



Annual Report 2021



DAR ES SALAAM

CONTENTS

Company's Information	05
Vision & Mission Statement	07
Notice of Annual General Meeting	08
Chairman's Review	30
Directors' Report to the Shareholders	32
Independent Auditor's Review Report to the Members	47
Statement of Compliance with Code of Corporate Governance	48
Independent Auditors' Report	51
Statement of Financial Position	57
Profit and Loss	58
Statement of Comprehensive Income	59
Statement of Changes in Equity	60
Statement of Cash Flows	61
Notes to the Financial Information	62
Key Financial Highlights	96
Pattern of Shareholdings	97
Form of Proxy	103

COMPANY INFORMATION

Board of Directors	Mr. Faisal Mukhtar Ms. Abida Mukhtar Mrs. Nilofar Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Mr. Ejaz Hussain	Chairperson & Director Chief Executive Officer
Audit committee	Mr. Muhammad Gul Nawaz Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
HR & Remuneration Committee	Mr. Muhammad Yousaf Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
Chief Financial Officer Company Secretary	Mr. Shahid Amin Chaudhry	
Share Registrar	M/s. Corplink (Pvt) Ltd. Wing Arcade, 1-K, Commercial Model Town, Lahore. Tel: 042-35839182, 35869037	
Auditors	M/s Rizwan & Co. Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab United Bank Limited Faysal Bank Limited Silk Bank Limited Summit Bank Limited	
Registered Office	H.No. 37, Street No.14, Cavalry Ground, Lahore-Cantt. Phones: (042) 36610643-44	
Factory	10th Km Muridke-Sheikhupura Road, Muridke.	

Vision Statement

To achieve the highest possible return on investment through a process of continuous improvement and while upholding the highest standards of integrity in all operations.

Mission Statement

To be a result-oriented and profitable Company by consistently improving in terms of productivity, quality, technological expertise, diversity, presentation, reliability and customer acceptance.

To establish the company as a growing concern while ensuring optimum return on investment for shareholders.

To be a responsible employer and create an environment where a professional, highly-motivated management team can prosper.

To be a good corporate citizen who supports charitable causes and follows environmentally friendly policies.

Statement of Ethics and Business Practices

Continuous improvement in total quality performance by achieving high standards in our products and providing these to our customers without error, on time and every time. We are dedicated to supply the product of highest quality and standards, yet at a reasonable cost for our national and international customer's satisfaction. All of our commitments, actions and products must be recognized as an expression of quality. We are committed to improve our skills and know-how, competency, practical experience and training of employees by implementing quality system. We continuously improve the performance of quality standards through practical participation of our employees at all levels. Our mission is to meet National and International Standards, Customers' Satisfaction and Continuous Improvements in our standards through use of latest methods and employees satisfaction. We believe that a complete code of ethics is essential for the maintenance of integrity and professionalism in the day-to-day functioning of Dar Es Salaam Textile Mills Limited. We always place the Company's interest first through resource management namely human, financial and other infra structural facilities and to ensure reasonable return to all the shareholders. Conduct business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objective and supports unconditionally the Compliance with best Practices of Corporate Governance for the betterment of corporate culture. We develop and observe cost effective practices in our activities and strive for excellence and quality. We encourage initiative and self-realization in employees through meaningful empowerment.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of the members of the Dar es Salaam Textile Mills Limited will be held on November 20, 2021, Saturday at 09:30 a.m. at the Company's registered office, located at House No 37, Street No 14, Cavalry Ground, Lahore Cantt., Lahore, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2021 together with the Auditors' and Directors' Reports thereon and the Review Report of the Chairman;
2. To appoint auditors of the Company for the year ending June 30, 2022 and to fix their remuneration. The members are hereby notified that the Board of Directors and the Board Audit Committee have recommended the name of M/S Rizwan & Co. Chartered Accountants, for re-appointment as auditors of the Company for the year ending June 30, 2022.
3. To elect (7) seven directors as fixed by the board under the provision of the Companies Act, 2017 for period of three years commencing from November 20, 2021. The names of retiring directors are as under:
 1. Mr. Faisal Mukhtar
 2. Mr. Muhammad Yousaf
 3. Mr. Ejaz Hussain
 4. Mrs. Nilofar Mukhtar
 5. Ms. Abida Mukhtar
 6. Mrs. Mahwesh Faisal Mukhtar
 7. Ch. Muhammad Gul Nawaz

Special Business:

4. **To consider and approve the change of Company Name and if thought fit, to pass the following resolutions as special resolutions, with or without modifications, addition or deletion**

RESOLVED THAT the name of the company be changed from Dar es salaam Textile Mills Limited to DTM Real Estate Limited in compliance of part (i) of Sub-section (1) of Section 26 of the Companies Act, 2017 and subject to approval of Securities and Exchange Commission of Pakistan.

RESOLVED FURTHER THAT subject to approval of Securities and Exchange Commission of Pakistan under Section 12 of the Companies Act, 2017, the name of the Company be changed from "Dar es salaam Textile Mills Limited" to "DTM Real Estate Limited" and consequently the name be changed in the Memorandum and Articles of Association of the Company and all other formalities be completed in respect thereof.

Clause 1 of the Memorandum of Association be and is hereby amended to read as follows:

"The name of the company is DTM Real Estate Limited"

Article 1 of the Articles of Association be and is hereby amended to read as follows:

“The Company means DTM Real Estate Limited”

RESOLVED FURTHER THAT the name Dar es salaam Textile Mills Limited, wherever it occurs in the Memorandum and Articles of Association of the Company and/or any other Deed, Document, Titles etc. be substituted with the name “DTM Real Estate Limited”.

RESOLVED FURTHER THAT the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed/required by Securities and Exchange Commission of Pakistan without the need for passing any fresh resolution by the members.

RESOLVED FURTHER THAT the Chief Executive Officer and / or Company Secretary of the Company be and are hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem necessary or incidental and to complete all legal formalities and file all necessary documents to Securities and Exchange Commission of Pakistan, as may be necessary for the purpose of implementing the aforesaid resolution

5. **To consider and if thought fit, to approve following special business seeking disposal of freehold land and buildings on freehold by passing following resolution(s) as ordinary resolution(s) with or without any modification, addition or deletion in terms of Section 183(3)(a) of the Companies Act, 2017:**

RESOLVED THAT approval of the members of the Company be and is hereby accorded in terms of Section 183(3)(a) of the Companies Act, 2017 to dispose off freehold land measuring 126 kanals 13 marlas situated at 10-Km, Muridke Sheikhpura Road, Muridke including building on said freehold land.

RESOLVED FURTHER THAT approval be and is hereby accorded for utilization of the proceeds from sale of freehold land and building to settle the Company's liabilities towards lenders and other creditors and to utilize available funds for implementation of an alternate business plan as recommended by the Board of Directors of the Company.

RESOLVED FURTHER THAT alternate business plan as recommended by the Board of Directors of the Company, placed before the meeting, be and is hereby approved and adopted.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to sell freehold land, and building and delegate any or all of its powers in this regard to the Chief Executive Officer or any other person on such terms and conditions as they deem fit, to act on behalf of the Company in carrying out and performing all acts, matters, things and deeds to implement and/or give effect to sell land and building and utilization of the proceeds thereof.

RESOLVED FURTHER THAT Chief Executive Officer and/or Company Secretary be and are hereby singly authorized and empowered on behalf of the Company to do all acts, deeds and take all necessary steps including negotiations and signing/execution of the agreements and all other documents as may be necessary in order to give effect to, implement and complete sale of freehold land and building of the Company.

RESOLVED FURTHER THAT the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed/required by Securities and Exchange Commission of Pakistan without the need for passing any fresh resolution by the members.

RESOLVED FURTHER THAT certified copies of this resolution be communicated to the concerned authorities, wherever required and shall remain in force until notice in writing to the contrary be given.

6. **To transact any other business, as may be placed before the meeting with the permission of the Chair.**

Statement under Section 134(3) of the Companies Act, 2017, pertaining to the Special Business referred to the above is annexed to this notice of meeting, being sent to the shareholders.

By Order of the Board



(Shahid Amin)

Company Secretary

Lahore: October 29, 2021

Notes:

- 1) The Members Register and Share Transfer Books will remain closed from November 13, 2021 to November 20, 2021 (both days inclusive) for the purpose of the Annual General Meeting. Transfers received at M/s Corplink (Pvt.) Limited, Wing Arcade, 1-K Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company, by the close of business on November 12, 2021 will be treated in time for the purpose of Annual General Meeting.

Only those persons whose names appear in the Register of Members of the Company as at November 12, 2021 are entitled to attend and vote at the Annual General Meeting.

Election of Directors

Any shareholder who seeks to contest election to the office of director whether he/she is a retiring director must file with the Company Secretary not later than Fourteen days before the date of annual general meeting under Section 159 (3) of the Companies Act, 2017 along with a valid copy of Computerised National Identity Card, detailed profile, Consent to Act as Director on Form 28 and Declaration under the provisions of the Code of Corporate Governance.

- 2) A Member entitled to attend and vote at the Annual General Meeting may appoint another Member as his/her proxy to attend and vote for him/her provided that a corporation may appoint as its proxy a person who is not a member but is duly authorized by the corporation. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Annual General Meeting.
 - 3) CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.
-

A. FOR ATTENDING THE MEETING:

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport of the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature 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 holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
 - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
4. Members are requested to notify/submit the following information/documents, in case of book entry securities in CDS to their respective participant/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio number and name of the Company at the above-mentioned address, if not earlier notified/submitted:
- Members are requested to notify any change in their registered address immediately.
 - Valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity). Please note that CNIC Number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.
 - Dividend mandate information mentioning title of bank account, International Bank Account Number (IBAN) bank name, branch name, branch code, and address towards direct transfer/credit of cash dividend in your account. Please note that all future dividends shall only be paid through online bank transfer as required under Section 242 of the Companies Act, 2017.
5. Pursuant to the provisions of the Companies Act 2017 the shareholders residing in a city and holding at
-

least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given herein above at least 10 days prior to the date of the meeting on the Standard Form available on the company's website.

The Company will intimate respective members regarding venue of the video-link facility before five days of the Meeting along with complete information necessary to enable them to access the facility.

I/we _____ of _____ being members of Dar es Salaam Textile Mills Limited holder _____ Ordinary Shares(s) as per Registered Folio No. CDC/Account No. _____ hereby opt for video conference facility at Lahore in respect of Annual General Meeting of the Company.

