant and equipment at least every four years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction/ replacement value of the same building. The best evidence of fair value of plant and machinery and electric installations is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same plant and machinery and electric installation.

**Valuation processes**

The Company engages external, independent and qualified valuers to determine the fair value of the Company's property, plant and equipment at the end of every three years. As at 02 May 2018, the fair values of the plant and machinery, electric installations and factory equipment have been determined by Danish Enterprises and Construction, while fair values of the rest of the property, plant and equipment were determined by Danish Enterprises and Construction on 02 June 2016.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

**41 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 05, 2018 by the Board of Directors of the Company.

**42 CORRESPONDING FIGURES**

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. To comply with the requirements of the Companies Act, 2017, unclaimed dividend has been reclassified from trade and other payables and presented on the face of the statement of financial position. Restatement due to change in accounting policy relating to surplus on revaluation of property, plant and equipment described in the note 2.5. Except for these, no significant rearrangements have been made.

**43 GENERAL**

Figures have been rounded off to the nearest Rupee.




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**CHIEF EXECUTIVE OFFICER**




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**DIRECTOR**




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**CHIEF FINANCIAL OFFICER**

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended Particulars	30 June					
	2018	2017	2016	2015	2014	2013
<b>Assets employed</b>						
Fixed Assets	574,652	601,279	679,890	696,188	774,198	787,975
Advance against property	-	-	-	-	-	51,150
Due from related party	-	-	-	15,302	13,918	-
Long term deposits/investments	30,931	30,549	24,404	24,424	24,440	24,282
Current assets	59,941	62,146	26,124	16,913	24,887	38,890
<b>Total assets employed</b>	<b>665,524</b>	<b>693,974</b>	<b>730,418</b>	<b>752,827</b>	<b>837,443</b>	<b>902,297</b>
<b>Financed by:</b>						
Shareholder's equity	(75,583)	(61,826)	(61,485)	25,424	(69,536)	(210,833)
Surplus on revaluation of fixed assets	571,260	575,018	602,662	530,254	571,747	573,920
	495,677	513,192	541,177	555,678	502,211	363,087
Long Term Financing	1,766	5,131	8,137	-	60,708	-
Long term liabilities	10,612	10,063	9,839	9,951	8,970	8,158
Deferred liabilities	7,240	14,856	22,477	51,845	66,533	70,813
Current liabilities	119,705	120,209	118,264	135,353	199,023	460,239
<b>Total funds invested</b>	<b>139,323</b>	<b>150,259</b>	<b>158,717</b>	<b>197,149</b>	<b>335,234</b>	<b>539,210</b>
<b>Profit &amp; (Loss)</b>						
Turn over	-	-	198	3,574	428,822	44,346
Gross profit/Loss	-	-	(8)	(19,779)	21,878	(22,200)
Operating profit/(loss)	(17,496)	(8,688)	(84,994)	86,496	157,204	(2,791)
Finance charges	(674)	(893)	(1,948)	(43,798)	(15,331)	(24,851)
Profit/(loss) before taxation	(18,171)	(9,582)	(86,941)	42,697	141,573	(27,642)
Profit/(loss) after taxation	(15,862)	(2,775)	(58,829)	53,478	139,419	(33,792)
Extra ordinary items	-	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>(15,862)</b>	<b>(2,775)</b>	<b>(58,829)</b>	<b>53,478</b>	<b>139,419</b>	<b>(33,792)</b>
Actual production (M Kgs)	-	-	-	-	1.438	0.158
Converted into 20's (M Kgs)	-	-	-	-	3.559	0.409
Earning/(loss) per share	(5.20)	(0.91)	(19.27)	17.52	45.67	(11.07)
Spindles installed Nos.	2,064	2,064	11,400	16,200	21,960	21,960
Spindles worked Nos.	-	-	-	-	16,115	16,822
Shifts per day	-	-	-	-	3	3

**THE COMPANIES ACT, 2017  
(Section 227(2)(f))  
PATTERN OF SHAREHOLDING**

**FORM 34**1.1 Name of the Company **D.M. TEXTILE MILLS LIMITED**

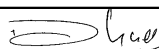
2.1. Pattern of holding of the shares held by the shareholders as at

