ANNUAL REPORT
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D.M. TEXTILE MILLS LIMITED

Westridge, Industrial Area, Rawalpindi

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64th ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2021

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COMPANY'S INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

CHAIRMAN:	Mr. Amer Zeb
MEMBER:	Mr. Shahid Aziz Mr. Abrar Alam

HUMAN RESOURCE &
REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Shahid Hussain
MEMBERS:	Mr. Shahid Aziz Mr. Sami Ullah

ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Rao Khalid Pervaiz
BANKERS:	Meezan Bank Ltd. Habib Metropolitan Bank MCB Bank Limited Faysal 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 Chanda Law 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 envision ourselves as a leading company known for its values, good business practices and optimum quality standards in diversified products & services with sustained growth.

MISSION STATEMENT

To provide quality products and services to our customers and to explore new era to achieve the highest level of success.

Chief Executive | Director | Chief Financial Officer

Rawalpindi Dated: October 05, 2020

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, 2021

CHAIRMAN'S REVIEW REPORT

The Company has been working on the feasibility of undertaking new line of business. During the period, following the due procedures and regulations, the Company altered its object of Principal Line of Business and decided to readopt the historic name of the Company.

The management is continuously trying its level best to utilize the available resources to increase the income and repayment of Company's liabilities. Efforts of the Board & Management needs appreciation and hope for further improvement in future.

We eagerly look forward to better environment in the long run.

Mian Habib Ullah
Chairman of the Board of Directors

Rawalpindi: October 05, 2021

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 2021, 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 2021 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

(i) As stated in Note 1 to the financial statements, board of directors and shareholders of the Company, in their meetings held on 02 September 2020 and 27 October 2020 respectively, resolved to change the principal line of business of the Company to manufacturing and trading of textile products. The execution of proposed business requires significant investment in property, plant and equipment and working capital and shall require arrangements of funds through sale of freehold land of the Company and / or debt arrangement. We were not provided with any workable business plan for sale of freehold land and / or arrangement of financing for development of manufacturing facilities as well as operational activities. 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 1st class (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. Subsequent to the year end, Civil Judge 1st Class (West), vide order dated 28 July 2021 accepted the Company's appeal and directed to submit evidence 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 SECP filed an appeal before the 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 LHC, Lahore, for release of the property. The matter is pending adjudication. The Bank of Punjab filed an appeal before the IHC, 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.

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 & COMPANY
Chartered Accountants

ISLAMABAD

Date: October 05,2021

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: **D.M. Textile Mills Limited)**
Year ending: **30 June 2021**

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

1. The total number of Directors are 07 as per the following,

   Male 07
   Female -

2. The composition of the Board is as follows:

i)	Independent Directors	02
ii)	Non-Executive Directors	03
iii)	Executive Directors	02

Determination of number of independent Directors comes to 2.33 (rounded to 2) which is based on Seven Directors. The fraction contrived in one-third number is not rounded up as the two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board have arranged directors' training program for the following:

   01 - Mr. Abrar Alam

   02 - Mr. Sami Ullah

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Amer Zeb w.e.f. from 10 September 2021 in place of Mr. Hussain Ahmad Ozgen	Chairman
Mr. Shahid Aziz	Member
Mr. Abrar Alam	Member

b) HR and Remuneration Committee

Names	Designation held
Mr. Shahid Hussain w.e.f. from 10 September 2021 in place of Mr. Amer Zeb	Chairman
Mr. Shahid Aziz	Member
Mr. Sami Ullah	Member

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

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

MEETINGS	FREQUENCY
Audit Committee	Five meetings were held during the financial year ended 30 June 2021.
Human Resource and Remuneration Committee	One meeting was held during the financial year ended 30 June 2021.

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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;

Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	**Directors' Training** It is encouraged that by 30 June 2021 at least 75% of the directors on board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Due to COVID-19 pandemic, the Board could arrange directors' training program for its two directors;	19
2	**Nomination Committee** The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee. The Board may consider to constitute nomination committee after next election of directors.	29
3	**Risk Management Committee** The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee. The Board may consider to constitute risk management committee after next election of directors.	30
4	**Disclosure of significant policies on website** The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.	Although these are well circulated among the relevant employees and directors, the Board may consider posting such policies and synopsis on its website in near future.	35
5	**Representation of Minority shareholders** The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
6	**Responsibilities of the Board and its members** The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied.	10(1)

Rawalpindi.
05 October 2021

MIAN HABIB ULLAH
Chairman

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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of D.M. Textile Mills Limited (the Company) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 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 20 of the Regulations. Further, acting Company Secretary having additional charge of acting Chief Financial Officer does not fulfill the qualification criteria mentioned in regulation 22 of the Regulations;

ii. No member of the Audit Committee is “financially literate” in contravention of regulation 27 [1(iii)] of the Regulations;

iii. 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 2021 and of the loss, other comprehensive income, 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.

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

Sr. No.	Paragraph reference	Description
(i)	**18**	As stated in para 18, the Board did not comply with regulation 7 and no female director was appointed upon reconstitution of the Board.

RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD
Date: 05 October, 2021

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 64th Annual General Meeting of the Company and present annual audited financial statements for the year ended June 30, 2021 along with Auditors' Report thereon.

Composition of the Board

Male	07
Female	-
Total Directors	07

Name of Directors

Independent Directors	Mr. Shahid Hussain Mr. Amer Zeb (Mr. Hussain Ahmad Ozgen resigned on 16-06- 2021)
Non-Executive Directors	Mr. Mian Habib Ullah Mr. Shahid Aziz (Nominee of NIT) Mr. Abrar Alam
Executive Directors	Mr. Sami Ullah Rao Khalid Pervaiz (coopted on 10-09-2021)

Committees of the Board

Audit Committee

Mr. Amer Zeb (Independent Director)	Chairman, appointed on 10-09-2021 in place of Mr. Hussain Ahmad Ozgen
Mr. Shahid Aziz Non-Executive Director	Member
Mr. Abrar Alam Non-Executive Director	Member

Human Resource & Remuneration Committee

Mr. Shahid Hussain (Independent Director)	Chairman, appointed on 10-09-2021 in place of Mr. Amer Zeb
Mr. Shahid Aziz Non-Executive Director	Member
Mr. Sami Ullah Executive Director	Member

Performance: Net Profit/(Loss)

During the year Company suffered net loss of Rs. (13.665) Million as compared to previous year net profit of Rs. 13.508 Million which was un-realized profit due to gain on account of waiver of accrued markup against settlement with Faysal Bank Ltd and gain from fair value adjustment on investment property.

Comparative financial results are given below:

	Rupees	
Year Ended on	**30-06-2021**	**30-06-2020**
Revenue	1,697,693	-
Cost of Revenue	(1,725,900)	-
Gross Loss	(28,207)	-
Administration & General Expenses	(37,616,112)	(26,921,822)
Other Expenses	(709,936)	(22,692,854)
Other Income	29,537,357	68,675,430
(Loss) / Profit from operations	(8,816,898)	19,060,754
Finance Cost	(175,169)	(213,406)
(Loss) / Profit Before Taxation	(8,992,067)	18,847,348
Taxation	(4,673,672)	(5,338,714)
(Loss) / Profit after taxation	(13,665,739)	13,508,634
(Loss)/Earning per share Basic and diluted	(4.48)	4.43

Debt Servicing

During the period, Company has amicably settled its entire liabilities with Saudi Pak Leasing Co Ltd. Further, management is in process of negotiating with other debt providers/suppliers so as to further reduce the liabilities of the Company.

Dividend

The Directors have not recommended dividend due to losses.

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

	Rupees
Property, plant and equipment	
Cost of additions	5,997,600
Cost of deletions	650,000
Long outstanding advances to suppliers written off	77,936
Long outstanding liabilities written back	26,444
Related party transactions as disclosed in financial statements.	

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

a. Approval of expenditures including Capital expenditure.

b. Advances as disclosed in financial statements

Pattern of Shareholding and Additional information as required under CCG is annexed to the Annual Report.

Except as disclosed in the Patron of Shareholding, during the year under review, there has been no trading in shares by Directors, Chief Executive, Chief Financial Officer / Company Secretary, their spouses and minor children.

During the year, Five Board Meetings, five Audit Committee meetings and one HR and Remuneration committee meetings 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	3	-	-
Mian Habib Ullah	5	-	-
Mr. Shahid Aziz	5	4	1
*Mr. Hussain Ahmed Ozgen	3	3	-
Mr. Sami Ullah	5	-	1
Mr. Amer Zeb	4	-	1
Mr. Abrar Alam	4	5	-
** Mr. Rao Khalid Pervaiz	-	-	-

* Mr. Hussain Ahmad Ozgen resigned on 16 June 2021.
** Rao Khalid Pervaiz coopted on 10 September 2021.

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

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

During the financial year, following the due procedures, the Company altered its Memorandum & Articles of Association and also changed the name as “D.M. Textile Mills Limited” to reflect the new principal line of business as more explicitly explained in Note-1 of this report.

The management is trying its level best to utilize the available recourses. Further, the 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 recommended by the Audit Committee, the Board propose 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:

1. As for as auditors opinion regarding non-conforming with the accounting and reporting standards is concerned, the Board of Directors is of the opinion that the company is following the approved accounting standards as applicable in Pakistan and the annual financial statements do give a true and fair view of the state of company's affairs as at 30 June 2021.
2. On auditors observations regarding change of principal line of business, due to Corona pandemic and changes in ground realities, the Board of Directors have unanimously decided that the Company may primarily focus on the textile industry business which is likely to show improvement and will be beneficial for the Company and its members. Existing resources and/or financing from the banking institutions are proposed to be used for the new proposed principal line of business and current line of business will also continue simultaneously till it is comparatively feasible. Management is trying the level best to negotiate with debt providers to settle amicably. Due to consistent income, settlements reached/to be reached with the debt providers and process for the revival of company, the Management has prepared the accounts on going concern basis and has no doubts on the Company's ability to continue as a going concern.
3. On auditors observation with regard to transfer of property in the name of the Company, it is clarified that 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 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 considered this issue a number of times and had 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.

