SAY NO
TO CORRUPTION

ANNUAL REPORT
2 0 1 9

D.M. TEXTILE
MILLS LIMITED

Westridge, Rawalpindi
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62nd ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2019

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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:dmtextilemills@yahoo.com Website: www.dmtextile.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

1. To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive standard quality environment.

2. To make strenuous efforts to enhance profitability of the company ensuring a fair return to the investors, shareholders and employees of the company.

3. To exercise maximum care for improvement of standard of quality of our products by employing a team of highly skilled technicians and professional managers.

4. To strive hard to explore / develop new markets for the sale of our products in export and local markets.

5. 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.

6. To attend for the prompt resolution of customers' complaints by taking timely corrective measures to redress the quality complaints.

7. To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.

8. To make comprehensive arrangements for the training of our workers / technicians.

9. To improve team work, sense of transparency, creativity in our professionals and technical personnel.

Chief Executive **Director** **Chief Financial Officer**

Rawalpindi Dated: October 05, 2019

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, 2019

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 2019, 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 2019 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 7.524 million during the year ended 30 June 2019 and as of that date its accumulated loss was Rupees 80.917 million. As of 30 June 2019, the Company's current liabilities exceeded its current assets by Rupees 67.995 million. Liabilities of the Company include 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. The Securities and Exchange Commission of Pakistan filed an appeal before the Islamabad High Court (IHC), Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to Lahore High Court, Lahore, for release of the property. The matter is pending adjudication. The Bank of Punjab filed an appeal before the Islamabad High Court, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter 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.

(iii) The Company entered into operating lease agreements with various parties to earn rental income. However, the related property has not been recognized as investment property in accordance with International Accounting Standard (IAS) 40 'Investment Property' in these financial statements.

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 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, the 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 Raheel Arshad.

Riaz Ahmad & Co

RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: October 05, 2019

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 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

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 2019 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 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph where these are stated in the Statement of Compliance:

Sr. No.	Reference	Description
I	9	As stated in para 9, the Board of Directors did not arrange directors training program for any director of the Company.

RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: October 05, 2019

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

Name of company **D.M. Textile Mills Limited**
Year ended **30 June 2019**

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

1. The total number of Directors is Seven as per the following:
   a. Male: 7
   b. Female: 0

2. The composition of board is as follows:

Category	Names
Independent Director	Mr. Shahid Hussain (Chairman) Mr. Hussain Ahmad Ozgen Mr. Amer Zeb
Other Non-Executive Directors	Mr. Sami Ullah Mr. Shahid Aziz
Executive Directors	Mr. Mian Habib Ullah Mr. 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. As per new Listed Companies (Code of Corporate Governance) Regulations 2019, the Board intends to follow the Directors' Training Programme in due course of time.

10. The Board has approved appointment of acting Company Secretary, CFO 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

NAME	DESIGNATION
Mr. Hussain Ahmed Ozgen	Chairman (Independent Director)
Mr. Shahid Aziz	Member (Non-Executive Director)
Mr. Sami Ullah	Member (Non-Executive Director)

b) Human Resource and Remuneration Committee

NAME	DESIGNATION
Mr. Amer Zeb	Chairman (Independent Director)
Mr. Sami Ullah	Member (Non-Executive Director)
Rao Khalid Pervaiz	Member (Executive Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

Meetings	Frequency
Audit Committee	Five meetings were held during the financial year.
Human Resource and Remuneration Committee	One meeting was held during the financial year.

15. The Board has set up an effective internal audit function.

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, 2019

Chairman

CHAIRMAN'S REVIEW REPORT

I am pleased to present the financial reports of the Company for the year ended 30 June 2019. Due to continuous problems Mills could not resume its production process. However, the Board of Directors and Members have granted approval to alter the Principal Line of Business and name of the Company. In this regard, formal approvals by the Securities & Exchange Commission of Pakistan are in process.

The Management is trying its level best to utilize the available resources to increase the income and repayment of company's liabilities. I appreciate the efforts of the Board & Management 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.

Shahid Hussain
Chairman of the Board of Directors

Rawalpindi: October 05, 2019

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 62nd Annual General Meeting of the Company and present audited accounts and annual reports for the year ended June 30, 2019 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 2019

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 Company suffered a net loss of Rs. (7.524) Million as compared to previous year net loss of Rs. (15.862) Million.

Comparative financial results are given below:

	Rupees	
Year Ended on	**30-06-2019**	**30-06-2018**
Administrative and general expenses	(28,362,698)	(38,126,034)
Other Income	24,871,368	20,629,713
Financial and Other Charges	(417,931)	(674,537)
Provision for Taxation	(3,615,180)	2,308,112
Loss after taxation	(7,524,441)	(15,862,746)
Loss per share - Basic and diluted	(2.47)	(5.20)
Breakup Value per share in Rs	169.98	172.39

Debt Servicing

As per Settlement Agreement with Faysal Bank Ltd, Company is paying monthly installments regularly and balance amount has to be paid in 6 monthly installments. Despite of continuous problems, company managed to partially pay the outstanding liabilities towards suppliers, employees, property tax and social security, EOBI 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 dividend due to loss.

Change in Accounting Policy

In terms of relevant laws & standards, the Board of Directors grated approval to adopt the required accounting policies and to make the necessary changes/adjustments where applicable.

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

	Rupees
Operating fixed assets cost of additions	900,000
Operating fixed assets cost of deletions	25,439,350
Long outstanding liabilities written back	347,397

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, 2019 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.

k) During the year, Four 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	2	N/A	N/A
Mian Habib Ullah	4	N/A	N/A
Mr. Shahid Aziz	4	5	N/A
Mr. Hussain Ahmed Ozgen	3	3	N/A
Mr. Sami Ullah	4	5	1
Mr. Amer Zeb	3	N/A	0
Rao Khalid Pervaiz	4	N/A	1

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

l) 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 continuing problems and high inflation costs, the Mills could not resume its production process. As more explicitly explained in Note-1 of this report, the Board of Directors and Members of the Company have granted approval to alter the principal line of business and to change the name of the Company for which formal procedural/legal formalities are in process.

The Management is trying its level best to utilize the available recourses. Income has been considerably increased and expenses are decreased as compared to last financial year. Despite of the problems, Company is paying back the outstanding liabilities which will further reduce the burden of financial cost. Management has positive intention and capability to revive the company.

Auditors

The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommended the appointment of M/s Riaz Ahmad & Co, Chartered Accountants, as external auditor for the next financial year**.**

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

(Quote: 1)

The Company sustained net loss of Rupees 7.524 million during the year ended 30 June 2019 and as of that date its accumulated loss was Rupees 80.917 million. As of 30 June 2019, the Company's current liabilities exceeded its current assets by Rupees 67.995 million. Liabilities of the Company include 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 almost all of its entire outstanding loans due towards financial institutions. Rental income of the company is increasing consistently. Further, the Board of Directors and Members of the Company have already resolved to alter the principal line of business and change of name as well and formal SECP approval is in process. Management has positive intention and capability and hopeful to revive the company. Also trying the level best to negotiate with other debt providers to settle amicably. Due to the settlement reached/to be reached with the debt providers and already initiated process for the revival of company, 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. The Securities and Exchange Commission of Pakistan filed an appeal before the Islamabad High Court (IHC), Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to Lahore High Court, Lahore, for release of the property. The matter is pending adjudication. The Bank of Punjab filed an appeal before the Islamabad High Court, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter 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. Company has filed reply in Bank of Punjab application (CM Ind.89/2019) as well and outcome is awaited.

(Quote: 3)
The Company entered into operating lease agreements with various parties to earn rental income. However, the related property has not been recognized as investment property in accordance with International Accounting Standard (IAS) 40 'Investment Property' in these financial statements. **(Unquote: 3)**

The Board of Directors and Members of the Company have already resolved to alter the principal line of business and name of the Company and formal procedural/legal formalities are in process.

(Quote: 4)
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: 4)**

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

(Quote: 5)
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 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended **(Unquote: 5)**

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 2019 in the light of the facts stated above.

(Quote:6)
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: 6)**

The Company is making efforts to fulfill the requirements and also advertised in the Newspaper. 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:7)

Head of Internal Audit does not fulfill the qualification criteria mentioned in regulation 24 of the Regulations; **(Unquote: 7)**

The Board of Directors is of the view that as per the new Listed Companies (Code of Corporate Governance) Regulations, 2019, our existing Head of Internal Audit fulfills the qualification criteria. He is graduate and has experience of more than 20 years.