6. For any query / problem/information Members may contact the Company at email info@daressalaamtextilemills.com and/or the Share Registrar of the Company at above mentioned address
7. Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.
8. The Company also considered to provide e-voting facility in accordance with the requirements of the Companies (E-Voting) Regulations, 2016. However, e-voting facility cannot be made available to the members for this meeting as other mandatory conditions prescribed under the aforesaid Regulations including the availability of accredited intermediary could not be satisfied.
9. As per Circular No. 05 of 2020 dated March 16, 2020 read with Circular No. 4 of 2021 dated February 15, 2021; the shareholders may contact the Company at either of following:

Email: info@daressalaamtextilemills.com
Whatsapp: 0300-4010996
Mobile: 0300-4010996

یاد رہے کہ منافع منقسمہ کے واریٹ جاری کرنے کے لئے شناختی کارڈ نمبر لازمی ہوتا ہے اور ایسی معلومات کی عدم موجودگی کی صورت میں منافع منقسمہ کی ادائیگی روک دی جائے گی۔

● بینک اکاؤنٹ کے عنوان، بین الاقوامی بینک اکاؤنٹ نمبر (IBAN)، بینک اور برانچ کا نام، برانچ کوڈ اور پتہ پر مشتمل ڈیویڈنڈ مینڈیٹ معلومات تاکہ آپ کے اکاؤنٹ میں نقد منافع منقسمہ براہ راست منتقل/کریڈٹ کیا جاسکے۔ یاد رہے کہ کمپنیز ایکٹ 2017ء کے سیکشن 242 کے تحت آئندہ سے منافع منقسمہ کی ادائیگی بذریعہ آن لائن بینک ٹرانسفر ہی ہوگی۔

5. کمپنیز ایکٹ 2017ء کے قواعد کی پیروی میں دوسرے شہر میں مقیم کل ادا شدہ سرمایہ حصص کے کم از کم 10 فی صد شیئرز ہولڈنگ کے مالک شیئرز ہولڈرز اجلاس میں شرکت کے لئے ویڈیولنک کی سہولت فراہم کرنے کا مطالبہ کر سکتے ہیں۔ کمپنی کی ویب سائٹ پر دستیاب معیاری فارم پر اجلاس کے انعقاد سے کم از کم 10 یوم قبل ویڈیولنک سہولت کی درخواست شیئرز رجسٹرار کے مذکورہ بالا پتہ پر موصول ہو جانی چاہئے۔ کمپنی متعلقہ اراکین کو اجلاس کے انعقاد سے پانچ یوم قبل ویڈیولنک سہولت کے مقام اور سہولت تک رسائی کے لئے تمام ضروری معلومات سے متعلق آگاہ کرے گی۔

میں/ہم.....سکنہ.....دارالسلام ٹیکسٹائل ملز لمیٹڈ کے رکن کی حیثیت سے رجسٹرڈ فولیو نمبر CDC / اکاؤنٹ نمبر..... کے تحت..... عمومی حصص کا / کے مالک ہوں / ہیں۔ اور یہاں باضابطہ طور پر کمپنی کے سالانہ اجلاس عام میں شرکت کے لئے لاہور میں ویڈیو کانفرنس کی سہولت حاصل کرنے کا انتخاب کرتا ہوں۔

6. کسی بھی سوال/مسئلہ/معلومات کے لئے اراکین کمپنی کے ای میل info@daressalaamtextilemills.com اور کمپنی کے شیئرز رجسٹرار سے مذکورہ بالا پتہ پر رابطہ کر سکتے ہیں۔

7. کمپنیز ایکٹ 2017ء کے سیکشن 143-145 کے اجلاس معیارات اور کمپنیز (پوسٹل بیلٹ) ضوابط، 2018ء کی لاگوشقوں کے تحت اراکین رائے شماری کرنے کے لئے اپنا حق استعمال کر سکتے ہیں۔

8. کمپنی نے کمپنیز (ای ووننگ) ضوابط 2016ء کے تحت ای-ووٹنگ سہولت فراہم کرنے کو بھی مد نظر رکھا ہے۔ البتہ، ای ووننگ کی سہولت اجلاس ہذا کے لئے اراکین کو مہیا نہیں کی جاسکتی کیونکہ مذکورہ بالا ضوابط میں بیان کردہ لازمی شرائط اور قابل بھروسہ ثالث کی دستیابی پر عمل درآمد نہیں کیا جاسکتا۔

9. مؤرخہ 18 مارچ 2020ء کے مراسلہ نمبر 05 اور مؤرخہ 15 فروری 2021ء کے مراسلہ نمبر 04 کے تحت شیئرز ہولڈرز مندرجہ ذیل میں سے کسی پر کمپنی سے رابطہ کر سکتے ہیں:

ای میل: info@daressalaamtextilemills.com

فون: 0300-4010996

موبائل: 0300-4010996

واقعاتی تمام کارروائی، معاہدے اور امور بروئے کار لانے اور تمام تر قانونی تقاضے پورے کرنے اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو تمام تر ضروری دستاویزات بہم پہنچانے کے ذمہ دار ہیں۔

5. کمپنیز ایکٹ 2017 کے سیکشن (a)(3) 183 کے تحت کسی بھی بار سے پاک اراضی اور عمارات کی فروخت کی غرض سے بمعہ/ علاوہ ترمیم، اضافہ یا حذف مندرجہ ذیل خصوصی قرارداد کو بطور عمومی قرارداد زیر غور لانا اور مناسب سمجھنے پر قرارداد کو منظور کرنا:

قرارداد پایا کمپنیز ایکٹ 2017ء کے سیکشن (a)(3) 183 کے تحت تمام بار سے پاک اراضی اور عمارت کو فروخت کرنے کے لئے کمپنی کے اراکین کی منظوری کو تسلیم کیا جاتا ہے۔

مزید قرارداد پایا کہ تمام بار سے پاک اراضی اور عمارت کی فروخت سے حاصل رقم کو کمپنی کے قرض خواہان اور دیگر قرض دہندگان کے واجبات ادا کرنے اور کمپنی کے بورڈ آف ڈائریکٹرز کی سفارشات پر متبادل کاروباری منصوبہ کے نفاذ کے لئے دستیاب فنڈز کو استعمال کرنے کی منظوری کو تسلیم کیا جاتا ہے۔

مزید قرارداد پایا کہ کمپنی کے بورڈ آف ڈائریکٹرز کی سفارشات پر متبادل کاروباری منصوبہ اجلاس میں پیش کیا جائے اور اسے باضابطہ منظور کیا جائے اور اپنایا جائے۔

مزید قرارداد پایا کہ بورڈ آف ڈائریکٹرز تمام بار سے پاک اراضی اور عمارت کو فروخت کرنے کے مجاز ٹھہرائے جاتے ہیں اور اس ضمن میں چیف ایگزیکٹو آفیسر یا ان کی صوابدید پر مخصوص شرائط و ضوابط کے تحت دیگر کسی فرد کو جزوی یا کلی طور پر تمام اختیارات سونپے جاتے ہیں۔ تاکہ وہ کمپنی کی جانب سے تمام طریق عمل، معاملات، امور اور معاہدے بروئے کار لائیں اور اراضی اور عمارت کو فروخت کر کے آمدنی کو استعمال کر سکیں۔

مزید قرارداد پایا کہ کمپنی کے چیف ایگزیکٹو آفیسر اور/یا کمپنی سیکریٹری تمام کارروائی، معاہدے اور امور بروئے کار لانے اور تمام ضروری اقدامات بشمول مذاکرات اور معاہدوں کے نفاذ اور دیگر دستاویز پر دستخط کرنے کے لئے کمپنی کی جانب سے ذمہ دار ہیں جن کی کمپنی کی ملکیتی اراضی اور عمارت کی فروخت کے عمل کو مکمل کرنے کے دوران ضرورت ہو سکتی ہے۔

مزید قرارداد پایا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہمہ وقت جاری کردہ ہدایات کی روشنی میں اراکین کی جانب سے مزید قراردادوں کی منظوری کے بغیر بورڈ ان قراردادوں میں ترمیم کے لئے یہاں باضابطہ قرارداد کرتا ہے۔

مزید قرارداد پایا کہ اس قرارداد کی نقول جہاں ضرورت ہو متعلقہ محکموں کو ارسال کر دی گئی ہیں اور اس کے برعکس کسی نوٹس کے اجراء تک یہ فعال رہے گی۔

6. چیئرمین کی اجازت سے اجلاس کے سامنے پیش دیگر امور پر بحث کرنا۔

مذکورہ بالا خصوصی امور سے متعلق کمپنیز ایکٹ 2017ء کے سیکشن (3) 134 کے تحت بیان شدہ ہولڈرز کو ارسال کئے جانے والے اجلاس کے نوٹس کے ساتھ منسلک ہے۔

محکم بورڈ



(شاہد امین)

کمپنی سیکریٹری

لاہور:

مندرجات:

1. سالانہ اجلاس عام کے لئے اراکین کا رجسٹر اور شیئر ٹرانسفر Books مورخہ 13 نومبر 2021ء سے 20 نومبر 2021ء (بشمول دونوں ایام)

عام جنرل اجلاس کا نوٹس

نوٹس ہذا سے مطلع کیا جاتا ہے کہ دارالسلام ٹیکسٹائل ملز لمیٹڈ کے اراکین کا سالانہ اجلاس عام 20 نومبر 2021ء کو بروز ہفتہ 09:30 بجے صبح کمپنی کے رجسٹرڈ دفتر واقع مکان نمبر 37، گلی نمبر 14، کیولری گراؤنڈ، لاہور کینٹ میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور:

1. 30 جون 2021ء کو اختتام پذیر سال کے لئے آڈیٹرز اور ڈائریکٹرز کی رپورٹ اس پر جائزہ رپورٹ کے ہمراہ کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس کو وصول کرنا، انہیں زیر غور لانا اور اپنانا۔
2. 30 جون 2022ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کا تقرر کرنا اور ان کا مشاہیرہ طے کرنا۔ اراکین کو باضابطہ مطلع کیا جاتا ہے کہ 30 جون 2022ء اختتام پذیر سال کے لئے بورڈ آف ڈائریکٹرز اور بورڈ آڈٹ کمیٹی نے میسرز رضوان اینڈ کو چارٹرڈ اکاؤنٹنٹس کیپٹور کمپنی آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔
3. کمپنیز ایکٹ 2017 کے قواعد کے تحت 20 نومبر 2021ء سے مؤثر عرصہ تین سال کے لئے بورڈ کے مقرر کردہ سات (7) ڈائریکٹرز کا انتخاب کرنا۔

1. مسٹر فیصل مختار	2. مسٹر محمد یوسف
3. مسٹر اعجاز حسین	4. مسز نیلوفر مختار
5. مس عابدہ مختار	6. مسز مہوش فیصل مختار
6. چوہدری محمد گل نواز	

خصوصی امور

4. کمپنی نام کی تبدیلی کو زیر غور لانا اور منظوری دینا اور مناسب سمجھنے پر مندرجہ ذیل قرارداد کو بحال/علاوہ ترمیم، اضافہ یا حذف خصوصی قرارداد کے طور پر پاس کرنا۔

قرار پایا کہ کمپنیز ایکٹ 2017ء کے سیکشن (i) 26(1) کی پیروی میں اور سیکورٹیز اینڈ ایکسچینج آف پاکستان کی منظوری سے مشروط کمپنی نام کو دارالسلام ملز لمیٹڈ سے DTMRینٹل اسٹیٹ لمیٹڈ میں تبدیل کر دیا جائے۔