It is further explained that 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.

4. Regarding auditors observation on material misstatement, the Board of Directors is of the considered view that as explained above, there is no material misstatement.

5. Regarding non-appointment of whole time Company Secretary & Chief Financial Officer and their qualification criteria; it is clarified that 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.

6. As regards observation about members of audit committee it is clarified that the Board is of the view that members of existing Audit Committee have relevant experience. One member was 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.
7. As for as non-compliance with financial reporting and corporate compliance requirements of the regulations is concerned, the Board of Directors is of the view that the company is trying it level best to follow the regulations.itors opinion regarding non-conforming with the accounting and reporting standards is concerned, The Board of Directors is of the view that the company follows the approved accounting standards as applicable in Pakistan and the annual financial statements do give a true and fair view of the state of company's affairs as at 30 June 2020.

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 as disclosed in Notes of the financial statements. 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

Sami Ullah
Chief Executive
Rawalpindi: October 05, 2020

Rao Khalid Pervaiz
Director

ڈائریکٹرزرپورٹ

معزز ممبران،

ہم آپ کو کمپنی کے چونسٹھ ویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں۔ 30 جون 2021 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
کل	7

غیر جانبدار ڈائریکٹرز :	جناب شاہد حسین
	جناب امیر زیب
	جناب حسین احمد آزگن (16 جون 2021 کو مستعفی ہوگئے)
نان۔ایگزیکٹو ڈائریکٹرز :	جناب میاں حبیب اللہ
	جناب شاہد عزیز
	جناب ابرار عالم
ایگزیکٹو ڈائریکٹرز :	جناب سمیع اللہ (چیف ایگزیکٹو آفیسر)
	جناب راؤ خالد پرویز (10 ستمبر 2021 کو نامزد ہوئے)

بورڈ کی کمیٹیاں

آڈٹ کمیٹی

جناب امیر زیب	چیئرمین (غیر جانبدار ڈائریکٹر) (10 ستمبر 2021 کو نامزد ہوئے)
جناب شاہد عزیز	ممبر (نان۔ایگزیکٹو ڈائریکٹر)
جناب ابرار عالم	ممبر (نان۔ایگزیکٹو ڈائریکٹر)
جناب حسین احمد آزگن	(16 جون 2021 کو مستعفی ہوگئے)

ہیومن ریسورس اینڈ ریمنریشن کمیٹی

جناب شاہد حسین	چیئرمین (غیر جانبدار ڈائریکٹر) (10 ستمبر 2021 کو نامزد ہوئے)	
جناب شاہد عزیز	ممبر (نان۔ایگزیکٹو ڈائریکٹر)	
جناب سمیع اللہ	ممبر (ایگزیکٹو ڈائریکٹر)	

زیر نظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 13.665 ملین روپے کا خسارہ ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 13.508 ملین روپے کا منافع ہوا تھا جو کہ فیصل بینک کے ساتھ تصفیہ/معاہدہ کی وجہ سے جمع شدہ مارک اپ کی معافی اور انویسٹمنٹ پراپرٹی پر گین کی وجہ سے تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

تفصیل	روپے	
	30 جون 2021	30 جون 2020
ریونیو	1,697,693	-
کاسٹ آف ریونیو	(1,725,900)	-
مجموعی خسارہ	(28,207)	-
انتظامی اور جنرل اخراجات	(37,616,112)	(26,921,822)
دیگر اخراجات	(709,936)	(22,692,854)
دیگر آمدن	29,537,357	68,675,430
اپریشنز کا منافع/خسارہ	(8,816,898)	19,060,754
مالی اخراجات	(175,169)	(213,406)
منافع/خسارہ قبل از ٹیکس	(8,992,067)	18,847,348
ٹیکس	(4,673,672)	(5,338,714)
منافع/خسارہ بعد از ٹیکس	(13,665,739)	13,508,634
فی شیئر آمدن/(خسارہ) روپے (Basic & Diluted)	(4.48)	4.43

زیرنظر مدت کے دوران کمپنی نے باہمی رضا مندی سے سعودی پاک لیزنگ کمپنی کے تمام واجبات ادا کر دیئے ہیں۔انتظامیہ دوسرے قرض داروں سے گفت وشنید کر رہی ہے تا کہ کمپنی کے مالی بوجھ کو مزید کم کیا جا سکے۔

ڈائریکٹرز نے نقصان کی وجہ سے ڈیویڈنڈ تجویز نہیں کیا ہے۔

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

	روپے
پراپرٹی، پلانٹ، اکویپمنٹ	
کاسٹ آف اڈیشنز	5,997,600
کاسٹ آف ڈیلیشنز	650,000
طویل مدت سے بقایا ایڈوانس (سپلائیرز) ختم کیا گیا	77,936
طویل مدت سے بقایا واجبات ختم کیے گئے	26,444

متعلقہ پارٹی ٹرانزیکشنز جو گوشواروں میں دکھائی گئی ہیں

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

الف۔ خرچے بمعہ کیپیٹل خرچے

ب۔ ایڈوانسز جن کی تفصیل Notes میں دی گئی ہے۔

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 ایگزیکٹیو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویوں/بچوں نے شیئرز کا تجارتی لین دین نہیں کیا ہے

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

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب شاہد حسین	3
جناب میاں حبیب اللہ	5
جناب شاہد عزیز (نمائندہ NIT)	5
جناب حسین احمد آزگن (16 جون 2021 کو مستعفی ہو گئے)	3
جناب سمیع اللہ	5
جناب امیر زیب	4
جناب ابرار عالم	4
جناب راؤ خالد پرویز (10 ستمبر 2021 کو نامزد ہوئے)	-

جو ڈائریکٹرز صاحبان بورڈ کی میٹنگ میں شریک نہ ہو سکے، قوائد کے مطابق ان کی 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 (16 جون 2021 کو مستعفی ہو گئے)	3
جناب امیر زیب (10 ستمبر 2021 کو نامزد ہوئے)	-
جناب شاہد عزیز	4
جناب ابرار عالم	5

جو ڈائریکٹرز صاحبان آڈٹ کمیٹی کی میٹنگ میں شریک نہ ہو سکے، قوائد کے مطابق ان کی 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 (10 ستمبر 2021 کو مستعفی ہو گئے)	1
جناب سمیع اللہ	1
جناب شاہد عزیز	1
جناب شاہد حسین (10 ستمبر 2021 کو نامزد ہوئے)	0

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

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

اس عرصہ کے دوران متعلقہ طریقہ کار کو اپناتے ہوئے، کمپنی نے اپنے میمورنڈم اور آرٹیکل آف ایسوسی ایشن میں تبدیلی کی ہے اور نئے پرنسپل لائین آف بزنس کو ظاہر کرنے کے لئے کمپنی کا نام بھی تبدیل کیا ہے جو کہ ڈی۔ایم ٹیکسٹائل ملز لمیٹڈ ہے جس کی مزید تفصیل اس رپورٹ کے نوٹ نمبر 1 میں دی گئی ہے۔انتظامیہ متواتر کوشش کر رہی ہے کہ دستیاب وسائل کو بہترین طریقے سے استعمال کیا جائے۔ انتظامیہ کی نیت مثبت ہے اور کمپنی کی بحالی کی اہلیت اور 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 شفارش پر بورڈ آف ڈائریکٹرزان کی دوبارہ تعینا تیتجویز کرتا ہے۔

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

بورڈ آف ڈائیریکٹرز کا ماننا ہے کہ کمپنی منظور شدہ اکاؤنٹنگ سٹینڈرڈز پر عمل کرتی ہے جو کہ پاکستان میں رائج ہیں۔اور گوشوارے درست اور منصفانہ طور پر کمپنی کے معاملات برائے سال مختتمہ 30 جون 2021 کو پیش کرتے ہیں۔

پرنسپل لائین آف بزنس کے بارے میں آڈیٹرز کی رائے: کورونا کی عالمی وبا نے حالات کو یکسر بدل دیا ہے۔بورڈ نے متفقہ فیصلہ کیا ہے کہ کمپنی کو بنیادی طور پر ٹیکسٹائل انڈسٹری پر فوکس کرنا چاہیے جس میں ممکنہ طور پر بہتری نظر آ رہی ہے اور یہ کمپنی اور اس کے ممبران کے لئے مفید ہو گی۔موجودہ وسائل اور/یا فنانسنگ کو نئے تجویز کردہ کاروبار کے لئے استعمال کئے جانے کی تجویز ہے اور موجودہ کاروبار بھی

اس وقت تک جاری رکھا جائے جب تک یہ سودمند ہو۔ انتظامیہ دیگر قرض داروں سے معاملات طے کرنے کے لئے پوری کوشش کر رہی ہے۔ مستقل آمدن، 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۔ انتظامیہ کو کمپنی کے جاری نہ رہنے کے بارے میں کوئی شک نہیں ہے۔