(Quote:8)

No member of the audit committee is “financially literate” in contravention of regulation 28 [1(c)] of the Regulations; and **(Unquote: 8)**

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 and experienced. Compliance with Regulations will be made as soon as possible.

(Quote:9)

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 2019 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended. **(Unquote: 9)**

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 2019 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 | Director

Rawalpindi: October 05, 2019

ڈائریکٹرز رپورٹ

معزز ممبران،

ہم آپ کو کمپنی کے باسٹھویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں۔ چیرمین رپورٹ اور ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2019 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 ڈائریکٹرز	:	2
ایگزیکٹو ڈائریکٹرز	:	2

30 جون **2019** کو موجود ڈائریکٹرز کے نام درج ذیل ہیں

جناب شاہد حسین	چیئرمین (غیر جانبدار/ آزاد ڈائریکٹر)
جناب میاں حبیب اللہ	چیف ایگزیکٹو (ایگزیکٹو ڈائریکٹر)
جناب شاہد عزیز	ڈائریکٹر (نان۔ایگزیکٹو ڈائریکٹر)
جناب حسین احمد آزگن	ڈائریکٹر (غیر جانبدار/ آزاد ڈائریکٹر)
جناب امیر زیب	ڈائریکٹر (غیر جانبدار/ آزاد ڈائریکٹر)
جناب سمیع اللہ	ڈائریکٹر (نان۔ایگزیکٹو ڈائریکٹر)
جناب راؤ خالد پرویز	ڈائریکٹر (ایگزیکٹو 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	چیئرمین (غیر جانبدار/ آزاد ڈائریکٹر)
جناب شاہد عزیز	ممبر (نان۔ایگزیکٹو ڈائریکٹر)
جناب سمیع اللہ	ممبر (نان۔ایگزیکٹو ڈائریکٹر)

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

جناب امیر زیب	چیئرمین (غیر جانبدار / آزاد ڈائریکٹر)
جناب سمیع اللہ	ممبر (نان۔ ایگزیکٹو ڈائریکٹر)
جناب راؤ خالد پرویز	ممبر (ایگزیکٹو ڈائریکٹر)

زیرنظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 7.524 ملین روپے کا خسارہ ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 15.862 ملین روپے کا خسارہ ہوا تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

تفصیل	روپے	روپے
	30 جون 2019	30 جون 2018
انتظامی اور دیگر اخراجات	(28,362,698)	(38,126,034)
دیگر آمدن	24,871,368	20,629,713
مالی اور دیگر چارجز	(417,931)	(674,537)
ٹیکس کی پروویژن	(3,615,180)	2,308,112
(خسارہ) بعد از ٹیکس	(7,524,441)	(15,862,746)
فی شیئر آمدن / (خسارہ) روپے (Basic & Diluted)	(2.47)	(5.20)
بریک اپ ویلیو روپے فی شیئر	169.98	172.39

فیصل بینک کے ساتھ معاہدہ کے مطابق کمپنی ماہانہ اقساط باقاعدگی سے ادا کر رہی ہے۔ بقایا رقم 6 ماہوار اقساط میں ادا کرنی ہے۔ مشکلات کے باوجود کمپنی نے جزوی طور پر واجبات ادا کئے ہیں جن میں سپلائیرز، سابقہ ملازمین، پراپرٹی ٹیکس، سوشل سکیورٹی اور EOBI وغیرہ شامل ہیں۔ انتظامیہ دوسرے قرض داروں سے گفت وشنید کر رہی ہے تاکہ کمپنی کے مالی بوجھ کو مزید کم کیا جا سکے۔

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

اکاؤنٹنگ پالیسی میں تبدیلی

متعلقہ قوانین اور سٹینڈرڈز کی رو سے بورڈ نے منظوری دی کہ ان کو اپنایا جائے اور جہاں ضروری ہو تبدیلی/adjustment کی اجازت دی ہے۔

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

	روپے
اپریٹنگ فکسڈ اثاثے ۔ اضافہ	900,000
اپریٹنگ فکسڈ اثاثے ۔ کمی (deletions)	25,439,350
طویل بقایا Liabilities ختم کیں	347,397
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 جن کی تفصیل Notes میں دی گئی ہے۔

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 آمدورفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

b۔ کمپنی نے حسابداری کے مناسب کھاتے رکھے ہیں

c۔ مالیاتی گوشواروں کی تیاری کے لئے متواتر 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 روبہ 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 گیا 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 contingencies میں دیئے گئے واجب الا داٹیکسوں اور لیویز کے علاوہ اور واجب الا داٹیکس یا لیویز نہ ہیں۔

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

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

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب شاہد حسین	2
جناب میاں حبیب اللہ	4
جناب شاہد عزیز (نمائندہ NIT)	4
جناب حسین احمد آزگن	3
جناب سمیع اللہ	4
جناب امیر زیب	3
جناب راؤ خالد پرویز	4

جو ڈائریکٹرز صاحبان بورڈ کی میٹنگ میں شریک نہ ہو سکے، قوائد کے مطابق ان کے چھٹی منظور کی گئی۔

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 آزگن	3
جناب شاہد عزیز	5
جناب سمیع اللہ	5

جو ڈائریکٹرز صاحبان آڈٹ کمیٹی کی میٹنگ میں شریک نہ ہو سکے، قوائد کے مطابق ان کے چھٹی منظور کی گئی۔

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

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب امیر زیب	0
جناب سمیع اللہ	1
جناب راؤ خالد پرویز	1

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

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

جاری مسائل اور لاگت میں اضافہ کی وجہ سے کمپنی پیداواری صلاحیت کو بحال نہ کر سکی۔ جیسا کہ اس رپورٹ کے نوٹ نمبر 1 میں تفصیل سے ظاہر کیا گیا ہے، بورڈ آف ڈائیریکٹرز اور ممبران نے کمپنی کے پرنسپل کاروبار میں ردوبدل اور نام تبدیل کرنے کی اجازت دے دی ہے۔ اس سلسلے میں ضروری قانونی کاروائی زیرِعمل ہے۔ انتظامیہ اپنے دستیاب وسائل کو بہترین انداز میں استعمال کرتے ہوئے اپنی آمدن کو مناسب بڑھایا ہے اور اخراجات میں پچھلے سال کی نسبت کمی ہوئی ہے۔ مسائل کے باوجود کمپنی واجبات ادا کر رہی ہے جس کی وجہ سے مالی بوجھ مزید کم ہوگا۔ انتظامیہ کی نیت مثبت ہے اور کمپنی کو revive کرنے کی صلاحیت رکھتی ہے۔

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

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

(اقتباس۔1)

" کمپنی کو 30 جون 2019 کو ختم ہونے والے سال میں 7.524 ملین کا خالص خسارہ ہوا۔ اسی مدت تک اس کا مجموعی خسارہ 80.917 ملین رہا۔ 30 جون 2019 تک کمپنی کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 67.995 ملین تجاوز کر گئیں۔ کمپنی کی ذمہ داریوں میں over due رقم شامل ہے۔ کمپنی ورکنگ کیپٹل اور دیگر مقاصد کے لئے نئی فنانسنگ حاصل نہ کر سکی۔ ملز 2014 سے ورکنگ کیپٹل کی کمی کی وجہ سے بند ہے۔ اس رپورٹ کی تاریخ تک کمپنی کے چند ملازمین تھے اور ملز 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 ہوسکتا 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 واضع نہیں کرتے۔ یہ مالیاتی گوشوارے قائم رہنے کے تصور پر تیار کئے گئے ہین"

انتظامیہ نے کامیابی سے تقریبا تمام مالیاتی اداروں کے ساتھ اپنے قرضہ جات کے معاملات حل کر لئے ہیں۔ کرایہ کی آمدن متواتر بڑھی ہے۔ بورڈ آف ڈائیرکٹرز اور ممبران نے کمپنی کے پرنسپل کاروبار میں ردوبدل اور نام تبدیل کرنے کی اجازت دے دی ہے۔ اس سلسلے میں SECP کی باقاعدہ منظوری زیرِعمل ہے۔ انتظامیہ کی نیت مثبت ہے اور استطاعت رکھتی ہے اور کمپنی کو revive کرنے کی امید رکھتی 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 اور کمپنی کی revival کے لئے جاری پراسس 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 ہوسکی۔ 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 لگائیں کہ 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 ایٹ سے جائیداد کی مجبوراً فروخت ویلیوایشن Rs.72.007 ملین کروانے کے بعد اپنی میٹنگ مورخہ 23 اپریل 2014 کو منظوری دی کہ جائیداد میں حقوق بمعہ فکسچر اور فٹنگ چیف ایگزیکٹو طے شدہ قیمت مبلغ 75 ملین میں آفر کیا جائے۔ جبکہ کیپٹل ڈویلپمنٹ اتھارٹی کے مطابق