مزید قرار پایا کہ کمپنیز ایکٹ 2017ء کے سیکشن 12 کے تحت سیکورٹیز اینڈ ایکسچینج آف پاکستان کی منظوری سے مشروط کمپنی نام کو دارالسلام ملز لمیٹڈ سے "DTMRینٹل اسٹیٹ لمیٹڈ" میں تبدیل کر دیا جائے اور بعد ازاں نام کو کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں تبدیل کر دیا جائے اور اس بات تمام دیگر تقاضے پورے کئے جائیں۔

آرٹیکلز آف ایسوسی ایشن کے آرٹیکل 1 میں حسب ذیل ترمیم کی جاتی ہے:

"کمپنی سے مراد DTMRینٹل اسٹیٹ لمیٹڈ ہے"

مزید قرار پایا کہ کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن اور/یا دیگر معاہدوں، دستاویز، عنوانات وغیرہ میں جہاں بھی دارالسلام ٹیکسٹائل ملز لمیٹڈ موجود ہو "DTMRینٹل اسٹیٹ لمیٹڈ" سے تبدیل کر دیا جائے۔

مزید قرار پایا کہ اراکین کی جانب سے تازہ ترین قرارداد کی منظوری کے بغیر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں ان قراردادوں میں ترمیم کے لئے بورڈ یہاں باضابطہ طور پر بااختیار ہے۔

مزید قرار پایا کہ مذکورہ بالا قرارداد کے اطلاق کے لئے حسب ضرورت کمپنی کے چیف ایگزیکٹو آفیسر اور/یا کمپنی سیکریٹری اپنی کلی صوابدید پر ضروری یا

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on November 20, 2021.

AGENDA ITEM 4

TO CONSIDER AND APPROVE THE CHANGE OF COMPANY NAME

The Company sought approval of the shareholders for change of name of the Company to Dar es salaam Limited; however, Registrar of Companies did not permit us to use the said name which forced the Company to obtain another name “DTM Real Estate Limited” from Registrar of Companies to ensure that name of Company commensurate with the principal line of business. The Company is seeking fresh approval from the shareholders for change of name of the Company to “DTM Real Estate Limited”. Change of name shall not affect any legal proceedings that might have commenced by or against the Company under its former name and would also not affect rights and obligations of the Company. The information required under SRO 423(I)/2018 dated April 03, 2018 is as under:

i) Reasons and effects of change of name by the company

In order to make sure that the new Principal Line of Business of the Company is consistent with the name of the Company, it has been decided by the Board of Directors of the Company that name of “Dar es salaam Textile Mills Limited” be changed to “DTM Real Estate Limited”. The availability of the name “DTM Real Estate Limited” for use by the Company has been confirmed by the office of the Registrar of Companies, Securities and Exchange Commission of Pakistan, Lahore. Consequent to the change in the name of the Company, alteration in Memorandum and Articles of Association would also be required, wherever the extent name of the Company appears. Since prior consent of the members by way of a special resolution is required for affecting any change in the name of a company, consent of the members to the change the name of the Company is being sought in terms of the Special Resolution set out in the Notice.

Upon approval by the members, the Company shall make an application to the Registrar of Companies, Securities and Exchange Commission of Pakistan, Lahore for approving the change in the name of the Company and issuing a fresh Certificate of Incorporation to the Company in the new name as aforesaid, upon receipt of which the Company shall make the required alteration in the Memorandum and Articles of Association of the Company, title of bank accounts, deeds, registration, other documents etc. so that the said documents reflect the new

name as aforesaid, in place of the Dar es salaam Textile Mills Limited, the current name of the Company.

ii) Proposed new name of the company

“DTM Real Estate Limited”

iii) Confirmation that the proposed name is not incommensurate with the principal line of business of the company

There is nothing inappropriate in the proposed name that give rise to any disparity with the principal line of business.

iv) If change of name is due to diversification of main business activities or entering a new geography etc. same shall be disclosed

Not applicable

Interest of directors and their relatives

No Directors or Chief Executive of the Company or their relatives have any interest in the approval of Alternate Business Plan of the Company except in their capacities as Directors / Chief Executive / Shareholders. The Directors also undertake and confirm that they have carried out due diligence in respect of Alternate Business Plan.

Availability of Relevant Documents

The documents pertaining to foregoing Special Businesses are available for inspection at the Registered Office of the Company on any working day up to November 19, 2021 during Business Hours and also at the time of Annual General Meeting.

AGENDA ITEM 5

DISPOSAL OF FREEHOLD LAND AND BUILDINGS ON FREEHOLD

With the approval from shareholders to change its principal line of business obtained on 10th April 2021, the Company intends to seek fresh shareholders’ approval to also dispose off freehold land and building as to successfully implement the alternate business plan. The management is also in discussion with the main lenders to settle the loans against sale of land and building and it is expected that remission/waiver of substantial amount on account of mark up and principal amounts subject to repayment of loans as per settlement. The Company is in process of obtaining NOCs from all the banks which is expected to be issued before convening of annual general

meeting which shall be presented before the shareholders in the annual general meeting. As a result of the agreements with the financial institutions; mark up over and above contractual amounts may be written back if the management is able to comply with all terms and conditions of the settlements. It is expected that the Company may be able to settle its government dues and other liabilities that may result into write back of liability.

The Board has proposed to dispose off freehold land and buildings to settle amounts due to lenders, creditors and to utilize available funds in the alternate business as permitted by Memorandum of Association of the Company. It is expected that land and building would fetch more than carrying amounts. It is brought to the knowledge of members that the directors of the Company have carried out necessary due diligence before making decision with regard to disposal of land and building and to implement an alternate business plan. The information required under SRO 423(I)/2018 of April 03, 2018 is as follows:

Description/Name of asset	Land	Building
Acquisition date of the asset	16 th December 1989	On or after 16 th December 1989
Cost	Rupees 2,346,030	Rupees 89,210,727
Revalued amount / Carrying value	Rupees 197.891million	Rupees 144.000 million
Date of revaluation/valuation	June 30, 2021	June 30, 2021
Book value	Rupees 197.891million	Rupees 144.000 million
Approximate current market price/fair value	Rupees 197.891million	Rupees 144.000 million
In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof	Not Applicable	Building may not fetch its fullest price owing to non-maintenance of building over the period of last five years.
In case of lease of assets, tenure, lease rentals, increment rate mode/basis of determination of lease rentals; and other important terms and conditions of the lease	Not Applicable as approval of the shareholders already sought on April 15, 2021.	
Additional information in case of disposal of land		
- Location	10 Kilometer Muridke-Sheikhupura Road, Lahore	

- Nature of land	Industrial
- Area proposed to be sold	126 Kanals and 13 marlas 250,417 SFT
The proposed manner of disposal of the said assets	The assets shall be disposed off through tenders in newspapers.
In case the company has identified a buyer, who is a related party the fact shall be disclosed in the statement of material facts.	Not Applicable
Purpose of the sale, lease or disposal of assets along with following details	To settle loans with the secured lenders, government liabilities and other creditors and to implement an alternate business plan;
a) Utilization of the proceeds received from the transaction;	To settle the obligation towards the lenders, trade creditors, government dues and other liabilities and to implement alternate business plan.
b) Effect on operational capacity of the company, if any; and	The proposed sale of land and building would not further adversely affect the operations of the Company as operations of the Company had already been ceased.
c) Quantitative and qualitative benefits expected to accrue to the members	Revival of the Company as per attached business plan
In case of sale or disposal of the undertaking of the company that may lead to closure of business or winding up of a company, the following information shall be provided in addition to the information as required in Para I above:	
i) A brief containing all the necessary details of viable	Business plan attached

alternate business plan duly authenticated by the board; including total cost of the proposed future business plan and means of financing;

ii) Expected time of completion of the proposed project; and

iii) The mode of disposal in this case shall be through tender in newspapers.

*Fair values of freehold land, building on freehold land were determined by an independent valuer on September 19, 2021. It is expected that sale price of land and building would result in gain on sale of land and building.

Future Business Plan

In lieu of the approval sought on 10th April 2021, the management has assessed the liquidity requirements of the Company keeping in mind market conditions and proposed to dispose off freehold land and buildings and to enter into the business of real estate and allied for which approval of the shareholders have already been sought but could not be implemented due to non-availability of the name of the business "Dar es Salaam Limited". Financial Projection of the proposed business plan is attached with this notice as Annexure 'A'. Copy of the detailed feasibility report of the proposed business plan is available for inspection from the Registered Office of the Company as well as on Company's website: <http://www.daressalaamtextilemills.com>. The expected total cost of the project is around Rupees 150 million to manage working capital requirements and capital expenditure and expected to be implemented in next financial year.

Benefits Expected to Accrue to the Shareholders

Due to change in the line of business and future profitability, the management is expecting to pay dividend to its members in the third year of implementation of alternate business plan. This will also result in better performance of the Company as a whole and will enhance the members' value.

Due diligence for the disposal of land and building

The directors of a Company hereby undertaking to the members of the Company that they have carried out necessary due diligence for the disposal of land and building and recommendations of the due diligence report is also available for inspection in the general meeting.

Inspection of Documents

Information pertaining to company's Memorandum and Articles of Association, copy of viable alternate business plan duly authenticated by the board, financial projections, due diligence report for disposal of assets and other related information of the Company may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

Interest of directors and their relatives

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings in the Company.

Statement of material facts under Section 166 (3) of the Companies Act, 2017

The term of office of the present Directors of the Company will expire on October 28, 2021. In terms of Section 159(1) of the Companies Act, 2017 ("Act"), the directors have fixed the number of elected directors at 7 to be elected in the Annual General Meeting for a period of three years. The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

- 1 Any person who seeks to contest election to the office of director shall, whether he is a retiring director or otherwise, file with the Company at its Registered Office not later than fourteen days before the date of the meeting, the following documents:
 - a) Notice of his/her intention to offer himself/herself for election of directors in terms of Section 159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017;
 - b) A detailed profile along with office address as required under SECP's SRO 634 (I)/2014 dated 10 July 2014;
 - c) A director must be a member of the Company at the time of filing of his/her consent for contesting election of directors except a person representing a member, which is not a natural person.
 - d) A signed declaration confirming that he/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;

- e) A signed declaration confirming that he/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2017, and any other applicable law, rules and regulations. Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

For any query/problem/information, members may contact the Company and share Registrar at the following address:-

<u>INVESTORS' RELATIONS DEPARTMENT OF THE COMPANY</u>	<u>SHARE REGISTRAR OF THE COMPANY</u>
Or write a letter to: The Company Secretary Dar es Salaam Textile Mills Limited House No 37, Street No 14, Cavalry Ground, Lahore Cantt., Lahore Email: info@daressalaamtextilemills.com	M/s Corplink (Pvt.) Limited Wing Arcade, 1-K Commercial, Model Town, Lahore

INSPECTION OF DOCUMENTS

Copies of Memorandum and Articles of Association, Statement under Section 166(3) of the Companies Act 2017, financial statements of the Company and other related documents etc., may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.