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

جیسا کہ آڈیٹرز نے پراپرٹی کمپنی کے نام منتقلی کے بارے میں اپنی آبزرویشن میں 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 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 غور کیا اور آخر میں فیصلہ کیا کہ چیف ایگزیکٹو کو رفیوزل 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 ہو گیا۔ چیف ایگزیکٹو کے بیان پر اسلام آباد ہائی کورٹ نے 60 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا حکم دیا۔ چیف ایگزیکٹو نے اسلام آباد ہائی کورٹ میں ریلیف کی درخواست دائر کی 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 ہو چکی ہے جو کہ بینک آف پنجاب بنام بلال فائیبرز لمیٹڈ 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۔ مزید وضاحت کی جاتی ہے کہ اسلام آباد ہائی کورٹ نے اپنے حکم مورخہ 16 نومبر 2017 کو مقدمہ "ڈی ایم ٹیکسٹائل ملز لمیٹڈ 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 کر کے 50,000 روپئے کر دیا گیا ہے۔ جو کہ متعلقہ ڈائیریکٹرز نے ادا کر دیا 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 کر دی گئی ہے جو کہ ابھی عدالت میں پینڈ نگ ہے۔ کمپنی نے بینک آف پنجاب کی درخواست کا جواب جمع کروا دیا ہے۔ معاملہ ابھی عدالت میں پینڈ نگ ہے

کل وقتی کمپنی سیکرٹری، چیف فنانشل آفیسر کا تقرر نہ کرنے اور ان کے کوالیفیکیشن کرائٹیریا کے بارے میں وضاحت پیش کی جاتی ہے کہ 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 ملزبند ہونے اور مختلف وجوہات کی وجہ سے نہیں آ رہے۔ جتنا جلدی ممکن ہوا یہ requirement پوری کر دی جائے گی۔

جہاں تک آڈٹ کمیٹی کے ممبران کے بارے آڈیٹرز کی آبزرویشن کا تعلق 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 ہو سکا ریگولیشن کی تعمیل کی جائے گی۔

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۔

سمیع اللہ
چیف ایگزیکٹو

راؤ خالد پرویز
ڈائریکٹر

راولپنڈی: 05 اکتوبر 2021

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at Company's Head Office, Westridge Industrial Area, Rawalpindi, **on, October 27, 2021** at **03:00 pm** to transact the following business:

<u>ORDINARY BUSINESS</u>

1. To confirm the Minutes of the Annual General Meeting held on 27 October 2020.
2. To receive, consider and adopt the audited Annual Financial Statements of the company for the year ended June 30, 2021 together with Chairman's review, directors', and auditors' reports thereon.
3. To appoint auditors for the year 2021-22 and fix their remuneration. Retiring auditors M/s. Riaz Ahmad & Company being eligible offer themselves for re-appointment. Board of Directors, on the recommendation of Audit Committee, has proposed their re-appointment.

<u>SPECIAL BUSINESS</u>

4. **<u>Revalidation of Approval for Sale of Land & Building</u>**

   In order to revalidate shareholders approval for Sale of land and building, following resolution will be placed before the shareholders for approval, with or without modification, as ordinary resolution.

   Resolved that, "Ordinary Resolution pertaining to sale of approx 07.19 Kanal land comprising open area and old worker quarters along with additional 24 Marla adjoining land as passed in the AGM held on 27 October 2020 be and is hereby revalidated for another 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.

5. To transact any other business with the permission of the Chairman.

Statement of Material Facts under section 134(3) of the Companies Act, 2017 in respect of special business contained in Agenda Item 4 is attached.

Rawalpindi
Date: 06 October, 2021

By the order of the Board

RAO KHALID PERVAIZ
Company Secretary (Acting)

5. NOTES:

1. The members' register will remain closed from **20 October 2021 to 27 October 2021** (both days inclusive). Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on 19 October 2021 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another person 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. In terms of Section 72 of the Companies Act, 2017, shareholders having physical share certificates are requested to please convert the same into book-entry form. Shares in book-entry form shall have same rights and privileges but more safe and readily available for sale/purchase at better rates. However rights and privileges of physical shares may be restricted at a future date due to non-compliance of section 72 of the Act. The Share Registrar of the Company, M/s. Corplink (Pvt) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore Tel: (042) 35916714 may please be contact for any assistance.

5. 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 of 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, address 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.

6. Financial Statements for the year ended 30-06-2021 are being uploaded on the website of the Company www.dmtextile.com.pk. In case a member desired a physical copy, he may approach the Company.

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

Revalidation of Approval for Sale of Land & Building

The Shareholders in the last Annual General Meeting held on 27 October 2020 had approved the sale of land measuring 07.19 Kanal comprising of open area and old worker quarters along with additional 24 Marla adjoining land. Due to Corona Pandemic, the Company could not implement members' decision in totality. Agreed sale consideration has been received. Approx 35 Marla land has been transferred while formalities for transfer of remaining land in the name of purchaser and/or his nominees are in process. The law specifically requires revalidation of such resolution which is not implemented within one year. Therefore, the members are being requested to revalidate the following Ordinary Resolution passed in Annual General Meeting held on 27 October 2020.

Resolved that Ordinary Resolution pertaining to sale of approx 07.19 Kanal land comprising open area and old worker quarters along with additional 24 Marla adjoining land as passed by the AGM held on 27 October 2020 be and is hereby revalidated for another 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.

The information required under Notification SRO No. 423(1)/2018 dated 03 April 2018 for sale if assets being sold is as follow:

Description	Owned/Leased Assets/Rupees
Detail of Assets to be sold	07.19 Kanal Land comprising open area and old worker quarters along with additional 24 Marla adjoining land.
Location	Factory premises, Westridge Industrial Area, Rawalpindi
Acquisition date of the Asset	1958
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/= The above mentioned book value is based on consolidated average of the total land/building comprising front land and comparatively better building. Land proposed for sale is situated on extreme back end and being sold with independent narrow access from nearby Mohallah.
The proposed manner of disposal	Outright sale and/or through any other mean (advertisement for tenders, quotations, bids etc), to be sold in transparent manner.
Purpose of the disposal/sale & effects on operational capacity of the Company	To pay off the liabilities of the Company & to initiate business in new proposed line of business. It will have no impact on the operational capacity.
Quantitative and qualitative benefits expected to accrue to the members	The Sale proceeds will be used to decrease the financial liabilities/overdue payments & to initiate business in new proposed line of business
Nature and extent of interest, if any, of Directors	None of the Directors have any direct or indirect interest in the sale/disposal of the said assets except as shareholders of the Company
Availability of relevant documents	The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto 27 October 2021 during business hours and also at the time of meeting.

By the order of the Board

Date: 06 October 2021

Rao Khalid Pervaiz
Company Secretary (Acting)

STATEMENT OF FINANCIAL POSITION

	NOTE	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (2020: 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
Accumulated loss		(17,828,765)	(67,035,760)
Capital reserve - surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	4	512,148,697	574,874,668
Total equity		524,844,222	538,363,198
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	-
Lease liability	6	-	-
Employees' retirement benefit	7	3,999,162	3,816,593
Deferred income tax liability	8	2,907,204	4,517,107
		6,906,366	8,333,700
CURRENT LIABILITIES			
Trade and other payables	9	96,058,881	122,069,191
Short term borrowing		-	765,478
Current portion of lease liability		-	658,531
Unclaimed dividend		144,947	144,947
Taxation - net	10	12,382,190	8,055,998
		108,586,018	131,694,145
Total liabilities		115,492,384	140,027,845
CONTINGENCIES AND COMMITMENTS	11	-	-
TOTAL EQUITY AND LIABILITIES		640,336,606	678,391,043

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

CHIEF FINANCIAL OFFICER **DIRECTOR**

AS AT 30 JUNE 2021

	NOTE	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	228,979,899	224,568,053
Investment properties	13	353,301,030	353,301,030
Right-of-use assets	14	-	-
Advance against property	15	-	-
Long term investment	16	-	7,357,987
Long term deposits	17	9,151,434	9,151,434
		591,432,363	594,378,504
CURRENT ASSETS			
Trade debts	18	-	-
Advances	19	4,580,365	1,284,512
Due from related party	20	17,619,962	17,619,962
Short term deposit	21	-	-
Other receivables	22	5,682,043	4,380,336
Short term investments	23	9,101,239	1,201,176
Cash and bank balances	24	11,920,634	18,382,451
		48,904,243	42,868,437
Non-current assets classified as held for sale	25	-	41,144,102
		48,904,243	84,012,539
TOTAL ASSETS		640,336,606	678,391,043

CHIEF EXECUTIVE OFFICER

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Rupees	2020 Rupees
REVENUE FROM CONTRACTS WITH CUSTOMERS	26	1,697,693	-
COST OF REVENUE	27	(1,725,900)	-
GROSS LOSS		(28,207)	-
ADMINISTRATIVE AND GENERAL EXPENSES	28	(37,616,112)	(26,921,822)
OTHER EXPENSES	29	(709,936)	(22,692,854)
		(38,326,048)	(49,614,676)
		(38,354,255)	(49,614,676)
OTHER INCOME	30	29,537,357	68,675,430
(LOSS) / PROFIT FROM OPERATIONS		(8,816,898)	19,060,754
FINANCE COST	31	(175,169)	(213,406)
(LOSS) / PROFIT BEFORE TAXATION		(8,992,067)	18,847,348
TAXATION	32	(4,673,672)	(5,338,714)
(LOSS) / PROFIT AFTER TAXATION		(13,665,739)	13,508,634
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	33	(4.48)	4.43