جائیداد چیف ایگزیکٹومیاں حبیب اللہ کے نام بذریعہ عدالتی ڈگری پہلے ہی ٹرانسفر ہوچکی ہے۔ لاہور ہائی کورٹ راولپنڈی بینچ نے اپنے عبوری حکم مورخہ 06 فروری 2015 التوا کی اجازت دیتے ہوئے ہدائت کی کہ کسی بھی صورت میں کمپنی کی جائیداد / انڈرٹیکنگ کوٹرانسفر / الگ الگ نہ کیا جائے۔ اسی دوران مورخہ 03 مئی 2016 کوکیس اسلام آباد ہائی کورٹ ٹرانسفر ہوگیا۔ 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 ہوچکی ہے جو کہ بینک آف پنجاب بنام بلال فائیبر زلمیٹڈ اور بینک آف پنجاب بنام بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ ہیں جہاں چیف ایگزیکٹو ضامن تھا اسی دوران بورڈ آف ڈائریکٹرز اور شئیر ہولڈرز نے اپنی ملاقاتوں میں جو کہ بالترتیب مورخہ 09 اکتوبر 2016 اور 31 اکتوبر 2016 کو منعقد ہوئیں منظوری دی کہ چیف ایگزیکٹو کو جائیداد کی فروخت کی ٹرانزیکشن کو رسمی قانونی کاروائی مکمل کرنے کے بعد واپس کردیا 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 سیکیورٹی اینڈ ایکسچینج کمیشن اور کیپیٹل ڈویلپمنٹ اتھارٹی کو پارٹی بنایا ہے اور درخواست کی گئی ہے کہ ان کو پراپرٹی کمپنی کے نام ٹرانسفر کرنے کی ہدائیت 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 روپئے سے کم کرکے مبلغ 50,000 روپئے کردیا جو کہ ہر ڈائریکٹر نے 30 دن کے اندر ادا کرنا ہے۔ کمپنی نے مئی 2018 کو لاہور ہائی کورٹ لاہور پنچ میں بھی ایک اپیل جائیداد کی detachment کے بابت دائر کی ہے تا کہ پراپرٹی کمپنی کے نام ٹرانسفر ہوسکے۔ یہ اپیل بھی ابھی عدالت میں پینڈنگ ہے۔ SECP نے اسلام آباد ہائی کورٹ میں مورخہ 13 ستمبر 2018 کو درخواست دائر کی ہے کہ 16 نومبر 2017 کے حکم کے مطابق statutory auditor مقرر کیا جائے تا کہ خصوصی آڈٹ کرے اور منافع کی رقم کا حساب لگا کر بتائے جو کہ مبلغ 51.50 ملین روپئے کسی بینک میں روزانہ کی بنیاد پر جمع کرواکر متعلقہ عرصہ میں حاصل ہوسکتے تھے۔ اسلام آباد ہائی کورٹ سے مزید درخواست کی گئی ہے کہ لاہور ہائی کورٹ کو نوٹس بھیجا جائے کہ جائیداد کو واگزار کیا جائے۔ معاملہ ابھی تک عدالت میں پینڈنگ ہے۔ بینک آف پنجاب نے اسلام آباد ہائی کورٹ میں درخواست دائر کہ ہے کہ حکم مورخہ 03 مئی 2016 اور 16 نومبر 2017 کو ختم کیا جائے۔ معاملہ ابھی تک عدالت میں پینڈنگ ہے۔ ہم مندرجہ بالا احکامات کی عملداری کو یقینی نہ بنا سکے اور اپنے آپ کو مطمئن نہ کرسکے کہ جائیداد کی جبری فروختی 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 ہوسکی۔ 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 مدنظر رکھتے ہوئے بورڈ آف ڈائیریکٹرز 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 پرائس تھی آفر کیا جائے۔ اس کے نتیجے میں کمپنی کو مبلغ 20.148 ملین کا منافع ہوا اور یہ دیر سے اٹکا ہو معاملہ ممبرز کی منظوری سے حل ہوا۔ بعدازاں کیس اسلام آباد ہائی کورٹ منتقل ہوگیا۔ 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 اور مزید کاغذات پیش کرنے کی اجازت مانگی اور استدعا کی کہ موجودہ حالات میں وہ جائیداد میں حقوق سرنڈر کر چکے جس کی منظوری کمپنی کے بورڈ آف ڈائیریکٹرز اور ممبران دے چکے ہیں لیکن جائیداد پہلے ہی بحکم لاہور ہائی کورٹ لاہور دو مقدمات میں Attach ہوچکی ہے جو کہ بینک آف پنجاب بنام بلال فائیبر زلمیٹڈ 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 سرنڈر ڈیڈ کی سپیسیفک پرفارمنس اینڈ پرمانٹ انجنکشن کے لئے دعوہ دائر کیا ہے۔ اسلام آباد ہائی کورٹ نے اپنے حکم مورخہ 16 نومبر 2017 کو مقدمہ "ڈی ایم ٹیکسٹائل ملز لیمیٹڈ بنام سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان" کا فیصلہ کیا۔ ہمارے قانونی مشیر کی رائے کے مطابق فیصلے کے اہم operative نقات مندرجہ ذیل ہیں۔ (1) ڈائیریکٹرز پر جرمانہ 100,000 روپے سے کم کرکے 50,000 روپئے کردیا گیا ہے۔ جو کہ متعلقہ ڈائیریکٹرز نے ادا کردیا ہے (2) ڈائیریکٹرز لاہور ہائی کورٹ کے سامنے دونوں کیسوں "بینک آف پنجاب بنام بلال فائبرز لمیٹڈ" اور بلال ٹیکسٹائلز (پرائیویٹ) لمیٹڈ نام بینک آف پنجاب" سے پراپرٹی کو واگزار کروانے کی کوشش کریں (3) پراپرٹی 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 کردی گئی ہے جو کہ ابھی عدالت میں پینڈنگ ہے۔ کمپنی نے بینک آف پنجاب کی درخواست کا جواب جمع کروادیا ہے۔ معاملہ ابھی عدالت میں پینڈنگ ہے

(اقتباس۔3)

" کمپنی نے اپنی کرایہ داری آمدن بڑھانے کے لئے کئی پارٹیوں سے کرایہ داری معاہدے کئے ہیں۔ تاہم متعلقہ جائیداد کو بین الاقوامی اکاؤنٹنگ سٹینڈرڈز 40 کے مطابق سرمایہ کارانہ جائیداد کے طور پر تسلیم نہیں کیا گیا ہے"

کمپنی کا بورڈ آف ڈائیرکٹرز اور ممبران نے کمپنی کے پرنسپل کاروبار میں ردوبدل اور نام تبدیل کرنے کی اجازت دے دی ہے۔ اس سلسلے میں SECP کی باقاعدہ منظوری زیرِعمل ہے

(اقتباس۔4)

"مالیاتی گوشواروں کے آڈٹ کے بارے میں ہماری ذمہ داری دیگر 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 ہمارا علم، یا دوسری طرح materially misstated ظاہر ہوتی ہیں۔ اگر، کام کی نوعیت جو ہم نے کیا ہے، ہم اس نتیجہ پر پہنچے ہیں کہ دیگر معلومات کی material misstatement ہے اور ہمیں اسے ظاہر کرنا ہے۔ جن معاملات پر ہماری رپورٹ basis for adverse opinion section میں بحث کی گئی ہے۔، ہم اس نتیجہ پر پہنچے ہیں کہ انہیں وجوہات کی وجہ سے دیگر معلومات میں material mistatement ہوئی ہے"

بورڈ آف ڈائیریکٹرز کا ماننا ہے کہ اوپر دی گئی وضاحتوں کہ بناپر کوئی material misstatement نہیں ہے۔

(اقتباس۔5)