DAR ES SALAAM
TEXTILE MILLS
LIMITED

BUSINESS PLAN

Table of Contents

Introduction	2
Purpose of Business Plan	2
Future Business Plan – Leasing / Warehousing and Investment in Real Estate.....	3
Improving Long Term Ratios	4
Dividends for Minority Shareholders	4
Conclusion.....	4
Financial Projections.....	5
Statement of Profit or Loss	5
Statement of Financial position	6

Introduction

Purpose of Business Plan

The purpose of this business plan is to provide an overview on Dar-Es-Salam Textile Mills (DTM) plans for the revival of the company and the company's future. DTM started as a yarn manufacture, however, given the challenges it has faced, the management believes that a change in the main line of business is a key to success. Therefore, the management is seeking approval to change its main line of business to leasing/warehousing property and to deal in all kinds of immovable property including land and building, commercial and industrial items. In order to execute the plan, the management will also seek approval for sale of its freehold land and building.

The Company

Dar es Salaam Textile Mills Limited, based in Muridke, Sheikhpura district, was set up as a spinning unit in 1989. The Company was listed on the Pakistan Stock Exchange Limited (then Karachi Stock Exchange (Guarantee) Limited). It started its production with 12,480 spindles in 1989 and in 1992, the production capacity was enhanced to 16,320 spindles. Over its two decades of chequered growth; it experienced remarkable returns in early 2000 to extremely challenging times in recent years.

In Fiscal Year 2013-14, the company suffered electricity disconnection from August 2013 to November 2013 owing to floods in the area that resulted in reduced production and higher costs. Moreover, due to deteriorating market conditions, pressure from all creditors – banks and market, reduced market demand, the management shut down operation in August 2014. The management tried to raise capital to restart operations via foreign investment, however given the circumstances of the textile industry in Pakistan and country risk, the deal fell through. With the increasing pressure of banks to service its debt, the management felt that the most viable solution would be to sell the unit to a credible party. The old management entered into a rental agreement with Sally Textile with the understanding of future sale. Unfortunately, due to Sally Textile's inability to satisfy the lead lender, the deal fell through. Sally Textile officially withdrew their Public Offer on 28th November 2016.

After the rescinding of the Public Offer, the original stakeholders with new management took back physical possession of the unit. After repossession, the new management assessed the liquidity requirements of the Company and obtained approval to sell freehold land, buildings, plant and machinery and stores and spares, to enter into trading of man-made fibres (including but not limited to polyester, viscose and acrylic), yarn and shares.

Although the management successfully sold the plant and machinery and paid off some of its creditors, it was unable to sell the land & building. The foremost reason for the delay in sale of land and building was the global pandemic of Covid 19. Nonetheless, the management constantly strived to look for opportunities that would allow it to revive the company and make it a profitable entity for its shareholders. Therefore, in April 2020, it sought permission to lease out land and building to meet cash flow requirements. Given the positive returns from rental, the management is seeking approval to change its main line of business to leasing/warehousing property.

Future Business Plan – Leasing / Warehousing and Investment in Real Estate

The management had assessed numerous options to satisfy its debt obligations and to convert Dar es Salaam Textile into a profitable venture by changing its principal line of business to leasing / warehousing and dealing in investment properties and its name to “DTM Real Estate Limited.”

Rational for Leasing / Warehousing and Investment in Real Estate

The Company, in its meeting held on April, 30th 2018 decided to dispose-off freehold land, buildings, plant and machinery including related spare parts and other assets to settle amounts due to lenders and creditors and to implement alternate business plan. Accordingly, the Company disposed-off plant & machinery along with stores, spares and loose tools in accordance with the approval of the shareholders whereas disposal of land and building could not be completed. The predominant reason was the pandemic impact that resulted in lack of buyers despite the marketing by management in print media and efforts of the management. In order to ensure the continuity of the Company, an Extraordinary General Meeting of the Company was held on April 20th 2020 to seek shareholders’ consent to lease out the Company’s premises in absence of any serious buyer.

The interim decision to lease out the business by the management has turned into a viable option. The Company earned a net profit of Rupees 1.5 million in its financial statements for the period ending March 31st 2021 and improved its ratios especially Earnings Per Share. The management also started to settle its liabilities through its rental income. Therefore, given the positive returns of leasing out its premises, the company sought approval from its shareholders on 15th April 2021 to change its principal line of business to leasing / warehousing property and to deal in all kinds of immovable property including land and building, commercial and industrial items.

In recent months, with the increasing vaccination rates, the world is slowly opening up and business is reviving. In the same time, the company has witnessed a substantial increase in its land valuation and is looking to seek fresh approval to dispose off its freehold land and building. In lieu of its new business plan, the management wishes to settle its liabilities and to reinvest the money in different investments that yield a higher return for the company. Not only does the company substantially reduce its liabilities, it is able to revive its business, generate profits and becoming a viable entity. Therefore, the Company is seeking approval to change its name so that it reflects its new main line of business from manufacturing to real estate and to sale its freehold land and building, in the best interest of the shareholders.

Improving Long Term Ratios

Although the new management has reduced the Company’s debt by PKR 130 million over the past four years, the Company is highly leveraged. The management believes that with funds generated from the sale of the property, it can comfortably settle its creditors / liabilities. The management projects that a substantial amount of funds will remain and will allow it to reinvest the monies to earn rental income as well as profit from the sale / reinvestment in land.

As per the projections shared, the management will aim to clear majority of its liabilities in the first two quarters – from its first charge lenders, government debt and its trade and other creditors. Overall, the management is aiming to reduce its total liabilities by approx. PKR 350 million – the first charge lenders, government debt and trade and other payables. The management plans to use the remaining funds and reinvest into rental income and investment properties that allow it to generate substantial income and profitability in the future.

Dividends for Minority Shareholders

As per the projections shared, the management plans to issue dividends to its minority shareholders from the third year on.

Conclusion

In order to ensure continuity of the Company and to serve all of its shareholders, the management is eager to seek approval to its new name, seek fresh approval of freehold land and building and new business plan. The management strongly believes in the new line of business and is positive that it will reap benefits to the company, its shareholders and the exchequer as the Company will become an active tax payer.

Financial Projections

Statement of Profit or Loss

	Year 1	Year 2	Year 3	Year 4	Year 5
Income for Business Activities	-	18,000,000	34,400,000	34,840,000	40,324,000
Other Income	320,242,970	3,200,000	3,200,000	3,200,000	3,200,000
Administrative Expenses	(9,120,000)	(15,201,000)	(15,788,690)	(16,418,673)	(17,092,858)
Other operating Expenses	(6,100,941)	(118,608)	(644,830)	(702,379)	(844,434)
Operating Profit/(Loss)	305,022,029	5,880,392	21,166,480	20,918,948	25,586,708
Finance Cost	25,000	50,000	75,000	100,000	125,000
Changes in Fair Value of Investment Property	-	-	11,000,000	13,600,000	15,960,000
	25,000	50,000	11,075,000	13,700,000	16,085,000
Profit & (Loss) Before Taxation	305,047,029	5,930,392	32,241,480	34,618,948	41,671,708
Income Tax Expenses	(51,857,995)	(1,719,814)	(9,350,029)	(10,039,495)	(12,084,795)
Profit After Taxation	253,189,034	4,210,578	22,891,451	24,579,453	29,586,913
Earning Per share	31.65	0.53	2.86	3.07	3.70

Statement of Financial position**Dar Es Salaam Textile Mills Limited
Projected Statement
Balance Sheet**

	Year 1	Year 2	Year 3	Year 4	Year 5
Non Current Assets					
Investment Property	-	110,000,000	136,000,000	159,600,000	175,560,000
Current Assets					
Advances, Deposits and other receivables	1,584,883	1,267,906	1,141,116	1,027,004	924,304
Tax refunds due from GOVT	4,056,968	3,056,968	-	-	-
Advance Income Tax	16,440,939	-	-	-	-
Short term Investments	150,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Cash & Bank Balances	43,757,576	9,605,556	9,192,373	2,975,404	6,750,317
	215,840,366	53,930,431	50,333,489	44,002,408	47,674,621
Current Liabilities					
Trade & Other Payables	8,600,941	2,618,608	2,500,000	2,500,000	2,500,000
Unpaid dividend	1,159,777	1,159,777	1,159,777	1,159,777	1,159,777
Dividend for the year		4,000,000	4,000,000	8,000,000	8,000,000
Accrued Mark up	12,696,198	12,696,198	12,696,198	12,696,198	12,696,198
Short Term Borrowing	32,568,943	32,568,943	32,568,943	32,568,943	32,568,943
Current Portion of long term Financing	-	-	-	-	-
Income Tax Payable	51,857,995	1,719,814	9,350,029	10,039,495	12,084,795
	106,883,854	54,763,340	62,274,947	66,964,413	69,009,713
	108,956,512	(832,909)	(11,941,458)	(22,962,005)	(21,335,092)
	108,956,512	109,167,091	124,058,542	136,637,995	154,224,908
Share Capital	80,000,000	80,000,000	80,000,000	80,000,000	80,000,000
Accumulated Loss	(69,223,024)	(65,012,445)	(46,120,994)	(29,541,541)	(7,954,628)
Loan From Sponsors	98,179,536	94,179,536	90,179,536	86,179,536	82,179,536
	108,956,512	109,167,091	124,058,542	136,637,995	154,224,908

CHAIRMAN'S REVIEW

As we closed another financial year, it is my immense pleasure to present the review report under the requirement of section 192 of the Companies Act, 2017 for the year ended June 30, 2021 highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of its stakeholders.

As always, the Company remains committed to its revival and is actively implementing its new business strategy with the change in its principal line of business. The focus of the Company's management is to revive the company to a profitable entity and settle the Company's liabilities towards lenders and other creditors and to utilize available funds for implementation of alternate business plan. I am confident that the Company will be successful in meeting the future challenges and targets.

Overall performance of the Board

According to the requirements of the Companies Act and Code of Corporate Governance, the Directors have performed their duties diligently and effectively in the best interest of the Company.

For the purpose of Board evaluation, a comprehensive criteria has been developed. The Board has recently completed its annual self-evaluation for the year ended June 30, 2021 and I report that:

The overall performance of the Board for the year, measured on the basis of approved criteria, was satisfactory.

Secretaries of all Committees conducted annual evaluation and for which questionnaire were circulated to members to give their explanation and feedback on performance of the Committee.