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

CHIEF FINANCIAL OFFICER **DIRECTOR** **CHIEF EXECUTIVE OFFICER**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021 Rupees	2020 Rupees
(LOSS) / PROFIT AFTER TAXATION	(13,665,739)	13,508,634
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	206,708	(139,031)
Related deferred income tax	(59,945)	40,319
	146,763	(98,712)
Surplus on revaluation of property, plant and equipment - net	-	6,157,967
Related deferred income tax	-	(233,488)
	-	5,924,479
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	146,763	5,825,767
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(13,518,976)	19,334,401

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

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	34	(39,959,292)	25,833,604
Finance cost paid		(175,169)	(213,406)
Income tax paid		(2,017,328)	(1,905,875)
Gratuity paid		(306,200)	(900,000)
Net cash (used in) / generated from operating activities		(42,457,989)	22,814,323
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		250,000	510,100
Proceeds from disposal of non-current assets classified as held for sale		42,500,000	-
Capital expenditure on property, plant and equipment		(5,997,600)	-
Long term deposits		-	(30,000)
Interest received		667,781	69,920
Net cash from investing activities		37,420,181	550,020
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(1,766,260)
Repayment of lease liability		(658,531)	-
Repayment of short term borrowing - net		(765,478)	(4,038,257)
Net cash used in financing activities		(1,424,009)	(5,804,517)
Net (decrease) / increase in cash and cash equivalents		(6,461,817)	17,559,826
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		18,382,451	822,625
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		11,920,634	18,382,451

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

CHIEF FINANCIAL OFFICER **DIRECTOR** **CHIEF EXECUTIVE OFFICER**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	SHARE CAPITAL	ACCUMULATED LOSS	CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	TOTAL EQUITY
	(Rupees)			
Balance as at 30 June 2019	30,524,290	(80,857,642)	569,362,149	519,028,797
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4)	-	411,960	(411,960)	-
Profit for the year	-	13,508,634	-	13,508,634
Other comprehensive income for the year	-	(98,712)	5,924,479	5,825,767
Total comprehensive income for the year ended 30 June 2020	-	13,409,922	5,924,479	19,334,401
Balance as at 30 June 2020	30,524,290	(67,035,760)	574,874,668	538,363,198
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax (Note 4)	-	387,137	(387,137)	-
Surplus on revaluation realized on disposal of non-current assets held for sale	-	62,338,834	(62,338,834)	-
Loss for the year	-	(13,665,739)	-	(13,665,739)
Other comprehensive income for the year	-	146,763	-	146,763
Total comprehensive loss for the year ended 30 June 2021	-	(13,518,976)	-	(13,518,976)
Balance as at 30 June 2021	30,524,290	(17,828,765)	512,148,697	524,844,222

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

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

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). The registered office and head office is situated at Westridge, Industrial Area, Rawalpindi.

The Company was engaged in the business of construction and to establish warehouses for providing facilities for storage and for other purposes on proprietary as well as rental basis and ancillary activities. The Board of Directors and shareholders of the Company in their meetings held on 02 September 2020 and 27 October 2020 respectively, resolved to change the principal line of business of the Company to erect, maintain, alter, extend and purchase plant and machinery for the purpose of ginning, preparing, combing, spinning, weaving, manufacturing, bleaching, dyeing, mercerizing, printing, or otherwise working any of the fabrics and materials; and to carry on the business of sizers, spinners, weavers; ginners, pressers, doublers and balers of cotton, jute, hemps, silk, artificial silk, synthetic fibre, wool and any fibrous material used in textile and manufacturing thereof or ancillary thereto and the business of weaving or otherwise manufacturing, bleaching, printing, dyeing, finishing, calendaring, processing, whether textile, frebled, netted or looped and of importing, exporting, buying, selling and dealing in cotton, yarn, fabrics, wool and other raw materials and transact mercantile business that may be necessary or expedient and to purchase and sell raw materials and manufactured articles. Further, it was resolved by the directors to adopt new name i.e. “D.M. Textile Mills Limited”

During the year ended 30 June 2021, certificate of incorporation on change of name has been issued by the Securities and Exchange Commission of Pakistan (SECP) to give effect to the change of name and certified true copy of altered memorandum of association of the Company has been issued by SECP.

PSX vide Notice No. PSX/N-1222 dated 02 November 2020 placed the Company on defaulters' segment with effect from 03 November 2020 due to non-compliance with PSX Regulations.

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 as otherwise stated in the respective accounting policies.

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

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

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. The Company has elected to measure loss allowance for trade debts using IFRS 9 'Financial Instruments' simplified approach 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.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore, the benefits of unimpeded access.

Revaluation of property, plant and equipment and investment properties (Note 40)

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';

International Accounting Standards Board's revised Conceptual Framework March 2018

IFRS 16 (Amendments) 'Leases';

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognized in prior period and are not expected to significantly affect the current or future periods.

E) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2020 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.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 'Leases' The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 'Agriculture' The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

The International Accounting Standards Board (IASB) has published 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. Effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2022. The amendments also add to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Interest Rate Benchmark Reform Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

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

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 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 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 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 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.

2.7 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets 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.

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 operating fixed assets 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.

Depreciation

Depreciation on operating fixed assets 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 12.1. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets 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.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of profit or loss for the year in which it arises.

2.9 IFRS 16 “Leases”

Right-of-use-assets

A right-of-use-asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.10 Investments and other financial assets

a) Classification

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.

2.11 Financial liabilities - 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.

2.12 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data

- significant financial difficulty of the debtor
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.13 De-recognition of financial assets and financial liabilities

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.

2.14 Off-setting of financial instruments

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

2.15 Inventories

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

Stores, spare parts and loose tools

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

Stock-in-trade

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

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

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

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

2.16 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.

2.17 Borrowings

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

2.18 Borrowing cost

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

2.19 Trade and other payables

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

2.20 Cash and cash equivalents

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

2.21 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.

2.22 Revenue from contracts with customers

i) Revenue recognition

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

Rent revenue from investment properties is recognized on a straight-line basis over the lease term. Lease incentives granted are recognized as part of the rental revenue. Contingent rentals are recognized as income in the period when earned.

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.

2.23 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.

2.24 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.

2.25 Dividend and other appropriations

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

2.26 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.

2.27 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.

2.28 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.

2.29 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

2021 (Number of shares)	2020 (Number of shares)		NOTE	2021 Rupees	2020 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

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

	2021 Rupees	2020 Rupees
Opening balance	574,874,668	569,362,149
Surplus on revaluation of property, plant and equipment	-	6,157,967
Related deferred income tax liability	-	(233,488)
	-	5,924,479
Surplus on revaluation realized on disposal of non-current assets held for sale	(63,362,294)	-
Related deferred income tax liability	1,023,460	-
	(62,338,834)	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year	(545,264)	(580,226)
Related deferred income tax liability	158,127	168,266
	(387,137)	(411,960)
	512,148,697	574,874,668

		NOTE	2021 Rupees	2020 Rupees
5	**LONG TERM FINANCING**			
	Faysal Bank Limited - secured			
	Opening balance		-	1,766,260
	Add: Effect of fair value adjustment	31	-	33,740
			-	1,800,000
	Less: Repaid during the year		-	1,800,000
	Closing Balance		-	-
6	**LEASE LIABILITY**			
	Opening balance		658,531	658,531
	Less: Repaid during the year		(658,531)	-
			-	658,531
	Less: Current portion shown under current liabilities		-	(658,531)
			-	-

6.1 It represented last over due installment payable to Saudi Pak Leasing Company Limited (the lessor), under the settlement agreement. Taxes, repairs and insurance costs were to be borne by the Company. It was secured against charge on leased assets and personal guarantees of sponsor directors. On 26 May 2021, the Company paid final installment. The lessor issued no objection certificate on 12 July 2021.

7 EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation was carried out as at 30 June 2021, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

		NOTE	2021 Rupees	2020 Rupees
7.1	**Liability recognized in the statement of financial position**			
	Present value of unfunded defined benefit obligation	7.2	10,911,469	10,817,900
	Benefits due but not paid shown under current liabilities	9	(6,912,307)	(7,001,307)
			3,999,162	3,816,593
7.2	**Movement in liability recognized in the statement of financial position**			
	At the beginning of the year		10,817,900	10,808,751
	Charge for the year		606,477	770,118
	Remeasurements recognized in other comprehensive income		(206,708)	139,031
	Benefit paid during the year		(306,200)	(900,000)
			10,911,469	10,817,900
7.3	**Movement in present value of defined benefit obligation**			
	At the beginning of the year		3,816,593	3,355,644
	Benefits due but not paid		7,001,307	7,453,107
	Service cost		291,298	378,675
	Interest cost for the year		315,179	391,443
	Benefit paid during the year		(306,200)	(900,000)
	Charge to other comprehensive income		(206,708)	139,031
	Benefits due but not paid		(6,912,307)	(7,001,307)
	At the end of the year		3,999,162	3,816,593
7.4	**Amounts recognized in statement of profit or loss**			
	Current service cost		291,298	378,675
	Interest cost for the year		315,179	391,443
			606,477	770,118
7.5	**Amount recognized in statement of comprehensive income**			
	Actuarial (gain) / loss due to experience adjustments		(206,708)	139,031
7.6	**Allocation of charge for the year**			
	Administrative and general expenses		606,477	770,118

		NOTE	2021 Rupees	2020 Rupees
7.7	**Principal actuarial assumptions used**			
	Discount rate		10.00%	8.50%
	Expected rate of increase in salary		9.00%	7.50%
	Average expected remaining working life of employees		8 Years	8 Years
	Average duration of liability		8 Years	8 Years
	Mortality rate		SLIC (2001-05)	SLIC (2001-05)
7.8	**Sensitivity analysis**			
	Discount rate + 1 %		3,693,204	3,504,089
	Discount rate - 1 %		4,330,562	4,167,816
	Salary increase rate + 1 %		4,330,466	4,167,816
	Salary increase rate - 1 %		3,693,159	3,498,557

7.9 **Amounts for the current and previous four years:**

	2021	2020	2019	2018	2017
	----------------------------	R u p e e s	----------------------------		
Present value of defined benefit obligation	10,911,469	10,817,900	10,808,751	10,611,500	10,063,175
Benefits due but not paid shown under current liabilities	(6,912,307)	(7,001,307)	(7,453,107)	(7,481,707)	-
	3,999,162	3,816,593	3,355,644	3,129,793	10,063,175
Remeasurement (gain) / loss on obligation	(206,708)	139,031	(237,163)	392,424	317,861

7.10 The expected gratuity expense for next financial year is:

Current service cost	347,664
Interest cost for the year	399,916
	747,580

7.11 **Risks associated with the gratuity scheme**

The gratuity scheme is an unfunded scheme. There is no minimum funding requirement for a gratuity scheme. 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.