" 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 اہلیت کا بیان، نفع یا نقصان کا بیان، comprehensive آمدن کا بیان، ایکوٹی میں تبدیلی کا بیان، کیش فلو کا 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 2019 تک کمپنی کے درست اور منصفانہ معاملات کا ملاحضہ نہیں دیتے۔ اور نقصان کا، اس کے جامع نقصان کا، اس کے کیش فلو کا اور ایکوٹی میں تبدیلی کا"

بورڈ آف ڈائیریکٹرز 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 2019 کو پیش کرتے ہیں۔

(اقتباس۔6)

"جب سے سابقہ کمپنی سیکٹری اور چیف فنانشل آفیسر نے استعفی 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 اور اخبار میں اشتہار بھی دیا ہے تاہم متعلقہ پیشہ ور جو کہ اس معیار پر پورا اترتے ہیں ملز بند ہونے اور مختلف وجوہات کی وجہ سے نہیں آ رہے۔ جتنا جلدی ممکن ہوا یہ requirement پوری کر دی جائے گی۔

(اقتباس۔7)

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

بورڈ آف ڈائریکٹر کا خیال ہے کہ حال ہی ی میں منظور کروہ کوڈ آف کارپوریٹ گورننس 2019 کے تحت ہمارا موجودہ انٹرنل آڈٹ ہیڈ تعلیمی قابلیت پر پورا اترتا ہے۔ گریجوایٹ ہے اور 20 سال سے زیادہ کا تجربہ رکھتا ہے۔

(اقتباس۔8)

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

بورڈ آف ڈائریکٹر 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 اور تجربہ کار ہیں۔ جتنا جلد ممکن ہوسکا ریگولیشن کی تعمیل کی جائے گی۔

(اقتباس۔9)

" 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 فلو اور ایکوٹی میں تبدیلیاں بابت سال 30 جون 2019 کے درست اور منصفانہ معاملات کا ملاحضہ نہیں دیتے"

بورڈ آف ڈائیریکٹرز 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 مختتمہ 30 جون 2019 کو پیش کرتے ہیں۔

کمپنی اپنی کارپوریٹ اور سماجی ذمہ داریوں سے آگاہ ہے اور دستیاب وسائل کے مطابق کوشش کرتی ہے۔
کمپنی اپنے دو ایگزیکٹو ڈائریکٹرز کو اجرت دیتی ہے۔ نان ایگزیکٹو ڈائریکٹرز اور غیر جانبدار ڈائریکٹرز کو میٹنگ فیس کے علاوہ کوئی ادائیگی نہیں کی جاتی۔
بورڈ نے اپنے تخمینہ 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 2019

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 Monday, October 28, 2019** at **03:00 PM** to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the Extra Ordinary Annual General Meeting held on 31-05-2019.
2. To receive, consider and adopt the annual audited accounts of the company for the year ended June 30, 2019 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 27 October 2018 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.

By the order of the Board

Date: 05 October 2019

Rao Khalid Pervaiz
(Director)

Notes:

1. The members' register will remain closed from **20 October 2019 to 28 October 2019** (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 19 October, 2019** 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 30-06-2019 are being uploaded on the website of the Company 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 aprox 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:

Description	Owner/Leased Assets/Rupees
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 used to decrease the financial liabilities/over due payments to avoid litigations.

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 **27 October 2019** during business hours and also at the time of meeting.

By the order of the Board

Date: 05 October 2019

Rao Khalid Pervaiz
(Director)

STATEMENT OF FINANCIAL POSITION

	NOTE	2019 Rupees	2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (2018: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital	3	30,524,290	30,524,290
Revenue reserve - accumulated loss		(80,917,235)	(75,583,279)
Capital reserve - surplus on revaluation of property, plant and equipment - net of deferred income tax	4	569,238,613	571,260,712
Total equity		518,845,668	526,201,723
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	1,766,260
Liability against assets subject to finance lease	6	-	-
Employees' retirement benefit	7	3,355,644	3,129,793
Deferred income tax liability	8	5,346,272	7,240,523
		8,701,916	12,136,576
CURRENT LIABILITIES			
Trade and other payables	9	97,200,154	90,061,666
Accrued mark-up	10	20,767,825	20,767,825
Short term borrowings	11	4,803,735	11,890,030
Current portion of non-current liabilities	12	2,424,791	4,023,357
Unclaimed dividend		144,947	144,947
Taxation - net		3,550,367	298,610
		128,891,819	127,186,435
Total liabilities		137,593,735	139,323,011
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		656,439,403	665,524,734

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

CHIEF EXECUTIVE OFFICER **DIRECTOR**

AS AT 30 JUNE 2019

	NOTE	2019 Rupees	2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	564,203,898	574,652,120
Advance against property	15	-	-
Due from related party	16	-	-
Long term investment	17	6,924,048	6,516,751
Long term deposits		24,414,434	24,414,434
		595,542,380	605,583,305
CURRENT ASSETS			
Stores, spare parts and loose tools	18	-	-
Stock-in-trade	19	-	-
Trade debts	20	-	-
Advances	21	15,000	51,001
Current portion of due from related party	16	17,619,962	17,619,962
Short term deposit	22	2,000,000	2,000,000
Other receivables	23	4,017,327	3,812,139
Short term investment	24	1,194,924	1,180,033
Cash and bank balances	25	822,625	51,109
		25,669,838	24,714,244
Non-current assets classified as held for sale	26	35,227,185	35,227,185
		60,897,023	59,941,429
TOTAL ASSETS		656,439,403	665,524,734

CHIEF FINANCIAL OFFICER

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

	NOTE	2019 Rupees	2018 Rupees
ADMINISTRATIVE AND GENERAL EXPENSES	27	(27,303,363)	(26,062,539)
OTHER EXPENSES	28	(1,059,335)	(12,063,495)
		(28,362,698)	(38,126,034)
OTHER INCOME	29	24,871,368	20,629,713
LOSS FROM OPERATIONS		(3,491,330)	(17,496,321)
FINANCE COST	30	(417,931)	(674,537)
LOSS BEFORE TAXATION		(3,909,261)	(18,170,858)
TAXATION	31	(3,615,180)	2,308,112
LOSS AFTER TAXATION		(7,524,441)	(15,862,746)
LOSS PER SHARE - BASIC AND DILUTED	32	(2.47)	(5.20)

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 2019

	2019 Rupees	2018 Rupees
LOSS AFTER TAXATION	(7,524,441)	(15,862,746)
OTHER COMPREHENSIVE INCOME / LOSS		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	237,163	(392,424)
Related deferred tax	(68,777)	113,803
	168,386	(278,621)
Reversal of revaluation surplus	-	(2,496,249)
Related deferred tax	-	723,912
	-	(1,772,337)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	168,386	(2,050,958)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(7,356,055)	(17,913,704)

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 2019

	NOTE	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	8,679,569	1,055,619
Finance cost paid		(417,931)	(674,537)
Income tax paid		(2,326,451)	(1,442,803)
Gratuity paid		(199,600)	(376,423)
Net cash generated from / (used in) operating activities		5,735,587	(1,438,144)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(900,000)	-
Interest received		57,050	239,710
Proceeds from sale of property, plant and equipment		6,330,000	6,870,000
Net cash from investing activities		5,487,050	7,109,710
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(3,364,826)	(3,005,804)
Short term borrowings - net		(7,086,295)	(2,704,340)
Net cash used in financing activities		(10,451,121)	(5,710,144)
Net increase / (decrease) in cash and cash equivalents		771,516	(38,578)
Cash and cash equivalents at the beginning of the year		51,109	89,687
Cash and cash equivalents at the end of the year		822,625	51,109

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 2019

	SHARE CAPITAL	REVENUE RESERVE - ACCUMULATED LOSS	CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL EQUITY
	-------------------- (Rupees) --------------------			
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
Loss for the year	-	(7,524,441)	-	(7,524,441)
Other comprehensive income for the year	-	168,386	-	168,386
Total comprehensive loss for the year ended 30 June 2019	-	(7,356,055)	-	(7,356,055)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4)	-	2,022,099	(2,022,099)	-
Balance as at 30 June 2019	30,524,290	(80,917,235)	569,238,613	518,845,668

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 2019

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 (PSX). PSX vide Notice No. PSX/N-122 dated 06 February 2019 placed the Company on defaulters segment with effect from 07 February 2019 due to suspension of production / business operations for a continuous period of one year and adverse opinion by the auditors on the issue of going concern. Further, PSX vide Notice No. PSX/N-966 dated 06 August 2019 granted extension upto 28 October 2019 to rectify the above stated non-compliances.