During the year; the Board played an effective role in managing the affairs of the Company in the following manner:

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as laid down in the Code and shall ensure to implement the requirements of new Code in its true letter and spirit;
 - The Board performed their duties and reviewed, discussed and approved business strategies, corporate objectives, plans, financial statements and other reports. Members received clear and complete agendas and relevant written material in sufficient time prior to Board and committee meetings;
 - The Board has ensured that members of the Board and its respective committees possess adequate skills, experience and knowledge to manage the affairs of the
-
-

Company. The Board shall ensure that the directors shall be provided with the requisite training to enable them to perform their duties in an effective manner to ensure that directors seek certification in accordance with the Code;

- The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and is committed to ensure high standards of corporate governance to preserve and maintain stakeholder value;
- The Board has a clear understanding of the stakeholders (shareholders, employees, vendors, society at large) whom the Company serves. The Board has a strategic vision of how the Organization should evolve over the next three to five years. Further, the Board sets annual goals and targets for the management in all major performance areas;
- All the significant issues were presented before the Board or its committees to strengthen and formalize the corporate decision-making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendations of the Audit Committee;
- The Board has ensured that sound system of internal controls are in place; and
- The Board has complied with all the regulatory requirements and acted in accordance with the applicable laws and best practices.

Acknowledgement

Being the Chairman of the Board, I would like to thank all our Board members for their commitment and contribution. I will remain firmly committed to ensure that the Company complies with all the relevant provisions of the Code and other regulations and ensuring that our management team continues to take decision that will create value for you in the short, medium and long term.

Lahore
October 29, 2021


Faisal Mukhtar
Chairman

DIRECTORS' REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the 31st Annual Accounts for the year ending June 30th, 2021.

Economic Outlook

With increasing rate of vaccination, the world is slowly opening up. The Pakistani economy, like the rest of the world, is also moving towards recovering from the challenges brought forth by the pandemic, however there is a long way to go before the world resumes normalcy.

With regards to the company, after much deliberation, the management held an Extra Ordinary General Meeting on April 15th, 2021 and sought approval from the shareholders to change its principal line of business and the name of Company. The management took the decision to change its main line of business as it had seen success in renting / leasing out its premises on a competitive rate and recently, witnessed a substantial increase in the value of its land. The management feels that this is the opportune time for the Company to seek new investment opportunities that can yield beneficial returns and better ratios for the Company and its shareholders. Therefore, the management is seeking permission from its shareholders for new name, sale of its land and building and to implement alternate business plan and to reinvest the proceed post payment/settlement of liabilities towards more lucrative investments. The management is excited towards its new line of business and is in process of its implementation. The management is proud to announce that it closed its year with a positive bottom line and a positive EPS.

Description	June 30, 2021(PKR)	June 30, 2020(PKR)
Sales	-	-
Other Income *	23,952,982	5,345,000
Admin & Operating Expenses	(17,432,565)	(52,529,534)
Operating Profit /(Loss)	6,520,417	(47,184,534)
Changes in fair value of investment property	19,760,000	93,649
Profit/(loss) after taxation	21,111,871	(49,737,672)
Earnings Per share	2.64	(6.21)

The company net profit for the year ended June 30th 2021, PKR 21.1 million with EPS of PKR 2.6 per share vis-à-vis net loss of PKR 49.7 million and Loss per Share of PKR 6.21 per share.

Furthermore, as illustrated in the Auditors report, the management made further efforts for removal certain reservations of the Auditors and despite the adverse opinion of the Auditor, it is confident that it will revive an unmodified opinion.

Corporate Social Responsibility (CSR)

The Company gives high priority to its social responsibilities and is committed to the highest standards of corporate behaviour despite of the fact that it has increased its cost of doing business. The Company believes in having shared value and having healthy work place. Since the operations of the Company have been suspended for the time being hence much monetary spending on CSR initiatives is not being carried out. The

Company upon implementation of its alternate business plans aims to continue its CSR initiatives in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Related Party transactions

All related party transactions during the financial year ended on 30 June 2021 were placed before the Audit Committee and the Board for their review and subsequently approved. These transactions were reviewed by the Audit Committee and approved by the Board. All these transactions were in line with the transfer pricing methods and the policy for related parties approved by the Board.

Code of Conduct

The Company strives to enhance corporate governance as one of the most important tasks for its management, based on the Company's basic principle, in order to strengthen the trust of our shareholders, customers & society and seek sustainable growth and enhance corporate value.

Corporate and Financial Reporting Framework

The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity. The Company is committed to good corporate governance and financial statements together with notes have been drawn up with in conformity with the provisions of the Companies Act, 2017. International Financial Reporting Standards have been followed in preparation of these financial statements and accounting policies have been consistently applied in preparation of the financial statements.

Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their listing regulations relevant for the year ended June 30, 2021 were duly complied with and a statement to this effect is attached with the report.

The Board of Directors

The Board of Directors is composed of seven members, with statutory representation of different category of directors, which includes an independent director, non-executive directors and executive directors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Board is responsible for making strategic decisions with respect to important management matters, including execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating matters according to established criteria: assessing risks and giving due consideration to ground realities. The Board is also responsible for supervising and monitoring conduct guidelines. The composition of Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Khan
Non-executive Directors	Mr. Faisal Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Ejaz Hussain
Executive Directors	Mrs. Nilofar Mukhtar Ms. Abida Mukhtar

Board Meeting and Attendance

During the year five meetings of the Board of Directors of the company were held attendance by each director is shown below:

Sr. No	Name	Attendance
1.	Mrs Nilofar Mukhtar	5
2.	Mr. Faisal Mukhtar	5
3.	Mrs. Mahwesh Faisal Mukhtar	5
4.	Ms. Abida Mukhtar	5
5.	Ejaz Hussain	5
6.	Mr. Muhammad Yousaf	5
7.	Muhammad Gul Nawaz	5

The Board of directors has established Audit Committee as well as HR and Remuneration Committee in compliance with the Code of Corporate Governance which comprises of the following members, no. of meetings by each member is also given:

Audit Committee Meeting and Attendance

During the year four meetings of the audit committee of the company were held; attendance by each member is as under

Sr. No	Name	Attendance
1.	Mr. Muhammad Gul Nawaz	4
2.	Mrs. Mahwesh Faisal Mukhtar	4
3.	Mr. Faisal Mukhtar	4

HR and Remuneration Committee

During the year, one meeting of HR and Remuneration Committee of the company was held; attendance by each member is as under.

Sr. No	Name	Attendance
1.	Mr. Muhammad Yousaf	1
2.	Mr. Faisal Mukhtar	1
3.	Ms. Mahwesh Faisal Mukhtar	1

Internal Financial Controls

A system of sound internal control is established and implemented at all levels within the Company. The system of internal control is sound in design for ensuring achievement of company's objectives, operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Financial Statements

The financial statements of the company have been duly audited and signed by the auditors of the Company, M/S Rizwan & Company Chartered Accountants, and their report is attached with the financial statements. Auditors of the Company have given an adverse opinion despite the discussions that the pandemic resulted in the withdrawals of from potential deals by two interested parties. In addition, the management also realized a short-term plan to meet cash flow requirements and to gradually pay down debt. Moreover, the company's management is avidly pursuing sale of its land and business and hopes to be able to fulfil its plan in the near future. The response of your directors with respect to the same are as follows:

Reservation	Justification
<p>a) As at reporting date; the Company's accumulated loss stood at Rupees 322.412 million (2020: Rupees 343.524 million), its equity has been eroded fully and its current liabilities exceeded its current assets by Rupees 466.577 million (2020: Rupees 479.548 million). Moreover, the financial results show adverse key financial ratios and cases against the Company by the banking companies (as fully explained in note 22) for recovery of the loan amounts, the outcome of these cases remain uncertain. The Company has not been able to repay long term financing and short-term borrowing obtained from banking companies amounting to Rupees 160.868 million and Rupees 116.220 million respectively and accrued markup thereon even after lapse of considerable time. Securities and Exchange Commission of Pakistan has initiated winding up proceedings against the Company under Section 301 of the Companies Act, 2017. The Company neither been able to dispose off land and building to settle liabilities towards lenders and creditors nor be able to implement alternate business plan as envisaged in approval sought from shareholders April 30, 2018. Subsequently, the Company decided to change its main business object in accordance with the approval sought from shareholders on April 15, 2021 to change</p>	<p>The management is aware of the challenges it has faced over the past several years and has made continuous efforts to revive the Company. Over the last 18 months, the management has turned around a loss-making business to a profitable business – PKR 21 million (2021) from loss of PKR (49.2) million in 2020 with a positive Earnings Per Share of PKR 2.64 in current year from a Loss per Share of PKR 6.21 in the corresponding year .</p> <p>With the recent approval sought from the shareholders to change it principal line of business towards real estate, and with the new business plan in place, the management is confident to not only revive the Company but to settle its liabilities and implement alternate business plan as approved by the shareholders.</p>

its main object clause to engage in real estate business; However, the Company has not been able to complete the process of change of its object clause and name from the Securities and Exchange Commission of Pakistan despite approvals sought from the shareholders on April 15, 2021. Moreover, the business plan as presented before the shareholders does not provide timeline for generation of sufficient funds to settle liabilities towards lenders and trade creditors. Subsequent to reporting date; the Company is seeking another approval from shareholders for disposal of land and building to settle its liabilities towards lenders and trade and other payables and implement alternate business plan. These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in normal course of business. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. In our opinion, the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

b) As fully explained in notes 15, 16 and 21 to these financial statements; the Company is in litigation with the banking companies and the Company had neither determined and provided the amount of markup/cost of funds on long term financing amounting to Rupees 144.233 million (except for restructured financing from the Bank of Punjab) and short-term borrowings amounting to Rupees 116.220 million in these financial statements. As per confirmation received from the banking companies; there are unidentified net differences of Rupees 29.010 million and Rupees 0.675 million in loan amounts and markup amounts respectively as per books of account of the Company for which neither

The management is already in talks with its creditors to settle the liabilities and to obtain confirmation.. The markup amounts accrued in the Company's accounts do not reflect the settled mark-up amount. The difference in mark-up amount shall be settled upon execution of settlement with the Banks. Moreover, as noted in 21.1.10, NBP has lodged a frivolous and time barred claim of Rupees 51.48 million based upon the LC's facilities sanctioned about 7/8 years back. The Company has challenged this claim in court and believes there is no scope of any fiscal loss to the Company in this matter.