Interest rate risk:

The present value of the defined benefit liability is calculated using a discount rate. A decrease in discount rate will increase the liability and vice versa.

Salary risk

The present value of the defined benefit liability is calculated by reference to the future salaries of participants. As such, an increase in the salary of the participants will increase the liability and vice versa.

Withdrawal rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate of participants. As such, an increase in the withdrawal rate may increase / decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

Mortality rate risk

The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of participants during employment. An improvement in the mortality rates of the participants may increase / decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

		NOTE	2021 Rupees	2020 Rupees
8	**DEFERRED INCOME TAX LIABILITY**			
	This comprises of following:			
	Taxable temporary differences			
	Accelerated tax depreciation		3,187,809	3,906,417
	Surplus on revaluation of property, plant and equipment and investment properties		7,977,912	9,159,498
			11,165,721	13,065,915
	Deductible temporary differences			
	Provision for gratuity		(3,164,326)	(3,137,191)
	Lease liability		-	(190,974)
	Allowance for expected credit losses		-	(126,452)
	Provision against doubtful advances		(40,168)	(40,168)
	Provision against doubtful deposits:			
	- Long term deposits		(4,434,970)	(4,434,970)
	- Short term deposit		(580,000)	(580,000)
	Provision against doubtful export rebate and claims		(39,053)	(39,053)
			(8,258,517)	(8,548,808)
			2,907,204	4,517,107
8.1	**Movement in deferred tax balances is as follows:**			
	At beginning of the year		4,517,107	5,396,730
	Recognized in statement of profit or loss:			
	Accelerated tax depreciation on fixed assets		(718,608)	2,369,592
	Surplus on revaluation of property, plant and equipment and investment properties		(1,181,586)	(168,266)
	Provision for gratuity		(87,080)	37,666
	Lease liability		190,974	(149,391)
	Allowance for expected credit losses		126,452	-
	Provision against doubtful deposits:			
	- Long term deposits		-	(4,434,970)
	- Short term deposit		-	(580,000)
	Provision against doubtful export rebate and claims		-	(39,053)
	Provision against obsolete stores, spare parts and loose tools		-	1,834,928
	Provision against obsolescence of raw material		-	56,702
		32	(1,669,848)	(1,072,792)
	Recognized in statement of comprehensive income:			
	Remeasurement of defined benefit plan		59,945	(40,319)
	Surplus on revaluation of property, plant and equipment and investment properties		-	233,488
			59,945	193,169
			2,907,204	4,517,107

8.2 Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversal of existing taxable temporary differences and future taxable profits.

8.3 Deferred tax asset of Rupees 20.01 million (2020: Rupees 33.84 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. Tax losses available for carry forward under the Income Tax Ordinance, 2001 would expire as follows:

Accounting year to which the tax loss relates	Amount of unused tax loss	Accounting year in which tax loss tax will expire
	Rupees	
2017	(6,236,552)	2023
2018	(1,763,351)	2024
2019	(1,000,959)	2025
2020	(22,361,558)	2026
2021	(37,640,416)	2027
	(69,002,836)	

	NOTE	2021 Rupees	2020 Rupees
9 TRADE AND OTHER PAYABLES			
Creditors - un-secured		46,537,779	46,432,229
Advance rental income		4,930,132	4,529,988
Contract liabilities - unsecured		1,743,024	1,743,024
Advance against non-current assets classified as held for sale		-	23,900,000
Accrued liabilities		22,904,607	24,894,963
Workers' welfare fund		1,016,817	1,016,817
Withholding income tax payable		5,802,615	5,831,463
Employees' retirement benefit due but not paid	7.1	6,912,307	7,001,307
Security deposits against rent	9.1	6,211,600	6,719,400
		96,058,881	122,069,191

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 TAXATION - NET

	2021 Rupees	2020 Rupees
Balance as at 01 July	8,055,998	3,550,367
Add: Provision for the year	6,343,520	6,411,506
Less: Tax deducted at source / paid during the year	(2,017,328)	(1,905,875)
Balance as at 30 June	12,382,190	8,055,998

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

(a) 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.

(b) 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.

(b) For tax year 2014, assessment order dated 26 April 2016 was passed under section 122(1) read with section 122(9) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby the demand of tax amounting to Rupees 3.8 million was created. The Company filed an appeal before CIR(A) and the case was decided against the Company through order dated 19 October 2016. However, the Company filed appeal against the decision of CIR(A) before the ATIR who annulled the order of CIR(A) through judgment dated 3 October 2017. Being aggrieved, the department filed a writ petition against the judgment of ATIR before the Honorable Islamabad High Court, Islamabad. No provision has been made in these financial statements as the Company is hoping a favorable outcome.

(d) 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.

(e) Guarantee of Rupees 7.142 million (2020: Rupees 7.142 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

	2021 Rupees	2020 Rupees
11.2 **Commitments**	Nil	Nil

12 PROPERTY, PLANT AND EQUIPMENT

	NOTE	2021 Rupees	2020 Rupees
Operating fixed assets	12.1	224,979,899	224,568,053
Capital work in progress	12.5	4,000,000	-
		228,979,899	224,568,053

12.1 Operating fixed assets

	Owned								Leased	
	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 2019										
Cost / revalued amount	209,775,681	38,444,553	165,632,025	25,896,452	15,082,293	2,744,965	10,074,528	467,650,497	2,933,674	470,584,171
Accumulated depreciation	-	(29,872,489)	(161,507,431)	(22,029,652)	(14,577,289)	(2,433,766)	(8,283,019)	(238,703,646)	(1,580,019)	(240,283,665)
Net book value - restated	209,775,681	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	228,946,851	1,353,655	230,300,506
Year ended 30 June 2020										
Opening net book value	209,775,681	8,572,064	4,124,594	3,866,800	505,004	311,199	1,791,509	228,946,851	1,353,655	230,300,506
Revaluation surplus	5,352,836	1,605,213	-	-	-	-	-	6,958,049	-	6,958,049
Transferred to right-of-use assets										
Revalued amount	-	-	-	-	-	-	-	-	(2,933,674)	(2,933,674)
Accumulated depreciation	-	-	-	-	-	-	-	-	1,580,019	1,580,019
	-	-	-	-	-	-	-	-	(1,353,655)	(1,353,655)
Classified as held for sale:										
Revalued amount	(5,916,917)	-	-	-	-	-	-	(5,916,917)	-	(5,916,917)
Written off:										
Cost / revalued amount	-	-	(164,333,025)	-	-	-	-	(164,333,025)	-	(164,333,025)
Accumulated depreciation	-	-	161,565,280	-	-	-	-	161,565,280	-	161,565,280
	-	-	(2,767,745)	-	-	-	-	(2,767,745)	-	(2,767,745)
Disposals:										
Cost / revalued amount	-	-	(1,299,000)	-	-	-	-	(1,299,000)	-	(1,299,000)
Accumulated depreciation	-	-	136,128	-	-	-	-	136,128	-	136,128
	-	-	(1,162,872)	-	-	-	-	(1,162,872)	-	(1,162,872)
Depreciation charge (Note 28)	-	(468,734)	(193,977)	(386,680)	(50,500)	(31,120)	(358,302)	(1,489,313)	-	(1,489,313)
Closing net book value	209,211,600	9,708,543	-	3,480,120	454,504	280,079	1,433,207	224,568,053	-	224,568,053
At 30 June 2020										
Cost / revalued amount	209,211,600	40,049,766	-	25,896,452	15,082,293	2,744,965	10,074,528	303,059,604	-	303,059,604
Accumulated depreciation	-	(30,341,223)	-	(22,416,332)	(14,627,789)	(2,464,886)	(8,641,321)	(78,491,551)	-	(78,491,551)
Net book value	209,211,600	9,708,543	-	3,480,120	454,504	280,079	1,433,207	224,568,053	-	224,568,053
Year ended 30 June 2021										
Opening net book value	209,211,600	9,708,543	-	3,480,120	454,504	280,079	1,433,207	224,568,053	-	224,568,053
Additions	-	-	-	-	-	-	1,997,600	1,997,600	-	1,997,600
Disposals:										
Cost / revalued amount	-	-	-	-	-	-	(650,000)	(650,000)	-	(650,000)
Accumulated depreciation	-	-	-	-	-	-	623,400	623,400	-	623,400
	-	-	-	-	-	-	(26,600)	(26,600)	-	(26,600)
Depreciation charge (Note 28)	-	(485,427)	-	(348,012)	(45,450)	(28,008)	(652,257)	(1,559,154)	-	(1,559,154)
Closing net book value	209,211,600	9,223,116	-	3,132,108	409,054	252,071	2,751,950	224,979,899	-	224,979,899
At 30 June 2021										
Cost / revalued amount	209,211,600	40,049,766	-	25,896,452	15,082,293	2,744,965	11,422,128	304,407,204	-	304,407,204
Accumulated depreciation	-	(30,826,650)	-	(22,764,344)	(14,673,239)	(2,492,894)	(8,670,178)	(79,427,305)	-	(79,427,305)
Net book value	209,211,600	9,223,116	-	3,132,108	409,054	252,071	2,751,950	224,979,899	-	224,979,899
Annual rate of depreciation (%)	-	5	5	10	10	10	20		5	