The registered office, head office and manufacturing unit of the Company is situated at Westridge, Rawalpindi.

The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn. However, the board of directors and shareholders of the Company in their meetings held on 27 April 2019 and 31 May 2019 respectively, resolved that principal line of business of the Company will be to establish warehouses to provide storage facilities on proprietary as well as rental basis and / or to undertake real estate development including investment, development, construction, purchase, sale, lease and disposal of real estate assets. Further, it was resolved to adopt new name i.e. “D.M. Industries Limited”. Management of the Company is in process to complete procedural / legal formalities in this regard.

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) 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.

c) 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.

Income tax

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.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgment. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

d) Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018:

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 (Amendments), 'Revenue from Contracts with Customers'

Annual Improvements to IFRSs: 2014 2016 Cycle

The Company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.6 and note 2.14. Most of the other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 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 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 LeasesIncentives' 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.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (*effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.*

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments *are effective for annual periods beginning on or after 01 January 2019.* The amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: re-introduces *the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefitsthis lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.*

f) Standards, interpretations 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 2019 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.

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.

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.

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 assets are disposed-off. 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 IFRS 9 “Financial instruments”

The Company has adopted IFRS 9 “Financial Instruments” from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i. Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii. Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 “Financial Instruments: Recognition and Measurement” for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. Loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii. Impairment of financial assets

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv. De-recognition

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v. Off-setting of financial instruments

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.

vi. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

Vii. Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees		
Non-current financial assets					
Long term investment	Held to maturity	Amortized cost	6,516,751	6,516,751	-
Long term deposits	Loans and receivables	Amortized cost	24,414,434	24,414,434	-
Current financial assets					
Advances	Loans and receivables	Amortized cost	51,001	51,001	-
Current portion of due from related party	Loans and receivables	Amortized cost	17,619,962	17,619,962	-
Short term deposits	Loans and receivables	Amortized cost	2,000,000	2,000,000	-
Other receivables	Loans and receivables	Amortized cost	33,500	33,500	-
Short term investments	Held to maturity	Amortized cost	1,180,033	1,180,033	-
Cash and bank balances	Loans and receivables	Amortized cost	51,109	51,109	
Non-current financial liabilities					
Long term financing	Amortized cost	Amortized cost	1,766,260	1,766,260	-
Current financial liabilities					
Trade and other payables	Amortized cost	Amortized cost	57,784,198	57,784,198	-
Accrued mark-up	Amortized cost	Amortized cost	20,767,825	20,767,825	-
Short term borrowings	Amortized cost	Amortized cost	11,890,030	11,890,030	-
Liability against assets subject	Amortized cost	Amortized cost	658,531	658,531	
Current portion of long term financing	Amortized cost	Amortized cost	3,364,826	3,364,826	-
Unclaimed dividend	Amortized cost	Amortized cost	144,947	144,947	-

1.1 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.

1.2 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

1.3 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.

1.4 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.

1.5 Trade and other payables

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

1.6 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.

1.7 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

1.8 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Rental income from operating leases is recognized on a straight line basis over the term of the relevant lease.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfillment costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

viii) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company as the Company ceased its operations since 2014. Therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is Rupees Nil.

1.9 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

1.10 Impairment of 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.

1.11 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.

1.12 Off-setting of financial instruments

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.

1.13 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.

1.14 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

1.15 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

1.16 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018			2019	2018
(Number of shares)			NOTE	Rupees	Rupees
2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid 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
3,052,429	3,052,429			30,524,290	30,524,290

		NOTE	2019 Rupees	2018 Rupees
4	**CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX**			
	Opening balance		571,260,712	575,018,505
	Deferred tax adjustment due to change in tax rate	8.1	-	398,881
	Reversal of surplus on revaluation of property, plant and equipment - net	14	-	(2,496,249)
	Related deferred income tax liability	8.1	-	723,912
			-	(1,772,337)
	Transferred to accumulated loss in respect of incremental depreciation charged during the year		(2,848,026)	(3,358,222)
	Related deferred income tax liability	8.1	825,927	973,885
			(2,022,099)	(2,384,337)
			569,238,613	571,260,712
5	**LONG TERM FINANCING**			
	Faysal Bank Limited - secured			
	Opening balance	5.1	5,131,086	8,136,890
	Add: Effect of fair value adjustment		235,174	444,196
			5,366,260	8,581,086
	Less: Repaid during the year		3,600,000	3,450,000
			1,766,260	5,131,086
	Less: Current portion shown under current liabilities	12	1,766,260	3,364,826
	Closing Balance		-	1,766,260

5.1 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.

In accordance with the requirements of IFRS 9 'Financial Instruments'it has been stated at present value using effective interest rate of 6.52% per annum.

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.

		NOTE	2019 Rupees	2018 Rupees
6	**LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Future minimum lease payments		658,531	658,531
	Less: Unamortized finance charges		-	-
	Present value of future minimum lease payments		658,531	658,531
	Less: Current portion shown under current liabilities	12	658,531	658,531
			-	-

6.1 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.

7 EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation was carried out as at 30 June 2019, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

7.1 Liability recognized in the statement of financial position

	NOTE	2019 Rupees	2018 Rupees
Present value of unfunded defined benefit obligation		10,808,751	10,611,500
Benefits due but not paid shown under current liabilities	9	(7,453,107)	(7,481,707)
		3,355,644	3,129,793

		NOTE	2019 Rupees	2018 Rupees
7.2	**Movement in liability recognized in the statement of financial position**			
	At the beginning of the year		10,611,500	10,063,175
	Charge for the year		634,014	532,324
	Remeasurements recognized in other comprehensive income		(237,163)	392,424
	Benefit paid during the year		(199,600)	(376,423)
			10,808,751	10,611,500
7.3	**Movement in present value of defined benefit obligation**			
	At the beginning of the year		3,129,793	2,748,145
	Benefits due but not paid		7,481,707	7,315,030
	Service cost		360,028	352,771
	Interest cost for the year		273,986	179,553
	Benefit paid during the year		(199,600)	(376,423)
	Charge to other comprehensive income		(237,163)	392,424
	Benefits due but not paid		(7,453,107)	(7,481,707)
	At the end of the year		3,355,644	3,129,793
7.4	**Amounts recognized in statement of profit or loss**			
	Current service cost		360,028	352,771
	Interest cost for the year		273,986	179,553
			634,014	532,324
7.5	**Amount recognized in statement of comprehensive income**			
	Actuarial loss due to experience adjustments		(237,163)	392,424
7.6	**Allocation of charge for the year**			
	Administrative and general expenses	27.1	634,014	532,324
7.7	**Principal actuarial assumptions used**			
	Discount rate		12.50%	9.00%
	Expected rate of increase in salary		11.50%	8.00%
	Average expected remaining working life of employees		7 Year	8 Year
	Average duration of liability		6 Years	7 Years
7.8	**Sensitivity analysis**			
	Discount Rate + 1 %		3,088,928	2,854,537
	Discount Rate - 1 %		3,656,474	3,442,704
	Salary growth rate + 1 %		3,656,474	3,442,704
	Salary growth rate - 1 %		3,084,385	2,849,715

7.9 The expected gratuity expense for next financial year is Rupees 785,655.

7.10 **Risks associated with the gratuity scheme**

The gratuity scheme is an unfunded 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 increase.