<p>any adjustment nor reconciliation were provided to us. The said net difference includes amount of Rupees 51.48 million (Principal of Rupees 28.122 million and markup of Rupees 22.908 million) not recognised by the Company against Financing Imported Merchandisers (FIM)/LCs facilities as per confirmation received from National Bank of Pakistan owing to litigation involved with National Bank of Pakistan and National Accountability Bureau as explained in note 21.1.10 to the financial statements. Based on available underlying records, response from legal counsel and confirmations from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.</p>	
<p>c) Trade and other payables of Rupees 124.830 million as disclosed in note 13 includes creditors and other liabilities amounting to Rupees 99.306 million which could not be verified in absence of complete underlying records, non-circularisation of confirmations letters to the parties and through alternate procedures. The cumulative effect of this matter has neither been determined not adjusted in these financial statements.</p>	<p>Most of these amounts are older than five-years and are time barred in accordance with the Limitation Act. In addition to that, these trade and other payables are owned to traders / farmers that have limited booking keeping abilities. Therefore, most of these individuals / companies are not able to provide written confirmations.</p>
<p>d) As fully explained in the note 21.1.5 to the financial statements; the Company has not recognised liability to the extent of Rupees 22.954 million against Gas Infrastructure Development Cess in these financial statements. The effect of this matter has not been adjusted appropriately in these financial statements.</p>	<p>The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.</p> <p>During the current year, Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Later, the said Ordinance</p>

	<p>was withdrawn by the Federal Government and pending decision with The Supreme Court of Pakistan. Now Subsequent to the reporting date; Supreme Court of Pakistan has announced on August 13, 2020 its reserved verdict on the Gas Infrastructure Development Cess (GIDC) and has rejected the appeals and ordered the companies to pay the outstanding amount. Despite the Supreme Court of Pakistan verdict specifically the textile industrial units feel grieved and levy of unjustified cess applied contrary to the provisions of the GIDC ACT, 2015. The Textile companies through APTMA has filed a review petition before the Honorable Supreme Court of Pakistan.; therefore, the amount of the GIDC amounting to Rupees 22.954 million has not been recognized in these financial statements as the Company is of the view that decision on review petition by Supreme Court of Pakistan shall be decided in favour of the Company. the company in September 2021 obtained a direction for SNGPL from High Court to reassess the claim with the High-Powered Committee.</p>
<p>e) The Company has not recognised liability in respect of Workers’ profit participation fund amounting to Rupees 1.300 million in accordance with the provisions of the Companies Profits (Workers Participation) Act, 1968 as applicable in the Province of the Punjab. The effect of this matter has not been adjusted appropriately in these financial statements.</p>	<p>As the Company is not engaged in any industrial activities; therefore, the management is of the view that liability in respect of Workers’ profit participation fund is not required to be incorporated in these financial statements. Moreover, there is no worker under the definition of the Companies Profits (Workers Participation) Act, 1968 employed by the Company.</p>
<p>f) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1.160 million in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.</p>	<p>The Company issued dividends in the Fiscal Year 2000 and FY 2001. Over the years, a small portion of the dividend remains payable. During the past two decades, the Company management has paid out dividend warrants at the request of the shareholders.</p>

As highlighted earlier, the management of the Company is in process of restructuring and considers the adverse opinion to be unmerited.

Pattern of Shareholding

The Company is listed on Pakistan Stock Exchange Limited. The pattern of shareholding as at June 30, 2021 along with disclosure as required under the Code of Corporate Governance is included in this Annual Report.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in the shares of the Company.

Statutory Auditors of the Company

The present auditors' M/S Rizwan & Company, Chartered Accountants will retire on conclusion of Annual General Meeting being held on November 20, 2021. As suggested by the Audit Committee, the Board of Directors has recommended their re-appointment as auditors of the Company for the year ending June 30, 2022.

Post Balance Sheet Events

No material changes or commitments affecting the financial position of the Company have occurred between the end of financial year of the Company and date of this report except for matter referred in the financial statements.

Chairman's Review

The accompanied Chairman's review deals with the performance of the Company for the year ended 30 June 2021 and future outlook. The directors endorse the contents of the review.

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, technicians, staff and workers who have vigorously to meet the target. Your directors also extend their appreciation to the company's banker, buyers and suppliers for their cooperation.

For and Behalf of the Board


Abida Mukhtar
Chief Executive Officer


Nilofar Mukhtar
Director

Lahore: 29 October 2021

جیسا کہ پہلے بیان کیا گیا ہے کمپنی کی انتظامیہ ری سٹرکچرنگ کے عمل میں ہے اور غیر تسلی بخش رائے کو میرٹ لیس سمجھتی ہے۔

شیر ہولڈنگ کی وضع

کمپنی پاکستان سٹاک ایکسچینج میں درج ہے۔ 30 جون 2021ء تک کوڈ آف کارپوریٹ گورننس کے تحت شیر ہولڈنگ کی وضع بعد اظہار سالانہ رپورٹ ہذا میں شامل کی گئی ہے۔ ڈائریکٹرز، CFO، CEO، کمپنی سیکریٹری، داخلی آڈٹ کے سربراہ اور ان کے اہلیان اور کم سن بچے کمپنی کے حصص کی تجارت میں شامل نہیں رہے۔

کمپنی کے قانونی آڈیٹرز

حالیہ آڈیٹرز میسرز رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس 20 نومبر 2021ء کو منعقد ہونے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ آڈٹ کمیٹی کی تجاویز پر بورڈ آف ڈائریکٹرز نے 30 جون 2022ء کو اختتام پذیر سال کے لئے ان کو کمپنی کا آڈیٹر دوبارہ مقرر کرنے کی سفارش کی ہے۔

بیلنس شیٹ کے بعد حالات و واقعات

ماسوائے مالیاتی اسٹیٹمنٹس میں ظاہر ہونے والے معاملات کے علاوہ مالیاتی سال کے اختتام اور رپورٹ ہذا کی اشاعت کے دوران کوئی ایسا معاملہ نہیں ہوا جس سے کمپنی کی مالیاتی حالت پر اثر پڑے۔

چیئر مین کا تجزیہ

منسلک چیئر مین کی جائزہ رپورٹ 30 جون 2021ء کو اختتام پذیر سال کے لئے کمپنی کی کارکردگی اور مستقبل کے منظر نامہ کا احاطہ کرتی ہے۔ ڈائریکٹرز نے تجزیہ کے متن کو تسلیم کیا ہے۔

اظہار تشکر

آپ کے ڈائریکٹرز کمپنی کے منجمنٹ، عملے اور ورکرز کی کوششوں کو سراہتے ہیں جنہوں نے اہداف کو پورا کرنے کے لئے ان تھک محنت کی۔ آپ کے ڈائریکٹرز کمپنی کے بینکرز، خریداروں اور سپلائرز کے تعاون پر بھی تہ دل سے شکریہ ادا کرتے ہیں۔

منجانب / برائے بورڈ

Mulofar Bukhuran
نیلوفر مختار
ڈائریکٹر

عابدہ مختار
چیف ایگزیکٹو آفیسر

لاہور: 29 اکتوبر 2021ء

<p>(d) مالیاتی اسٹیٹمنٹس کے نوٹ 21.1.5 میں موجود وضاحت کے تحت کمپنی نے ان مالیاتی اسٹیٹمنٹس میں گیس انفراسٹرکچر ڈیولپمنٹ سیس کی بابت 22.954 ملین روپے تک کے واجبات کو تسلیم نہیں کیا ہے۔ اس معاملے پر مالیاتی اسٹیٹمنٹس میں ایڈجسٹمنٹ موجود نہیں ہے۔</p> <p>انفراسٹرکچر ڈیولپمنٹ سیس کی مد میں 22.954 ملین روپے کا سرچارج عائد کیا۔ ہائی کورٹ نے ایک حکم دیا اور صنعتی اداروں کے معاملات پر نظر رکھنے کے لئے SNGPL کی ہائی پاور کمیٹی تشکیل دینے کی ہدایت کی۔ وفاقی حکومت نے سندھ ہائی کورٹ کا فیصلہ چیلنج کر دیا جس میں دوسری کمپنی کے مقدمہ میں GIDC کو غیر قانونی اور غیر آئینی قرار دیا گیا تھا اور انہوں نے سندھ ہائی کورٹ اور جرنیل سے حکم معطل کرنے کی درخواست کی تھی۔ دوسرے مقدمہ میں اپنا اور ہائی کورٹ نے اپنے 31 مئی 2017ء کے حکم میں گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2015ء کو جائز قرار دیا اور اسے درخواست گزار نے عدالت عظمیٰ پاکستان میں چیلنج کر رکھا ہے۔</p> <p>حالیہ برس کے دوران، وفاقی حکومت نے گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2015ء (ترمیمی) آرڈیننس 2019ء جاری کیا جس کے تحت 31 اگست 2018ء تک تمام واجبات پر 50 فی صد کی رعایت دی گئی۔ بعد ازاں، وفاقی حکومت نے مذکورہ آرڈیننس واپس لے لیا جو سپریم کورٹ آف پاکستان میں زیر التوا ہے۔ رپورٹنگ کی تاریخ تک سپریم کورٹ آف پاکستان نے 13 اگست 2020ء کو گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC) پر فیصلہ محفوظ کیا اور ایپلوں کو مسترد کر دیا اور کمپنیوں کو واجبات ادا کرنے کا حکم دے دیا۔ سپریم کورٹ آف پاکستان کے فیصلہ کے باوجود ٹیکسٹائل انڈسٹریل یونٹس نالاں ہیں اور GIDC ایکٹ 2015ء کے قواعد کے برعکس غیر منصفانہ سرچارج عائد کر دیا گیا۔ ٹیکسٹائل کمپنیوں نے اپنا کے ذریعے فاضل عدالت عظمیٰ پاکستان کے روبرو نظر ثانی کی اپیل دائر کی لہذا GIDC کو واجب الادا 22.94 ملین روپے کی رقم کو ان مالیاتی اسٹیٹمنٹس میں تسلیم نہیں کیا گیا ہے کیونکہ کمپنی کا نظریہ ہے کہ سپریم کورٹ آف پاکستان کی جانب سے نظر ثانی اپیل کا فیصلہ کمپنی کے حق میں آئے گا۔ ستمبر 2021ء میں کمپنی نے ہائی کورٹ سے SNGPL کے لئے ہدایات وصول کیں جس کے تحت ہائی پاور کمیٹی کے دعویٰ پر نظر ثانی کی جائے گی۔</p>	<p>(e) کمپنیز پرافٹ (ورکرز پارٹیشن) ایکٹ 1968ء کے تحت کمپنی نے 1.300 ملین روپے کے ورکرز پروفٹ پارٹیشن فنڈ کے ضمن میں واجبات کو تسلیم نہیں کیا۔ اس معاملے کے اثرات کو ان مالیاتی اسٹیٹمنٹس میں مناسب انداز میں ایڈجسٹ نہیں کیا گیا ہے۔</p>
<p>چونکہ کمپنی صنعتی سرگرمیوں کا حصہ نہیں ہے لہذا انتظامیہ کی نظر میں ورکرز پرافٹ پارٹیشن فنڈ کو ان مالیاتی اسٹیٹمنٹس میں ظاہر نہیں کیا جاسکتا۔ مزید برآں کمپنیز پرافٹ (ورکرز پارٹیشن) ایکٹ 1968ء کی تعریف کے تحت کمپنی نے کوئی ملازم بھرتی نہیں کیا ہے۔</p>	<p>(f) کمپنی ریکارڈ کی عدم دستیابی کے باعث ہم 30 جون 2000ء اور 2001ء کو اختتام پذیر مالیاتی سالوں سے متعلق 1.160 ملین روپے کا واجب الادا دعویٰ منافع منقسمہ کی تصدیق نہیں کر سکے۔ مزید برآں، کمپنی کمپنیز ایکٹ 2017ء کے سیکشن 244 کے معیارات کی تعمیل کے لئے اقدامات نہ اٹھا سکی۔</p>