	NOTE	2021 Rupees	2020 Rupees

12.2 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 31 December 2019 by an independent valuer Messrs. Danish Enterprises and Construction on the basis of depreciated replacement value method. Had there been no revaluation book value of revalued property, plant and equipment would have been as follows:

	2021	2020
Freehold land	36,819	36,819
Non factory buildings	1,940,356	2,042,480
Factory equipment	409,054	454,504
Electric installations	1,742,331	1,935,923
Furniture, fixtures and office equipment	223,258	248,065
Vehicles	2,734,589	1,411,506
	7,086,407	6,129,297

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

Description	Valuation date	Rupees
Freehold land	31 December 2019	177,829,860
Non factory buildings	31 December 2019	7,839,649
Factory equipment	02 May 2018	245,432
Electric installations	02 May 2018	1,879,265

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

Location	Usage of immovable property	Total Area (marlas)	Covered Area (Sqr feet)
Westridge, Industrial Area, Rawalpindi	Residential and offices	213.26	58,007
Westridge, Industrial Area, Rawalpindi	Land	323.18	-

12.5 **Capital work in progress**

	Note	2021	2020
As on 01 July		-	-
Additions	12.5.1	4,000,000	-
As on 30 June		4,000,000	-

12.5.1 It represents advance to suppliers against:

	2021	2020
Vehicles	1,500,000	-
Plant and machinery	2,500,000	-
	4,000,000	-

13 INVESTMENT PROPERTIES

	Land	Building	Total
	---------------- Rupees ----------------		
Year ended 30 June 2021			
Fair value as at 01 July 2020	321,188,400	32,112,630	353,301,030
Fair value gain	-	-	-
Fair value as at 30 June 2021	321,188,400	32,112,630	353,301,030
Year ended 30 June 2020			
Fair value as at 01 July 2019	308,675,980	25,460,999	334,136,979
Fair value gain	12,512,420	6,651,631	19,164,051
Fair value as at 30 June 2020	321,188,400	32,112,630	353,301,030

13.1 The fair value of investment properties comprising land and buildings situated at Westridge, Industrial Area, Rawalpindi have been determined by an independent valuer, Danish Enterprises as at 31 December 2019.

Forced sale value of these properties as at 31 December 2019 was:

	Rupees
Land	273,010,140
Buildings	27,295,736
	300,305,876

13.2 **Particulars of investment properties are as follows:**

Description	Address	Covered Area (Sqr feet)	Total Area marla
Land	Westridge, Industrial Area, Rawalpindi	-	131.56
Buildings	Westridge, Industrial Area, Rawalpindi	188,225	692.00
		188,225	823.56

	NOTE	2021 Rupees	2020 Rupees
14 RIGHT-OF-USE ASSETS			
Plant and machinery			
Net carrying amount as at 01 July		-	1,353,655
Additions during the year		-	-
		-	1,353,655
Depreciation expense for the year @ 5%	28	-	(62,043)
Reversal of revaluation surplus		-	(800,082)
Written off	29	-	(491,530)
Net carrying amount as at 30 June		-	-

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 (IHC), 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 (IHC), 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 Civil Judge 1st Class (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. Subsequent to the year end, Civil Judge 1st Class (West), vide order dated 28 July 2021 accepted the Company's appeal and directed to submit evidence. The matter is pending adjudication.

The IHC 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 IHC, 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 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 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.

		NOTE	2021 Rupees	2020 Rupees
16	**LONG TERM INVESTMENT**			
	Amortized cost			
	Term deposit receipts		7,828,751	7,357,987
	Less: Current portion shown under current assets	23	(7,828,751)	-
			-	7,357,987

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% (2020: 6.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

17	**LONG TERM DEPOSITS**			
	Considered good:			
	Long term deposits	17.1	9,151,434	9,151,434
	Considered doubtful:			
	Long term deposit		15,293,000	15,293,000
			24,444,434	24,444,434
	Less: Provision against doubtful deposit	17.2	(15,293,000)	(15,293,000)
			9,151,434	9,151,434

17.1 This includes deposits with various utility companies, regulatory authorities and others.

17.2	**Provision against doubtful deposit**			
	Opening balance		15,293,000	-
	Provision for the year	17.3 & 29	-	15,293,000
	Closing balance		15,293,000	15,293,000

17.3 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) under section 11 of the OGRA Ordinance, 2002. The Company filed an application before OGRA. OGRA vide letter No. OGRA-8(2) C-2495/2021 dated 05 May 2021 directed SNGPL to submit a response within 15 days which is still pending.

18	**TRADE DEBTS - Unsecured**			
	Considered doubtful		-	436,040
	Less: Allowance for expected credit losses	18.1	-	(436,040)
			-	-

18.1	**Allowance for expected credit losses**			
	Opening balance		436,040	436,040
	Bad debts written off during the year		(436,040)	-
	Balance at end of year		-	436,040

		NOTE	2021 Rupees	2020 Rupees
19	**ADVANCES**			
	Unsecured			
	Considered good:			
	Employees - interest free		42,000	53,000
	Suppliers		4,538,365	1,231,512
			4,580,365	1,284,512
	Considered doubtful:			
	Employees - interest free		25,110	25,110
	Suppliers		113,402	113,402
			138,512	138,512
	Less: Provision against doubtful advances		(138,512)	(138,512)
			4,580,365	1,284,512

20 DUE FROM RELATED PARTY

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 (2020: Rupees 17.620 million) and is outstanding since 2016.

		NOTE	2021 Rupees	2020 Rupees
21	**SHORT TERM DEPOSIT**			
	Short term deposit	21.2	2,000,000	2,000,000
	Less: Provision against doubtful deposit	21.1	(2,000,000)	(2,000,000)
			-	-
21.1	**Provision against doubtful deposit**			
	Opening balance		2,000,000	-
	Provision for the year	29	-	2,000,000
	Closing balance		2,000,000	2,000,000

21.2 It represents advance given to Messrs. Fauji Foundation for purchase of mill. The Court decided the case in favor of the Company on 10 June 1999. Fauji Foundation 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 the case against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.

		NOTE	2021 Rupees	2020 Rupees
22	**OTHER RECEIVABLES**			
	Considered good:			
	Sales tax refundable	22.1 & 22.2	3,889,543	3,697,951
	Export rebate and claims		-	134,667
	Less: Provision against doubtful export rebate and claims	22.3	-	(134,667)
			-	-
	Others		1,792,500	695,885
	Less: Written off during the year	29	-	(13,500)
			1,792,500	682,385
			5,682,043	4,380,336

22.1 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.

22.2 Tax authorities issued notice dated 30 September 2014 for an amount of Rupees 1.092 million alleging the Company for discrepancies of inadmissible input tax adjustments for the period from July 2009 to June 2012. The Company filed an appeal before Commissioner Inland Revenue (Appeals-I) (CIR-(A)) and the case was decided against the Company through order dated 29 May 2015. However, the Company filed appeal against the decision of CIR-(A) before the Appellate Tribunal Inland Revenue (ATIR) who vide order dated 23 September 2019 decided the case in favor of the Company. Being aggrieved, the department filed a writ petition dated 31 December 2019 against the judgment of ATIR before the Honorable Islamabad High Court. Islamabad High Court vide order dated 19 January 2021 remanded back the case to ATIR for consideration of the case on its merit with law after providing opportunity of hearing to the parties. No provision has been made in these financial statements as the Company is hopeful for a favorable outcome.

		NOTE	2021 Rupees	2020 Rupees
22.3	**Provision against doubtful export rebate and claims**			
	Opening balance		134,667	-
	Provision for the year	29	-	134,667
	Closing balance		134,667	134,667
23	**SHORT TERM INVESTMENTS**			
	Amortized cost			
	Fixed deposit certificate	23.1	1,272,488	1,201,176
	Current portion of long term investment	16	7,828,751	-
			9,101,239	1,201,176

23.1 This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year commenced from 28 August 2020. Return on this certificate will be paid on maturity at the effective rate of 6.25% (2020: 6.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2021 Rupees	2020 Rupees
24	**CASH AND BANK BALANCES**			
	Cash at bank:			
	On saving accounts	24.1	10,857	11,937
	On current accounts		11,882,605	17,931,551
			11,893,462	17,943,488
	Cash in hand		27,172	438,963
			11,920,634	18,382,451

24.1 The balances in saving accounts carry interest at the rate of 5.5 % to 6.5% (2020: 5.50% to 10.25%) per annum.

		2021 Rupees	2020 Rupees
25	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**		
	Freehold land	-	34,666,917
	Non-factory building	-	6,477,185
		-	41,144,102

25.1 It represented freehold land measuring approximately Nil (30 June 2020: 167) marla comprising open area and old worker quarters having Nil (30 June 2020: 31,877) square feet covered area, on the extreme back side of the mills situated at Westridge Industrial Area, Rawalpindi. During the year the Company recognized sale of assets on handing over possession to the buyer. Title of land measuring 35.0882 marla has been transferred in the name of buyer, while legal formalities are in process to transfer the remaining land.