8 DEFERRED INCOME TAX LIABILITY

This comprises of following:

	2019 Rupees	2018 Rupees
Taxable temporary differences		
Accelerated tax depreciation	1,536,825	2,542,235
Surplus on revaluation of property, plant and equipment	9,043,818	9,869,745
	10,580,643	12,411,980
Deductible temporary differences		
Provision for gratuity	(3,134,538)	(3,077,335)
Liability against assets subject to finance lease	(41,583)	(35,872)
Allowance for expected credit losses	(126,452)	(126,452)
Provision against doubtful advances	(40,168)	(40,168)
Provision against obsolete stores, spare parts and loose tools	(1,834,928)	(1,834,928)
Provision against obsolescence of raw material	(56,702)	(56,702)
	(5,234,371)	(5,171,457)
	5,346,272	7,240,523

		NOTE	2019 Rupees	2018 Rupees
8.1	**Movement in deferred tax balances is as follows:**			
	At beginning of the year		7,240,523	14,855,512
	Recognized in statement of profit or loss:			
	Accelerated tax depreciation on fixed assets		(1,005,410)	(5,481,407)
	Surplus on revaluation of property, plant and equipment	4	(825,927)	(973,885)
	Liability against assets subject to finance lease		(5,711)	(7,943)
	Provision for gratuity		(125,980)	55,421
	Allowance for expected credit losses		-	4,360
	Provision against doubtful advances		-	(40,168)
	Provision against obsolete stores, spare parts and loose tools		-	63,273
	Provision against obsolescence of raw material		-	1,956
		31	(1,963,028)	(6,378,393)
	Recognized in statement of comprehensive income:			
	Remeasurement of defined benefit plan		68,777	(113,803)
	Reversal of revaluation surplus - net	4	-	(723,912)
			68,777	(837,715)
	Recognized in surplus on revaluation of property, plant and equipment:			
	Effect of change in tax rate	4	-	(398,881)
			5,346,272	7,240,523

8.2 Deferred income tax asset of Rupees 43.596 million (2018: Rupees 58.710 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.

9 TRADE AND OTHER PAYABLES

	NOTE	2019 Rupees	2018 Rupees
Creditors - un-secured		46,583,857	46,913,934
Advance rental income		5,008,335	4,479,010
Advances from customers		1,743,024	1,743,024
Accrued liabilities		24,008,676	18,573,726
Withholding income tax payable		5,775,355	5,767,465
Employees' retirement benefit due but not paid	7.1	7,453,107	7,481,707
Security deposits against rent	9.1	6,627,800	5,102,800
		97,200,154	90,061,666

9.1 This represents security deposits received from tenants of the Company. Tenants have given the Company a right to utilize deposits in ordinary course of business.

10 ACCRUED MARK-UP

It represents accrued mark-up 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.

11 SHORT TERM BORROWINGS

	NOTE	2019 Rupees	2018 Rupees
From related parties:	11.1		
Chief Executive Officer (C.E.O)		3,803,735	8,450,030
Close family member of C.E.O.		-	1,400,000
Director		-	2,040,000
		3,803,735	11,890,030
Others	11.1	1,000,000	-
		4,803,735	11,890,030

11.1 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	2019 Rupees	2018 Rupees
12 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term financing	5	1,766,260	3,364,826
Finance lease - over due	6	658,531	658,531
		2,424,791	4,023,357

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

(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. Additional District and Session Judge, Islamabad vide order dated 18 April 2018 rejected the plaint by stating that an alternate remedy is available to the Company to agitate its grievances before the Oil and Gas Regulatory Authority (OGRA) authorities under section 11 of the OGRA Ordinance, 2002. The Company has not yet filed an appeal before OGRA. No provision has been made in these financial statements as the Company, based on advice of legal advisor, is hopeful for favorable outcome.

(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.

(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.

(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.

(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.

(f) On 26 January 2006, Collector of Customs (Appraisement) 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, Appraisement 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.

(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 2.46 million 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.

(h) Guarantee of Rupees 7.142 million (2018: Rupees 7.142 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

	2019 Rupees	2018 Rupees
13.2 Commitments	Nil	Nil

14 PROPERTY, PLANT AND EQUIPMENT

	Owned									Leased	
	Freehold land	Buildings on freehold land	Non factory buildings	Plant and machinery	Electric Installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	Grand Total
	Rupees										
At 30 June 2017											
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
Year ended 30 June 2018											
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
	-	-	-	(12,235,957)	-	-	-	-	(12,235,957)	-	(12,235,957)
Depreciation charge (Note 27)	-	(2,768,386)	(846,283)	(971,662)	(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
At 30 June 2018											
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
Year ended 30 June 2019											
Opening 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
Additions	-	-	-	-	-	-	-	900,000	900,000	-	900,000
Disposals:											
Cost / revalued amount	-	-	-	(25,439,350)	-	-	-	-	(25,439,350)	-	(25,439,350)
Accumulated depreciation	-	-	-	18,585,015	-	-	-	-	18,585,015	-	18,585,015
	-	-	-	(6,854,335)	-	-	-	-	(6,854,335)	-	(6,854,335)
Depreciation charge (Note 27)	-	(2,803,046)	(451,161)	(369,127)	(429,645)	(56,112)	(34,578)	(278,973)	(4,422,642)	(71,245)	(4,493,887)
Closing net book value	518,451,661	25,227,412	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	562,850,243	1,353,655	564,203,898
At 30 June 2019											
Cost / revalued amount	518,451,661	97,994,338	38,444,553	165,632,025	25,896,452	15,082,293	2,744,965	10,074,528	874,320,815	2,933,674	877,254,489
Accumulated depreciation	-	(72,766,926)	(29,872,489)	(161,507,431)	(22,029,652)	(14,577,289)	(2,433,766)	(8,283,019)	(311,470,572)	(1,580,019)	(313,050,591)
Net book value	518,451,661	25,227,412	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	562,850,243	1,353,655	564,203,898
Annual rate of depreciation (%)	-	10	5	5	10	10	10	20		5	

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	2019			2018
	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	36,172,467	2,632,082	2,924,536
Non factory buildings	12,505,284	7,526,085	4,979,199	5,241,262
Plant and machinery	108,655,000	82,394,457	26,260,543	46,487,293
Factory equipment	7,375,169	6,836,434	538,735	598,594
Electric installations	14,911,234	12,763,183	2,148,051	2,386,723
Furniture, fixtures and office equipment	2,312,105	2,037,487	274,618	305,131
Vehicles	7,849,690	6,601,167	1,248,523	491,750
Plant and machinery - leased	3,778,900	1,702,497	2,076,403	2,185,687
	196,286,823	156,033,777	40,253,046	60,715,868

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

Description	Valuation date	Rupees
Freehold land	02 June 2016	440,683,912
Buildings on freehold land	02 June 2016	21,443,300
Non factory buildings	02 June 2016	7,286,254
Plant and machinery	02 May 2018	1,649,838
Factory equipment	02 May 2018	202,002
Electric installations	02 May 2018	1,546,720
Plant and machinery - leased	02 May 2018	541,462

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

Description	QTY	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		-----------------------------------Rupees-----------------------------------						
Plant and Machinery:								
Ring frame	4	4,605,947	2,915,884	1,690,063	1,150,000	(540,063)	Negotiation	Murtaza Javed, Faisalabad
Simplex frame	4	4,611,777	3,506,919	1,104,858	1,100,000	(4,858)	Negotiation	Murtaza Javed, Faisalabad
Card machine A-168 China	7	3,681,461	2,911,461	770,000	770,000	-	Negotiation	Murtaza Javed, Faisalabad
Card machine A-168 China	7	3,684,850	2,914,850	770,000	770,000	-	Negotiation	Murtaza Javed, Faisalabad
Card machine MK-6	3	636,268	186,268	450,000	450,000	-	Negotiation	Muhammad Tahir, Faisalabad
Card machine FA-225	2	1,860,146	1,360,146	500,000	500,000	-	Negotiation	Muhammad Tahir, Faisalabad
Card machine DK-760	2	1,818,271	1,318,271	500,000	500,000	-	Negotiation	Muhammad Tahir, Faisalabad
Card machine DK-760	3	3,236,817	2,486,817	750,000	750,000	-	Negotiation	Muhammad Tahir, Faisalabad
		24,135,537	17,600,616	6,534,921	5,990,000	(544,921)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		1,303,813	984,399	319,414	340,000	20,586		
		25,439,350	18,585,015	6,854,335	6,330,000	(524,335)		

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 there from. 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 that property can be transferred in the name of the Company, which is pending adjudication.

The Securities and Exchange Commission of Pakistan filed an appeal before the Islamabad High Court (IHC), Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to Lahore High Court, Lahore, for release of the property. The matter is pending adjudication.

The Bank of Punjab filed an appeal before the Islamabad High Court, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter is pending adjudication.

	2019 Rupees	2018 Rupees
16 DUE FROM RELATED PARTY		
Due from C.E.O	17,619,962	17,619,962
Less: Current portion shown under current assets	(17,619,962)	(17,619,962)
	-	-

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 (2018: Rupees 17.620 million).