<p>واجبات کی ادائیگی اور توثیق حاصل کرنے کے لئے فی الوقت انتظامیہ کے اپنے قرض خواہان کے ساتھ مذاکرات جاری ہیں۔ کمپنی کے کھاتوں میں درج مارک آپ طے شدہ مارک اپ کی رقم کی عکاسی نہیں کرتا۔ مارک اپ کی رقم میں فرق کو بینکوں کے ساتھ معاملات طے پا جانے کے بعد ادا کیا جائے گا۔ مزید برآں، نوٹ 21.1.10 کے مطابق NBP نے 7/8 سال قبل جاری کئے گئے LC کی بنیاد پر 51.48 ملین روپے کا تاخیری اور غیر سنجیدہ دعویٰ کیا ہے۔ کمپنی نے اس دعویٰ کو چیلنج کیا ہے اور یقین رکھتی ہے کہ اس معاملہ میں کمپنی کو کوئی مالیاتی نقصان نہیں ہوگا۔</p>	<p>(b) مالیاتی اسٹیٹمنٹس کے نوٹ 15، 16 اور 21 کے مطابق کمپنی اور بینکنگ کمپنیوں کے مابین مقدمات زیر التوا ہیں اور کمپنی نے ان مالیاتی اسٹیٹمنٹس میں 144.233 ملین روپے کے طویل مدتی اور 116.220 کے قلیل مدتی قرضوں پر (ماسوائے بینک آف پنجاب سے ری سٹرکچرڈ فنانسنگ کے) مارک اپ/ لاگت کی رقم کا تعین نہیں کیا ہے۔ بینکنگ کمپنیوں سے حاصل توثیق کے مطابق کمپنی کے کھاتوں کے مطابق قرض اور مارک اپ کی رقم میں بالترتیب 29.010 ملین روپے اور 0.675 ملین روپے کا خالص فرق ہے جس پر نہ ہمیں ایڈجسٹمنٹ اور نہ ہی تسلیج فراہم کی گئی ہے۔ مذکورہ خالص فرق میں 51.48 ملین روپے (پرنسپل) 28.122 ملین روپے اور مارک اپ 22.908 ملین روپے ہے) کو نیشنل بینک آف پاکستان اور قومی احتساب بیورو کے ساتھ قانونی چارہ جوئی کے باوجود نیشنل بینک آف پاکستان سے حاصل تصدیق کے</p>
<p>زیادہ تر رقم پانچ سال پرانی ہیں اور کمپنیشن ایکٹ کے تحت تاخیر کے ذمے میں آتی ہیں۔ مزید برآں، یہ تجارتی و دیگر واجبات ایسے تاجروں/کسانوں کی ملکیت ہیں جن کو کھاتے تیار کرنے میں دشواری ہوتی ہے۔ لہذا ان میں سے زیادہ تر افراد/کمپنیاں تخریری ثبوت پیش کرنے میں ناکام رہے ہیں۔</p>	<p>مطابق فنانسنگ امپورٹرز/مرچنڈائزرز (FIM)/LCs سہولیات کی بابت تسلیم نہیں کیا ہے جس کی وضاحت مالیاتی اسٹیٹمنٹس کے نوٹ 21.1.10 میں کی گئی ہے۔ دستیاب ریکارڈز، وکیل کے جواب اور بینکنگ کمپنیوں کی تصدیق کی بنیاد پر ہم بالکل درست تعین کرنے میں ناکام رہے ہیں کہ کسی بھی قسم کا اختلاف ان مالیاتی اسٹیٹمنٹس پر اثر انداز ہوا ہے۔</p>
<p>زیادہ تر رقم پانچ سال پرانی ہیں اور کمپنیشن ایکٹ کے تحت تاخیر کے ذمے میں آتی ہیں۔ مزید برآں، یہ تجارتی و دیگر واجبات ایسے تاجروں/کسانوں کی ملکیت ہیں جن کو کھاتے تیار کرنے میں دشواری ہوتی ہے۔ لہذا ان میں سے زیادہ تر افراد/کمپنیاں تخریری ثبوت پیش کرنے میں ناکام رہے ہیں۔</p>	<p>(c) 124.830 ملین روپے مالیت کے تجارتی و دیگر واجبات نوٹ 13 میں درج کئے گئے ہیں جس میں قرض خواہان کے اور دیگر واجبات کی مالیت 99.306 ملین روپے شامل ہیں۔ جس کی ریکارڈز کی عدم دستیابی، فریقین کو تصدیقی خط کی عدم ترسیل اور متبادل ذرائع کے باعث تصدیق نہیں کی جاسکتی۔ اس معاملہ کے مجموعی اثر کا حال تعین نہیں ہو سکا اور نہ ہی انہیں مالیاتی اسٹیٹمنٹس میں ظاہر کیا گیا ہے۔</p>

تخفظات	جواب
<p>(a) رپورٹنگ کی تاریخ تک کمپنی کا مجموعی خسارہ 322.412 ملین روپے (343.524:2020) ملین روپے ہے، اس کی ایکویٹی مکمل ختم ہو چکی ہے اور اس کے حالیہ واجبات حالیہ اثاثہ جات سے 466.577 ملین روپے (2020: 479.548 ملین روپے) زائد ہیں۔ مزید برآں، مالیاتی نتائج بھی اہم مالیاتی اشاریوں کی بری تصویر پیش کرتے ہیں اور قرضے کی رقم وصول کرنے کے لئے بیکنگ کمپنیوں کی جانب سے کمپنی پر دائر مقدماتوں (نوٹ 22 میں مکمل تفصیل موجود ہے) آر فیصلے غیر یقینی صورت حال کا شکار ہیں۔ کافی وقت گزرنے کے باوجود کمپنی طویل مدتی قرضے اور مالیاتی اداروں سے حاصل قلیل مدتی قرضوں کی بابت بالترتیب 160.868 ملین روپے اور 116.220 ملین روپے اور ان پر عائد مارک اپ واپس</p>	<p>انتظامیہ گذشتہ کئی برسوں سے کمپنی کو درپیش مسائل سے آگاہ ہے اور کمپنی کو اپنے قدم جمانے میں مسلسل میں کوششیں کر رہی ہے۔ گذشتہ 18 مہینے کے دوران انتظامیہ نے خسارے میں جانے والے کاروبار کو سال 2020ء میں (49.2) ملین روپے خسارے سے سال 2021ء میں 21 ملین روپے نفع میں تبدیل کر کے منافع بخش کمپنی میں تبدیل کیا ہے۔ حالیہ برس کمپنی کی فی حصص آمدنی 2.46 روپے رہی جب کہ گذشتہ برس کی اسی مدت میں کمپنی نے 6.21 روپے کا خسارہ فی حصص درج کیا۔ کمپنی کی بنیادی کاروباری نوعیت کو ریٹیل اسٹیٹ میں تبدیل کرنے کے لئے حصص داران سے حال ہی میں حاصل منظوری اور نئے کاروباری منصوبے کے ساتھ انتظامیہ کمپنی کو نہ صرف بحالی کی جانب گامزن کر لے گی بلکہ واجبات کی ادائیگی اور شیئرز ہولڈرز کی جانب سے منظور شدہ متبادل کاروباری منصوبے پر عمل درآمد بھی کر لے گی۔</p>
<p>نہیں کیا ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کمپنی کی ایکٹ 2017ء کے سیکشن 301 کے تحت کمپنی کو تحلیل کرنے کی کارروائی کا آغاز کر دیا ہے۔ کمپنی نے ہی قرض خواہان کو واجبات کی ادائیگی کے لئے اراضی اور عمارت فروخت کرنے کے قابل ہوئی اور نہ ہی 30 اپریل 2018ء کو منعقدہ اجلاس میں شیئرز ہولڈرز کی منظوری کے باوجود متبادل کاروباری منصوبہ پر عمل درآمد کر سکی ہے۔ نتیجتاً کمپنی نے 15 اپریل 2021 کو حصص داران سے کمپنی کی بنیادی کاروباری نوعیت تبدیل کرنے کی منظوری حاصل کرنے کی کمپنی کی کاروباری نوعیت پر مشتمل آجیکٹ شق کو ریٹیل اسٹیٹ کاروبار میں تبدیل کرنے کا فیصلہ کیا ہے۔ تاہم، کمپنی 15 اپریل 2021ء کو حصص داران سے منظوری حاصل کرنے کی باوجود سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں اپنی آجیکٹ کلاز میں تبدیلی کا عمل مکمل نہیں کر سکی۔ مزید برآں حصص داران کو پیش کیا جانے والا کاروباری منصوبہ قرض داروں اور تجارتی خواہان کو واجبات کی ادائیگی کے لئے معقول فنڈز حاصل کرنے کا وقت فراہم نہیں کر سکی۔ نتیجتاً رپورٹنگ کی تاریخ تک کمپنی حصص داران سے اراضی اور عمارت فروخت کرنے کی منظوری طلب کر رہی ہے تاکہ وہ قرض خواہان کے واجبات اور دیگر تجارتی قرض واپس کر سکے اور متبادل کاروباری منصوبے پر عمل کر سکے۔ یہ حالات واقعات کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں غیر یقینی صورت حال کی عکاسی کرتے ہیں لہذا کمپنی عمومی کاروباری امور میں اپنے اثاثہ جات کو حاصل کرنے اور واجبات کی ادائیگی کے قابل نہیں ہے۔ یہاں بیان کئے گئے حقائق کے مطابق ہماری رائے میں کمپنی کو ایک فعال کاروباری ادارہ شمار نہیں کیا جا سکتا لہذا کاروباری جاری رکھنے کی صلاحیت کی بنیاد پر ان مالیاتی اسٹیٹمنٹس کی تیاری نامناسب عمل ہے۔ ہماری رائے میں مالیاتی اسٹیٹمنٹس میں واجب الوصول رقم کے مقابلہ میں اثاثہ جات کی قیمت میں کمی اور ممکنہ واجبات کی ادائیگی کو ایڈجسٹ کرنے کی عکاسی ہونی چاہئے۔ یہ ایڈجسٹمنٹ معمولی ہو سکتی ہیں اور مندرجہ ذیل پیراگراف میں مزید بحث کے روشنی میں ہم درستی کے مناسب درجہ کے ساتھ درکار ایڈجسٹمنٹ اور پروویزنز کے حجم کا یہ تعین کرنے میں ناکام رہے ہیں۔</p>	<p>کی جانب سے منظور شدہ متبادل کاروباری منصوبے پر عمل درآمد بھی کر لے گی۔</p>

5	مسٹر محمد یوسف	6
5	محمد گل نواز	7

بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی اور ایچ آرایبڈ ریگولیشن کمیٹی کی ہے جو مندرجہ ذیل اراکین پر مشتمل ہے۔ ہر رکن کی اجلاس میں حاضری کی تفصیل حسب ذیل ہے۔