		2021 Rupees	2020 Rupees
26	**REVENUE FROM CONTRACTS WITH CUSTOMERS**		
	Local sales	2,037,232	-
	Less: sales tax	(339,539)	-
		1,697,693	-

26.1 **Disaggregation of revenue**

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

	NOTE	2021 Rupees	2020 Rupees
Primary geographical markets			
Pakistan		1,697,693	-
Major product / service lines			
Yarn		1,697,693	-
Revenue from contracts with customers		1,697,693	-
Timing of revenue recognition			
Products transferred at a point in time		1,697,693	-
Products and services transferred over time		-	-
		1,697,693	-
External revenue as reported		1,697,693	-

Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

27 COST OF REVENUE

It represents cost of yarn sold during the year.

28 ADMINISTRATIVE AND GENERAL EXPENSES

	NOTE	2021 Rupees	2020 Rupees
Salaries, wages and other benefits		14,016,661	11,421,886
Rent, rates and taxes		4,463,380	4,053,722
Printing and stationery		188,614	151,616
Fuel and power		3,662,649	1,820,553
Postage and telephone		402,819	358,850
Travelling and conveyance		312,930	2,701,680
Vehicles' running		1,916,399	1,832,528
Repair and maintenance		5,935,629	1,214,329
Entertainment		2,393,558	123,726
Advertisement		94,300	305,600
Legal and professional		1,383,192	198,000
Fees and subscription		938,654	608,831
Depreciation	12.1	1,559,154	1,489,313
Depreciation on right-of-use-assets	14	-	62,043
Miscellaneous		348,173	579,145
		37,616,112	26,921,822

29 OTHER EXPENSES

	NOTE	2021 Rupees	2020 Rupees
Operating fixed assets written off	12	-	2,767,745
Right-of-use assets written off	14	-	491,530
Provision against doubtful deposits:			
Long term deposits	17.2	-	15,293,000
Short term deposit	21.1	-	2,000,000
Long outstanding receivables written off	22	-	13,500
Long outstanding advances to suppliers written off		77,936	-
Provision against doubtful export rebate and claims	22.3	-	134,667
Auditor's remuneration	29.1	535,000	535,000
Donations	29.2	97,000	-
Workers' welfare fund			384,640
Loss on sale of property, plant and equipment		-	652,772
Loss due to theft		-	420,000
		709,936	22,692,854

		NOTE	2021 Rupees	2020 Rupees
29.1	**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

29.2 None of the directors and their spouses have any interest in the donee's fund.

30 OTHER INCOME

	NOTE	2021 Rupees	2020 Rupees
Income from financial assets			
Profit on deposits with banks		67,048	1,460
Return on investment		1,142,809	508,651
		1,209,857	510,111
Income from non-financial assets			
Scrap sale		-	320,000
Gain on remeasurement of fair value of investment properties		-	19,164,051
Gain of sale of property, plant and equipment		223,400	-
Gain on disposal of non-current assets held for sale - net		734,898	-
Rental income		27,342,758	27,635,802
		28,301,056	47,119,853
Others			
Accrued mark-up written back		-	20,767,825
Long outstanding liabilities written back		26,444	277,641
		26,444	21,045,466
		29,537,357	68,675,430

31 FINANCE COST

	NOTE	2021 Rupees	2020 Rupees
Mark-up on long term financing	5	-	33,740
Bank charges and commission		175,169	179,666
		175,169	213,406

32 TAXATION

	NOTE	2021 Rupees	2020 Rupees
Current - current year	32.1	6,343,520	6,411,506
Deferred	8.1	(1,669,848)	(1,072,792)
		4,673,672	5,338,714

32.1 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 69 million (2020: Rupees 116.70 million). Consequently, tax expense reconciliation is not being presented.

33 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

		2021	2020
(Loss) / profit attributable to ordinary shares	(Rupees)	(13,665,739)	13,508,634
Weighted average number of ordinary shares	(Numbers)	3,052,429	3,052,429
(Loss) / earnings per share	(Rupees)	(4.48)	4.43

		NOTE	2021 Rupees	2020 Rupees
34	**CASH (USED IN) / GENERATED FROM OPERATIONS**			
	(Loss) / profit before taxation		(8,992,067)	18,847,348
	Adjustments for non-cash charges and other items:			
	Depreciation		1,559,154	1,489,313
	Depreciation on right-of-use-assets		-	62,043
	Operating fixed assets written off		-	2,767,745
	Right-of-use assets written off		-	491,530
	Provision for gratuity		606,477	770,118
	Provision against doubtful deposits:			
	Long term deposits		-	15,293,000
	Short term deposit		-	2,000,000
	Provision against doubtful export rebate and claims		-	134,667
	(Gain) / loss on sale of property, plant and equipment		(223,400)	652,772
	Gain on disposal of non-current assets held for sale - net		(1,355,898)	-
	Gain on remeasurement of fair value of investment properties		-	(19,164,051)
	Return on investment		(1,142,809)	(508,651)
	Accrued mark-up written back		-	(20,767,825)
	Finance cost		175,169	213,406
	Profit on deposits with banks		(67,048)	(1,460)
	Long outstanding receivables written off		-	13,500
	Long outstanding liabilities written back		(26,444)	(277,641)
	Long outstanding advances to suppliers written off		77,936	-
	Working capital changes	34.1	(30,570,362)	23,817,790
			(39,959,292)	25,833,604
34.1	**Working capital changes**			
	Decrease / (increase) in current assets:			
	Advances		(3,373,789)	(38,000)
	Other receivables		(1,301,707)	(511,176)
			(4,675,496)	(549,176)
	(Decrease) / increase in trade and other payables		(25,894,866)	24,366,966
			(30,570,362)	23,817,790

34.2 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	2021			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowing	Unclaimed dividend	
	-------------------Rupees-------------------			
Balance as at 01 July 2020	-	765,478	144,947	910,425
Short term borrowing - net	-	(765,478)	-	(765,478)
Balance as at 30 June 2021	-	-	144,947	144,947

	2020			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowing	Unclaimed dividend	
	----------------------------Rupees-----------------------------			
Balance as at 01 July 2019	1,766,260	4,803,735	144,947	6,714,942
Repayment of long term financing	(1,766,260)	-	-	(1,766,260)
Short term borrowing - net	-	(4,038,257)	-	(4,038,257)
Balance as at 30 June 2020	-	765,478	144,947	910,425

35 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	
	2021	2020	2021	2020
	Rupees			
Managerial remuneration	2,400,000	2,310,000	3,600,000	2,463,300
Allowances				
Travelling	-	-	-	1,983,400
Utilities	1,090,386	1,076,360	35,380	23,700
Entertainment	1,889,213	-	402,466	-
Furnishing and maintenance of residence	307,055	-	-	-
Fees and subscription	161,643	-	121,526	-
Medical and hospitalization	1,040,019	-	31,366	-
Others	-	583,377	-	51,350
	6,888,316	3,969,737	4,190,738	4,521,750
Number of persons	**1**	**1**	**1**	**2**

35.1 Chief Executive Officer and 1 (2020: 1) director is provided with the Company's maintained vehicles, personal and family's free medical facilities, personal and family's travelling, residential telephone facilities for both business and personal use and entertainment expenses at actual. Residence is provided to Nil (2020: 1) director.

35.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2020: 1) director was Rupees 45,000 (2020: Rupees 20,000).

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

36 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:

	2021 Rupees	2020 Rupees
Mr. Habib Ullah - C.E.O		
Loan obtained during the year	1,400,000	2,144,000
Adjustment / payment against outstanding balance	2,165,478	5,182,257
Mr. Sami Ullah - Director		
Loan obtained during the year	-	2,300,000
Adjustment / payment against outstanding balance	-	2,300,000
Rental income		154,000

37 NUMBER OF EMPLOYEES

	2021	2020
Number of employees as at 30 June	23	26
Average number of employees during the year	24	26

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 Company's finance department evaluates and hedges financial risks. 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. As at 30 June 2021 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's interest rate risk arises from investments and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments 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:

	2021 Rupees	2020 Rupees
Fixed rate instruments		
Financial assets		
Investments	9,101,239	8,559,163
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	10,857	11,937

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, profit after taxation for the year would have been Rupees 109 (2020: Rupees 119) higher / lower , mainly as a result of higher / lower interest on saving accounts. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrumentwill 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:

	2021 Rupees	2020 Rupees
Investments	9,101,239	8,559,163
Due from related party	17,619,962	17,619,962
Deposits	9,151,434	9,151,434
Advances	42,000	53,000
Other receivables	1,792,500	682,385
Bank balances	11,893,462	17,943,488
	49,600,597	54,009,432

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			2021	2020
	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	124,791	3,785
Habib Bank Limited	A1+	AAA	JCR-VIS	83,083	3,687
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	31,445	2,209,086
MCB Bank Limited	A1+	AAA	PACRA	129,055	5,014
Silkbank Limited	A2	A-	JCR-VIS	890	6,136
The Bank of Khyber	A1	A	PACRA	2,049	2,150
Faysal Bank Limited	A1+	AA	PACRA	3,826	3,320
Askari Bank Limited	A1+	AA	PACRA	8,850	11,098
Meezan Bank Limited	A1+	AAA	JCR-VIS	11,506,651	15,696,390
				11,893,462	17,943,488
Investment					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	9,101,239	8,559,163
				20,994,701	26,502,651

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. As at 30 June 2021 the Company had Rupees 11.92 million (2020: Rupees 18.38 million) cash and bank balances. 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 2021.