17 LONG TERM INVESTMENT

	2019 Rupees	2018 Rupees
Amortized cost	1,142,000	1,142,000

This represents term deposit receipts of Habib Metropolitan Bank Limited for the period of five years ending in February 2022, carrying effective interest at the rate of 6.25% per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		2019 Rupees	2018 Rupees
18	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores	495,402	495,402
	Spare parts	5,792,648	5,792,648
	Loose tools	39,287	39,287
		6,327,337	6,327,337
	Less: Provision against obsolete stores, spare parts and loose tools	(6,327,337)	(6,327,337)
		-	-
19	**STOCK-IN-TRADE**		
	Raw material	195,525	195,525
	Less: Provision against obsolescence of raw material	(195,525)	(195,525)
		-	-
20	**TRADE DEBTS - Unsecured**		
	Considered doubtful	436,040	436,040
	Less: Allowance for expected credit losses	(436,040)	(436,040)
		-	-

		2019 Rupees	2018 Rupees
21	**ADVANCES**		
	Unsecured		
	Considered good:		
	Employees - interest free	15,000	51,001
	Considered doubtful:		
	Employees - interest free	25,110	25,110
	Suppliers	113,402	113,402
		153,512	189,513
	Less: Provision against doubtful advances	(138,512)	(138,512)
		15,000	51,001

22 SHORT TERM DEPOSIT

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.

		2019 Rupees	2018 Rupees
23	**OTHER RECEIVABLES**		
	Considered good:		
	Sales tax refundable	3,849,160	3,643,972
	Export rebate and claims	134,667	134,667
	Others	33,500	33,500
		4,017,327	3,812,139

24 SHORT TERM INVESTMENT

Amortized cost

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 6.25% (2018: 5.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2019 Rupees	2018 Rupees
25	**CASH AND BANK BALANCES**			
	Cash at bank:			
	On saving accounts	25.1	11,839	8,972
	On current accounts		82,709	27,273
			94,548	36,245
	Cash in hand		728,077	14,864
			822,625	51,109

25.1 The balances in saving accounts carry interest at the rate of 4.50% to 10.25% (2018: 5.50%) per annum.

			2019 Rupees	2018 Rupees
26	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**			
	Freehold land		28,750,000	28,750,000
	Non-factory building		6,477,185	6,477,185
			35,227,185	35,227,185

26.1 These represent freehold land measuring approximately 7.19 kanal comprising open area and old worker quarters having 31,877 square feet covered area, 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 freehold 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-factorybuilding 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 buildings was determined by Danish Enterprises and Construction. This is a level 2 measurement as per the fair value hierarchy set out in note 40. The fair valuation of freehold land and non-factory building classified as held for sale was done by the independent valuer, Danish Enterprises and Construction on 21 February 2017.

		NOTE	2019 Rupees	2018 Rupees
27	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries, wages and other benefits	27.1	8,777,452	9,201,790
	Rent, rates and taxes		6,456,283	1,211,720
	Printing and stationery		145,854	163,765
	Fuel and power		1,970,570	2,047,106
	Postage and telephone		324,760	307,167
	Travelling and conveyance		438,825	558,482
	Vehicles' running		1,527,621	1,318,653
	Repair and maintenance		607,965	3,560,675
	Miscellaneous		1,015,733	146,601
	Entertainment		321,620	337,916
	Advertisement		374,355	165,657
	Legal and professional		285,600	722,500
	Fees and subscription		562,838	449,098
	Depreciation	14	4,493,887	5,871,409
			27,303,363	26,062,539

27.1 This includes employees' retirement benefits of Rupees 634,014 (2018: Rupees 532,324).

		NOTE	2019 Rupees	2018 Rupees
28	**OTHER EXPENSES**			
	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	524,335	5,365,957
	Provision against doubtful advances		-	138,512
			1,059,335	12,063,495
28.1	**Auditor's remuneration**			
	Audit fee		455,000	455,000
	Half yearly review		55,000	55,000
	Other certification		25,000	25,000
			535,000	535,000

		NOTE	2019 Rupees	2018 Rupees
29	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposits with banks		730	320
	Return on investment		479,238	659,049
	Long outstanding liabilities written back		347,397	435,346
			827,365	1,094,715
	Income from non-financial assets			
	Scrap sale		-	1,400,000
	Rental income		24,044,003	18,134,998
			24,044,003	19,534,998
			24,871,368	20,629,713
30	**FINANCE COST**			
	Mark-up on long term financing		235,174	444,196
	Bank charges and commission		182,757	230,341
			417,931	674,537
31	**TAXATION**			
	Current			
	Current year	31.1	5,578,208	4,352,400
	Prior year		-	(282,119)
			5,578,208	4,070,281
	Deferred	8.1	(1,963,028)	(6,378,393)
			3,615,180	(2,308,112)

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 150.330 million (2018: Rupees 202.448 million). Consequently, tax expense reconciliation is not being presented.

			2019	2018
32	**LOSS PER SHARE - BASIC AND DILUTED**			
	There is no dilutive effect on the basic loss per share which is based on:			
	Loss attributable to ordinary shares	(Rupees)	(7,524,441)	(15,862,746)
	Weighted average number of ordinary shares	(Numbers)	3,052,429	3,052,429
	Loss per share	(Rupees)	(2.47)	(5.20)

			2019	2018
33	**CASH GENERATED FROM OPERATIONS**			
	Loss before taxation		(3,909,261)	(18,170,858)
	Adjustments for non-cash charges and other items:			
	Depreciation		4,493,887	5,871,409
	Impairment of property, plant and equipment		-	6,024,026
	Provision for gratuity		634,014	532,324
	Provision against doubtful advances		-	138,512
	Loss on sale of property, plant and equipment		524,335	5,365,957
	Return on investment		(479,238)	(659,049)
	Finance cost		417,931	674,537
	Long outstanding liabilities written back		(347,397)	(435,346)
	Working capital changes	33.1	7,345,298	1,714,107
			8,679,569	1,055,619
33.1	**Working capital changes**			
	Decrease / (increase) in current assets:			
	Advances		36,001	(6,078)
	Other receivables		(205,188)	(257,100)
			(169,187)	(263,178)
	Increase in trade and other payables		7,514,485	1,977,285
			7,345,298	1,714,107

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 2018	5,131,086	11,890,030	144,947	17,166,063
Repayment of long term financing	(3,364,826)	-	-	(3,364,826)
Short term borrowings - net	-	(7,086,295)	-	(7,086,295)
	1,766,260	4,803,735	144,947	6,714,942

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	
	2019	2018	2019	2018
	-----------------------------Rupees-----------------------------			
Managerial remuneration	2,400,000	2,400,000	496,800	442,800
Allowance				
Utilities	1,087,882	691,071	55,200	49,200
	3,487,882	3,091,071	552,000	492,000
Number of persons	**1**	**1**	**1**	**1**

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 1 (2018: 1) director.

34.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2018: 1) director was Rupees 20,000 (2018: 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:

	2019 Rupees	2018 Rupees
Mr. Habib Ullah - C.E.O		
Loan obtained during the year	888,000	1,853,000
Adjustment / payment against outstanding balance	5,534,295	1,724,714
Mrs. Riffat Habib - Close family member of C.E.O.		
Loan obtained during the year	-	1,400,000
Payment against outstanding balance	1,400,000	-
Mr. Sami Ullah - Director		
Loan obtained during the year	65,000	2,115,000
Adjustment / payment against outstanding balance	2,105,000	75,000
Rental income	242,000	20,000

36 PLANT CAPACITY AND ACTUAL PRODUCTION

	(Numbers)	
Spindles installed	-	2,064
	(Kilograms)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts)	-	5,588,830
Actual production converted into 20s count based on 3 shifts per day for 1095 shifts (2018: 1095 shifts)	-	-

The Company disposed of significant portion of plant and machinery during the year.