**30/06/2018**

-----Shareholdings-----			
<b>4. No. of Shareholders</b>	<b>From</b>	<b>To</b>	<b>Total Shares Held</b>
167	1	100	8,235
75	101	500	21,630
25	501	1,000	20,350
27	1,001	5,000	57,547
11	5,001	10,000	82,239
1	10,001	15,000	11,558
2	15,001	20,000	33,600
2	20,001	25,000	44,400
2	25,001	30,000	50,306
4	30,001	35,000	128,475
2	40,001	45,000	86,500
1	55,001	60,000	55,500
1	60,001	65,000	63,173
1	65,001	70,000	70,000
1	80,001	85,000	81,030
1	85,001	90,000	85,950
1	95,001	100,000	100,000
1	100,001	105,000	100,715
1	130,001	135,000	130,124
2	135,001	140,000	275,652
1	150,001	155,000	150,016
1	175,001	180,000	177,648
1	260,001	265,000	263,508
1	275,001	280,000	279,614
1	300,001	305,000	301,767
1	370,001	375,000	372,892
<b>334</b>			<b>3,052,429</b>

<b>2.3 Categories of shareholders</b>	<b>Share held</b>	<b>Percentage</b>
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	1,356,069	44.4259%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	262	0.0086%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	1,474	0.0483%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	279,614	9.1604%
2.3.7 Share holders holding 10% or more	636,400	20.8490%
2.3.8 General Public		
a. Local	1,312,052	42.9839%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
<b>Joint Stock Companies</b>	7,930	0.2598%
<b>Pension Funds</b>	30,775	1.0082%
<b>Others</b>	64,253	2.1050%

3. Signature of Company Secretary



4. Name of Signatory

Rao Khalid Pervaiz

5. Designation

Company Secretary

6. NIC Number

34602-0730082-9

7. Date

30 06 2018

**Catagories of Shareholding required under Code of Corporate Governance (CCG)  
As on June 30, 2018**

Sr. No.	Name	No. of Shares Held	Percentage
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**Associated Companies, Undertakings and Related Parties (Name Wise Detail):**

- -

**Mutual Funds (Name Wise Detail)**

1	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	279,614	9.1604
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**Directors and their Spouse and Minor Children (Name Wise Detail):**

1	MR. HABIB ULLAH	636,400	20.8490
2	RAO KHALID PERVAIZ	177,648	5.8199
3	MR. SHAHID HUSSAIN	100	0.0033
4	MR. AMEER ZEB (CDC)	139,500	4.5701
5	MR. SAMI ULLAH	301,767	9.8861
6	MR. HUSSAIN AHMED OZGEN	654	0.0214
7	MR. SHAHID AZIZ (NIT NOMINEE)	--	--
8	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance  
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

32,249 1.0565

**Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)**

1	MR. HABIB ULLAH	636,400	20.8490
2	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	279,614	9.1604
3	MR. SAMI ULLAH	301,767	9.8861
4	RAO KHALID PERVAIZ	177,648	5.8199

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

S.No	NAME	SALE	PURCHASE
1	MR. SHAHID HUSSAIN (CDC)	35,689	-

# PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
in the district \_\_\_\_\_ being a member of **D.M Textile Mills Limited**  
and holder of \_\_\_\_\_ ordinary shares as  
(Number of Shares)  
per share Register Folio No. \_\_\_\_\_ Here  
appoint \_\_\_\_\_ of \_\_\_\_\_  
another member of the company of failing him \_\_\_\_\_  
of \_\_\_\_\_  
another member of the Company as my / our proxy to vote of me / us on my / our behalf at the  
Annual General Meeting of the Company to be held on Saturday, October 27, 2018 at 5:00 p.m or  
at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

1. Witness:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

Affix  
Revenue  
Stamps of  
Rs. 5/-

2. Witness:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_

\_\_\_\_\_  
Signature of Member

Shareholder's Folio No. \_\_\_\_\_

CDC A/c No. \_\_\_\_\_

NIC No. 

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**Note:**

1. Proxies, in order to be effective, must be received at the company's Registered Office, Westridge, Rawalpindi. not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders are requested to bring with them their National Identity Cards along with the Participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.