	Carrying amount	Contractual cash flows	6 months or less
	-------- Rupees ---		
Non-derivative financial liabilities:			
Trade and other payables	75,653,986	75,653,986	75,653,986
Unclaimed dividend	144,947	144,947	144,947
	75,798,933	75,798,933	75,798,933

Contractual maturities of financial liabilities as at 30 June 2020.

	Carrying amount	Contractual cash flows	6 months or less
	------------------- Rupees -----------		
Non-derivative financial liabilities:			
Lease liability	658,531	658,531	658,531
Trade and other payables	78,046,592	78,046,592	78,046,592
Unclaimed dividend	144,947	144,947	144,947
Short term borrowing	765,478	765,478	765,478
	79,615,548	79,615,548	79,615,548

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.

38.2 Financial instruments by categories

	Financial assets at amortized cost	
	2021	2020
As at 30 June	Rupees	Rupees
Investments	9,101,239	8,559,163
Due from related party	17,619,962	17,619,962
Deposits	9,151,434	9,151,434
Advances	42,000	53,000
Other receivables	1,792,500	682,385
Cash and bank balances	11,920,634	18,382,451
	49,627,769	54,448,395

	Financial liabilities at amortized cost	
	2021	2020
	Rupees	Rupees
Lease liability	-	658,531
Short term borrowing	-	765,478
Unclaimed dividend	144,947	144,947
Trade and other payables	75,653,986	78,046,592
	75,798,933	79,615,548

38.3 **Reconciliation to the line items presented in the statement of financial position is as follows:**

	2021			2020		
	Financial assets	Non-financial assets	Total as per statement of financial position	Financial assets	Non-financial assets	Total as per statement of financial position
	------------ Rupees ------------			------------ Rupees ------------		
Assets as per statement of financial position						
Advances	42,000	4,538,365	4,580,365	53,000	1,231,512	1,284,512
Due from related party	17,619,962	-	17,619,962	17,619,962	-	17,619,962
Other receivables	1,792,500	3,889,543	5,682,043	682,385	3,697,951	4,380,336
Investments	9,101,239	-	9,101,239	8,559,163	-	8,559,163
Deposits	9,151,434	-	9,151,434	9,151,434	-	9,151,434
Cash and bank balances	11,920,634	-	11,920,634	18,382,451	-	18,382,451
	49,627,769	8,427,908	58,055,677	54,448,395	4,929,463	59,377,858

	2021			2020		
	Financial liabilities	Non-financial liabilities	Total as per statement of financial position	Financial liabilities	Non-financial liabilities	Total as per statement of financial position
	------------ Rupees ------------			------------ Rupees ------------		
Liabilities as per statement of financial position						
Trade and other payables	75,653,986	20,404,895	96,058,881	78,046,592	44,022,599	122,069,191
Short term borrowing	-	-	-	765,478	-	765,478
Lease liability	-	-	-	658,531	-	658,531
Unclaimed dividend	144,947	-	144,947	144,947	-	144,947
	75,798,933	20,404,895	96,203,828	79,615,548	44,022,599	123,638,147

38.4 **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.

38.5 **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. Judgements 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 equity 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

Judgments and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these 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 2021	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	209,211,600	-	209,211,600
Non factory buildings	-	9,223,116	-	9,223,116
Electric installations	-	3,132,108	-	3,132,108
Factory equipment	-	409,054	-	409,054
Furniture, fixtures and office equipment	-	252,071	-	252,071
Vehicles	-	2,751,950	-	2,751,950
	-	224,979,899	-	224,979,899
Investment properties	-	353,301,030	-	353,301,030
Total non-financial assets	-	578,280,929	-	578,280,929

At 30 June 2020	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	209,211,600	-	209,211,600
Non factory buildings	-	9,708,543	-	9,708,543
Electric installations	-	3,480,120	-	3,480,120
Factory equipment	-	454,504	-	454,504
Furniture, fixtures and office equipment	-	280,079	-	280,079
Vehicles	-	1,433,207	-	1,433,207
	-	224,568,053	-	224,568,053
Investment properties	-	353,301,030	-	353,301,030
Total non-financial assets	-	577,869,083	-	577,869,083

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, right-of-use assets and investment properties 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 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 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, right-of-use assets and investment properties after regular intervals. As at 02 May 2018, the fair values of the electric installations and factory equipment have been determined by Danish Enterprises and Construction, while fair values of investment properties, freehold land, buildings on freehold land and non-factory buildings were determined by Danish Enterprises and Construction (the valuer) on 31 December 2019.

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

41 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 05,2021 by the Board of Directors of the Company.

42 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified for better presentation, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except following:

Particulars	Reclassification		Rupees
	From	To	
Gain on remeasurement of fair value of investment properties	Revenue	Other income	19,164,051
Rental income	Revenue	Other income	27,635,802

43 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF FINANCIAL OFFICER

DIRECTOR

CHIEF EXECUTIVE OFFICER

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended	30 June					
Particulars	2021	2020	2019	2018	2017	2016
Assets employed						
Fixed Assets	640,336	678,391	564,437	574,652	601,279	679,890
Long term deposits/investments	9,151	16,509	31,338	30,931	30,549	24,404
Current assets	48,904	84,012	60,897	59,941	62,146	26,124
Total assets employed	**698,391**	**778,912**	**656,672**	**665,524**	**693,974**	**730,418**
Financed by:						
Shareholder's equity	(17,829)	(67,036)	(80,857)	(75,583)	(61,826)	(61,485)
Surplus on revaluation of fixed assets	512,149	574,875	569,362	571,260	575,018	602,662
	494,320	507,839	488,505	495,677	513,192	541,177
Long Term Financing	-	-	-	1,766	5,131	8,137
Long term liabilities	3,999	3,817	3,356	3,130	10,063	9,839
Deferred liabilities	2,907	4,517	5,397	7,241	14,856	22,477
Current liabilities	108,586	131,694	128,892	127,186	120,209	118,264
Total funds invested	**115,492**	**140,028**	**137,645**	**139,323**	**150,259**	**158,717**
Profit & (Loss)						
Turn over	-	-	-	-	-	198
Gross profit/Loss)	(28)	46,800	24,044	-	-	(8)
Operating profit/(loss)	(8,817)	19,061	(3,258)	(17,496)	(8,688)	(84,994)
Finance charges	(175)	(213)	(417)	(674)	(893)	(1,948)
Profit/(loss) before taxation	(8,992)	18,847	(3,676)	(18,171)	(9,582)	(86,941)
Profit/(loss) after taxation	(13,666)	13,509	(7,341)	(15,862)	(2,775)	(58,829)
Net profit/(loss)	**(13,666)**	**13,509**	**(7,341)**	**(15,862)**	**(2,775)**	**(58,829)**
Actual production (M Kgs)	-	-	-	-	-	-
Converted into 20's (M Kgs)	-	-	-	-	-	-
Earning/(loss) per share	(4.48)	4.43	(2.41)	(5.20)	(0.91)	(19.27)
Spindles installed Nos.	-	-	-	2,064	2,064	11,400
Spindles worked Nos.	-	-	-	-	-	-
Shifts per day	-	-	-	-	-	-

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 **30/06/2021**

	------Shareholdings------		
4. No. of Shareholders	**From**	**To**	**Total Shares Held**
163	1	100	7,957
77	101	500	22,008
27	501	1,000	22,129
24	1,001	5,000	50,255
10	5,001	10,000	74,239
1	10,001	15,000	11,558
2	15,001	20,000	33,600
3	20,001	25,000	70,900
1	25,001	30,000	25,169
3	30,001	35,000	93,975
2	40,001	45,000	86,000
1	75,001	80,000	77,700
3	85,001	90,000	262,948
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
2	150,001	155,000	302,189
1	260,001	265,000	263,508
1	265,001	270,000	269,614
1	670,001	675,000	674,659
328			**3,052,429**

2.3 Categories of Shareholders	**Shares Held**	**Percentage**
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	1,285,967	42.1293%
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 Shareholders holding 10% or more	674,659	22.1024%
2.3.8 General Public		
a. Local	1,455,327	47.6777%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
- **Joint Stock Companies**	7,930	0.2598%
- **Pension Funds**	30,775	1.0082%
- **Others**	1,080	0.0354%

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2021

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 (CDC)	263,508	8.6327
2	MR. ABRAR ALAM	108,200	3.5447
3	MR. SHAHID HUSSAIN	100	0.0033
4	MR. AMEER ZEB (CDC)	139,500	4.5701
5	MR. SAMI ULLAH	674,659	22.1024
6	MR. SHAHID AZIZ (NIT NOMINEE)	--	--
7	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761
Executives:		650	0.0213
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. SAMI ULLAH	674,659	22.1024
2	MR. HABIB ULLAH (CDC)	263,508	8.6327
3	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	269,614	8.8328

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

PROXY FORM

I/We ____

of ____

in the district ____________________ being a member of **D.M. Textile Mills Limited**

and holder of ______________________________ ordinary share as
(Number of Shares)

per share Register Folio No. ______________________________ hereby

appoint ______________________________ of ____________________

failing him ______________________________ of ____________________

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 October 27, 2021 at 3:00 pm or at any adjournment thereof.

Signed this ______________________ day of ____________________ 2021

1. Witness:

   Signature ____________________

   Name ____________________

   Address ____________________

Affix Revenue Stamps of Rs. 5/-

2. Witness:

   Signature ____________________

   Name ____________________

   Address ____________________

____
Signature of Member

Shareholder's Folio No. ____________________

CDC A/c No. ____________________

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

Note:

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