37 NUMBER OF EMPLOYEES

	2019	2018
Number of employees as at 30 June	26	29
Average number of employees during the year	26	28

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 reporting date the interest rate profile of the Companys interest bearing financial instruments was:

Fixed rate instruments		
Financial assets		
Investments	8,118,972	7,696,784
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	11,839	8,972

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 118 (2018: Rupees 90) 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:

	2019 Rupees	2018 Rupees
Investments	8,118,972	7,696,784
Due from related party	17,619,962	17,619,962
Deposits	26,414,434	26,414,434
Advances	15,000	51,001
Other receivables	33,500	33,500
Bank balances	94,548	36,245
	52,296,416	51,851,926

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			2019	2018
	Short term	Long term	Agency	Rupees	Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2,822	2,822
Bank Alfalah Limited	A1+	AA+	PACRA	1,735	1,063
Habib Bank Limited	A-1+	AAA	JCR-VIS	2,840	2,313
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	6,219	6,641
MCB Bank Limited	A1+	AAA	PACRA	5,982	3,165
Silkbank Limited	A-2	A-	JCR-VIS	5,718	5,413
The Bank of Khyber	A-1	A	PACRA	2,150	1,700
Faysal Bank Limited	A1+	AA	PACRA	3,637	1,625
Meezan Bank Limited	A-1+	AA+	JCR-VIS	63,445	11,503
				94,548	36,245
Investments					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	8,118,972	7,696,784
				8,213,520	7,733,029

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 2019.

	Carrying amount	Contractual cash flows	6 months or less
	-------- Rupees -------		
Non-derivative financial liabilities:			
Long term financing	1,766,260	1,800,000	1,800,000
Liability against assets subject to finance lease	658,531	658,531	658,531
Trade and other payables	77,220,333	77,220,333	77,220,333
Unclaimed dividend	144,947	144,947	144,947
Short term borrowings	4,803,735	4,803,735	4,803,735
Accrued mark-up	20,767,825	20,767,825	20,767,825
	105,361,631	105,395,371	105,395,371

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 ----------------------------------				
Non-derivative financial liabilities:					
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	-	-
	109,182,879	109,451,793	105,851,793	1,800,000	1,800,000

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 rate of interest / mark up has been disclosed in Note 5 to these financial statements.

38.2 **Financial instruments by categories**

	Amortized cost
	Rupees
As at 30 June 2019	
Assets as per statement of financial position	
Investments	8,118,972
Due from related party	17,619,962
Deposits	26,414,434
Advances	15,000
Other receivables	33,500
Cash and bank balances	822,625
	53,024,493

	Financial liabilities at amortized cost
	--------- Rupees --------
Liabilities as per statement of financial position	
Long term financing	1,766,260
Liability against assets subject to finance lease	658,531
Accrued mark-up	20,767,825
Short term borrowings	4,803,735
Unclaimed dividend	144,947
Trade and other payables	77,220,333
	105,361,631

	Loans and receivables	Held to maturity	Total
	----------- Rupees -----------		
As at 30 June 2018			
Assets as per statement of financial position			
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
	44,170,006	7,696,784	51,866,790

	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	70,590,460
	109,182,879

38.3 **Offsetting financial assets and liabilities**

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

38.4 **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-currentreceivables, 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 recognized 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 classify its financial instrumentsinto 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 maximize 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 recognized 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 2019	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	518,451,661	-	518,451,661
Buildings on freehold land	-	25,227,412	-	25,227,412
Non factory buildings	-	8,572,064	-	8,572,064
Plant and machinery	-	4,124,594	-	4,124,594
Electric Installations	-	3,866,800	-	3,866,800
Factory equipment	-	505,004	-	505,004
Furniture, fixtures and office equipment	-	311,199	-	311,199
Vehicles	-	1,791,509	-	1,791,509
Plant and machinery - leased	-	1,353,655	-	1,353,655
	-	564,203,898	-	564,203,898

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 buildings	-	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

The Companys policy is to recognize 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 after regular intervals. 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 Companys property, plant and equipment after regular intervals. 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 DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	NOTE	2019	2018
		Rupees	
Loans / advances obtained as per Islamic mode:			
Loans		-	-
Advances	9	6,751,359	6,222,034
Shariah complaint bank deposits / bank balances:			
Bank balances	25	63,445	12,032
Profit earned from shariah complaint bank deposits / bank balances:		-	-
Revenue earned from shariah complaint business:			
Sale of scrap	29	-	1,400,000
Rental income	29	24,044,003	18,134,998
Profit earned or interest paid on any conventional loan / advance:			
Profit earned on deposits with banks	29	730	320

Relationship with shariah compliant banks:

Name	Relationship at reporting date
Meezan Bank Limited	Bank balance
Bank Alfalah Limited	Bank balance

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 October 2019 by the Board of Directors of the Company.

43 CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures have been made in these financial statements except the following for better presentation:

Description	From	To	Rupees
Benefits due but not paid	Employees' retirement benefit	Trade and other payables	7,481,707

44 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended	30 June					
Particulars	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Assets employed						
Fixed Assets	564,204	574,652	601,279	679,890	696,188	774,198
Advance against property	-	-	-	-	-	-
Due from related party	-	-	-	-	15,302	13,918
Long term deposits/investments	31,338	30,931	30,549	24,404	24,424	24,440
Current assets	60,897	59,941	62,146	26,124	16,913	24,887
Total assets employed	**656,439**	**665,524**	**693,974**	**730,418**	**752,827**	**837,443**
Financed by:						
Shareholder's equity	(80,917)	(75,583)	(61,826)	(61,485)	25,424	(69,536)
Surplus on revaluation of fixed assets	569,239	571,260	575,018	602,662	530,254	571,747
	488,322	495,677	513,192	541,177	555,678	502,211
Long Term Financing	-	1,766	5,131	8,137	-	60,708
Long term liabilities	3,356	3,130	10,063	9,839	9,951	8,970
Deferred liabilities	5,346	7,241	14,856	22,477	51,845	66,533
Current liabilities	128,892	127,186	120,209	118,264	135,353	199,023
Total funds invested	**137,594**	**139,323**	**150,259**	**158,717**	**197,149**	**335,234**
Profit & (Loss)						
Turn over	-	-	-	198	3,574	428,822
Gross profit/Loss)	-	-	-	(8)	(19,779)	21,878
Operating profit/(loss)	(3,491)	(17,496)	(8,688)	(84,994)	86,496	157,204
Finance charges	(417)	(674)	(893)	(1,948)	(43,798)	(15,331)
Profit/(loss) before taxation	(3,909)	(18,171)	(9,582)	(86,941)	42,697	141,573
Profit/(loss) after taxation	(7,524)	(15,862)	(2,775)	(58,829)	53,478	139,419
Extra ordinary items	-	-	-	-	-	-
Net profit/(loss)	**(7,524)**	**(15,862)**	**(2,775)**	**(58,829)**	**53,478**	**139,419**
Actual production (M Kgs)	-	-	-	-	-	1.438
Converted into 20's (M Kgs)	-	-	-	-	-	3.559
Earning/(loss) per share	(2.47)	(5.20)	(0.91)	(19.27)	17.52	45.67
Spindles installed Nos.	-	2,064	2,064	11,400	16,200	21,960
Spindles worked Nos.	-	-	-	-	-	16,115
Shifts per day	-	-	-	-	-	3

FORM 34

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

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 **30/06/2019**

4. No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
163	1	100	7,956
77	101	500	22,009
25	501	1,000	20,350
26	1,001	5,000	54,747
11	5,001	10,000	82,739
1	10,001	15,000	11,558
2	15,001	20,000	36,100
3	20,001	25,000	67,037
2	25,001	30,000	54,669
2	30,001	35,000	63,475
2	40,001	45,000	86,500
1	60,001	65,000	63,173
2	75,001	80,000	156,700
1	85,001	90,000	85,950
2	95,001	100,000	197,530
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	265,001	270,000	269,614
1	300,001	305,000	301,767
1	370,001	375,000	372,892
330			**3,052,429**

2.3 Categories of shareholders	Share held	Percentage
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	269,876	8.8414%
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	0	0.0000%
2.3.7 Share holders holding 10% or more	636,400	20.8490%
2.3.8 General Public		
a. Local	1,322,552	43.3279%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
Joint Stock Companies	7,430	0.2434%
Pension Funds	30,775	1.0082%
Others	64,253	2.1050%

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2019

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
		-	-
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	MR. SAMI ULLAH	301,767	9.8861
3	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	269,614	8.8328
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
	Nil	-	-

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 28, 2019 at 3:00 p.m or at any adjournment thereof.

Signed this __________________________day of __________________________2019

1. Witness:

   Signature ________________

   Name ________________

   Address ________________

2. Witness:

   Signature ________________

   Name ________________

   Address ________________

Affix Revenue Stamps of Rs. 5/-

____
Signature of Member

Shareholder's Folio No.____________

CDC A/c No.____________________

NIC No. | | | | | | | | | | | | | |

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 br ing 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.