آڈٹ کمیٹی کے اجلاس اور حاضری

سال بھر میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر رکن کی حاضری حسب ذیل ہے:

حاضری	نام	نمبر شمار
4	مسٹر محمد گل نواز	1
4	مسز مہوش فیصل مختار	2
4	مسٹر فیصل مختار	3

ایچ آرایبڈ ریگولیشن کمیٹی

سال بھر میں ایچ آرایبڈ ریگولیشن کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر رکن کی حاضری حسب ذیل ہے:

حاضری	نام	نمبر شمار
1	مسٹر محمد یوسف	1
1	مسز مہوش فیصل مختار	2
1	مسٹر فیصل مختار	3

داخلی مالیاتی نظم و نسق

کمپنی میں بر سطح پر داخلی نظم و نسق کا مربوط سسٹم قائم اور نافذ کیا گیا ہے۔ داخلی نظم و نسق کا مربوط سسٹم کمپنی کے مقاصد، آپریشنل کارکردگی اور اثر پذیری، قابل بھروسہ مالیاتی رپورٹنگ اور قوانین، ضوابط اور پالیسیوں کی تعمیل کو یقینی بناتا ہے۔

مالیاتی اسٹیٹمنٹس

کمپنی کی مالیاتی اسٹیٹمنٹس کی باقاعدہ پڑتال کی گئی ہے اور کمپنی کے آڈیٹرز میسرز رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اس کی تصدیق کی ہے۔ آڈیٹرز کی رپورٹ ان مالیاتی اسٹیٹمنٹس کے ساتھ منسلک ہے۔ عالمگیر وبا کے باعث دو دلچسپی رکھنے والے فریقین کی جانب سے ممکنہ ذیل سے دستبرداری پر تبادلہ خیال کے باوجود کمپنی کے آڈیٹرز نے منفی رائے دی ہے۔ علاوہ ازیں، انتظامیہ نے سرمایہ کی ضروریات کو پورا کرنے اور قرضوں کی تدریج ادا نگی کے لئے قلیل مدتی منصوبہ شروع کیا ہے۔ مزید برآں، کمپنی کی انتظامیہ اپنی اراضی اور کاروبار کی فروخت کے لئے بھاگ دوڑ کر رہی ہے اور مستقبل قریب میں وہ اپنے منصوبہ پر عمل درآمد کرنے کے لئے پرامید ہے۔ اس ضمن میں آپ کے ڈائریکٹرز کا جواب مندرجہ ذیل ہے:

ضابطہ اخلاق

اپنے شیئر ہولڈرز، صارفین اور معاشرے میں اپنے اعتماد کو مضبوط کرنے اور پائیدار نمو حاصل کرنے اور کاروباری قدر میں اضافہ کے لئے کمپنی انتظامیہ کے اہم ترین کاموں میں سے ایک کارپوریٹ گورننس میں مسلسل بہتری کے لئے کوشاں ہے۔ جو کمپنی کے بنیادی اصولوں کے عین مطابق ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک

کمپنی کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس کاروباری امور کی بہترین، آپریشنز سے حاصل نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی بہترین عکاسی کرتی ہیں۔ کمپنی بہتر کارپوریٹ گورننس کے لئے پرعزم ہے اور نوٹس کے ہمراہ مالیاتی اسٹیٹمنٹس کمپنیز ایکٹ 2017ء کے قواعد کی تعمیل میں مرتب کی گئی ہیں۔ بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز کو ان مالیاتی اسٹیٹمنٹس کی تیاری میں بروئے کار لایا گیا ہے اور ان کی تیاری میں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

30 جون 2021ء کو اختتام پذیر سال سے متعلقہ لسٹنگ ریگولیشنز میں پاکستان سٹاک ایکسچینج کی جانب سے مرتب کردہ کوڈ آف کارپوریٹ گورننس کی باقاعدہ تعمیل کی گئی ہے اور اس تناظر میں ایک بیان رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز

لسٹنگ ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ضوابط 2017ء کے تحت ڈائریکٹرز کی قانونی درجہ بندی کے لحاظ سے بورڈ آف ڈائریکٹرز 7 اراکین پر مشتمل ہے جس میں ایک خود مختار ڈائریکٹر، نان ایگزیکٹو ڈائریکٹرز اور ایگزیکٹو ڈائریکٹرز شامل ہیں۔ بورڈ اہم انتظامی امور بشمول قانون کے مطابق اہم کاروباری سرگرمیوں اور دیگر امور کے نفاذ کے لئے فیصلہ سازی کرنے کا پابند ہے۔ طے شدہ معیار، خطرات کے تعین اور ذمہ داری حقائق کو مد نظر رکھنے کے بعد فیصلے باہمی رضامندی سے کئے جاتے ہیں۔ بورڈ ہدایات پر عمل درآمد کی نگرانی کے لئے بھی ذمہ دار ہے۔ بورڈ آف ڈائریکٹرز (بورڈ) کی ترکیب حسب ذیل ہے:

درجہ	نام
خود مختار ڈائریکٹرز	مسٹر محمد گل نواز مسٹر محمد یوسف خان
نان ایگزیکٹو ڈائریکٹرز	مسٹر فیصل مختار مسز مہوش فیصل مختار مسٹر اعجاز حسین
ایگزیکٹو ڈائریکٹرز	مسز نیلو فر مختار مس عابدہ مختار

بورڈ اجلاس اور حاضری

سال بھر میں کمپنی کے بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

نمبر شمار	نام	حاضری
1	مسز نیلو فر مختار	5
2	مسٹر فیصل مختار	5
3	مسز مہوش فیصل مختار	5
4	مس عابدہ مختار	5
5	اعجاز حسین	5

ڈائریکٹرز کی رپورٹ

30 جون 2021 کو اختتام پذیر سال کے لئے دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز اکتیسویں (31 ویں) سالانہ کھاتے ازراہ مسرت پیش کرتے ہیں۔

اقتصادی منظر نامہ

وکسی نیشن کی شرح بڑھنے سے آہستہ آہستہ عالمی معیشت بحالی کی جانب گامزن ہے۔ دیگر ممالک کی طرح پاکستانی معیشت عالمگیر وبا سے پیداہوا مشکل حالات سے نکل رہی ہے۔ البتہ دنیا کو معمول پر آنے میں کافی عرصہ درکار ہے۔

کافی غور و خوض کے بعد کمپنی کی بابت انتظامیہ نے 15 اپریل 2021 کو غیر معمولی اجلاس عام طلب کیا اپنے کاروبار کی بنیادی نوعیت اور کمپنی کے نام میں تبدیلی کے لئے شیئرز ہولڈرز سے رضامندی طلب کی۔ انتظامیہ نے کاروبار کی بنیادی نوعیت کو تبدیل کرنے کا فیصلہ کیا کیونکہ انہیں مسابقتی شرح پر اپنی املاک کو کرایہ / لیز پر دینے میں کامیابی نظر آئی اور حال ہی میں اپنی اراضی کی قیمت میں نمایاں اضافہ دیکھا۔ انتظامیہ محسوس کرتی ہے کہ نئی سرمایہ داری حاصل کرنے کے لئے کمپنی کے پاس ایک نادر موقع ہے جس کی مدد سے موافق آمدنی اور کمپنی اور اس کے حصص داران کے لئے پرکشش منافع حاصل ہوگا۔ لہذا انتظامیہ نئے نام، اراضی اور عمارات کی فروخت اور متبادل کاروباری منصوبے کے نفاذ اور واجبات کی ادا کیگی کے بعد آمدنی کو مزید پرکشش سرمایہ داری میں صرف کرنے کے لئے اپنے حصص داران سے اجازت طلب کر رہی ہے۔ انتظامیہ کاروبار کی ترمیم شدہ نوعیت اور اس کے نفاذ سے متعلق انتہائی دلچسپی رکھتی ہے۔ انتظامیہ فخر کے ساتھ اعلان کرتی ہے کہ اس نے زیر جائزہ سال کا اختتام مثبت اعداد و شمار اور مثبت فی حصص آمدنی سے کیا ہے۔

تفصیل	30 جون 2021ء (روپے)	30 جون 2020ء (روپے)
فروخت	-	-
دیگر آمدنی*	23,952,982	5,345,000
انتظامی و فعلی اخراجات	(17,432,565)	(52,529,534)
آپریٹنگ نفع / (نقصان)	6,520,417	(47,184,534)
سرمایہ داری کی املاک کی قیمت میں تبدیلی	19,760,000	93,649
نفع / (نقصان) علاوہ ٹیکسیشن	21,111,871	(49,737,672)
فی حصص آمدنی	2.64	(6.21)

30 جون 2021 کو اختتام پذیر سال کے لئے کمپنی کا خالص منافع 2.6 روپے فی حصص آمدنی کے ساتھ 21.1 ملین روپے ہے جب کہ خالص خسارہ 49.7 ملین روپے رہا۔ فی حصص خسارہ 6.21 روپے درج ہوا۔ مزید برآں، جیسا کہ آڈیٹرز کی رپورٹ میں بیان کیا گیا ہے انتظامیہ نے آڈیٹرز کے تحفظات کو ختم کرنے کی کوشش کی اور آڈیٹرز کی ناقص رائے کے باوجود انتظامیہ آڈیٹرز کی رائے سے نکل آئے گی۔

کاروباری و سماجی ذمہ داری (CSR)

کمپنی اپنی سماجی ذمہ داریوں کو ترجیح دیتی ہے اور اس حقیقت کے قطع نظر اس کاروباری رویہ کے اعلیٰ معیار کو برقرار رکھنے کے لئے پر عزم ہے کہ کاروباری کرنے کی لاگت میں اضافہ ہو گیا ہے۔ کمپنی مشترکہ قدر اور کام کے محفوظ ماحول پر یقین رکھتی ہے۔ چونکہ کمپنی کے آپریٹرز تازہ حال معطل ہیں لہذا CSR سرگرمیوں پر قوم کا تصرف عمل میں نہیں لایا جاسکا۔ متبادل کاروباری منصوبے پر عمل درآمد کے بعد کمپنی صحت، تعلیم، ماحولیاتی تحفظ، پانی اور نکاسی آب، بچوں کی فلاح و بہبود، بنیادی ڈھانچے کی ترقی اور دیگر سماجی بہبود کے کاموں میں CSR سرگرمیوں کا آغاز کر دے گی۔

متعلقہ فریق سے لین دین

30 جون 2021 کو اختتام پذیر مالیاتی سال کے دوران متعلقہ فریقین سے لین دین کے تمام امور نظر ثانی کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے رکھے گئے اور انہیں منظور کیا گیا۔ لین دین کے ان امور پر آڈٹ کمیٹی نے نظر ثانی کی اور بورڈ نے انہیں منظور کیا۔ لین دین کے یہ تمام امور بورڈ سے منظور شدہ متعلقہ فریقین کے لئے ٹرانسفر پرائسنگ طریق عمل اور پالیسی کے عین مطابق عمل میں لائے گئے۔

**INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Dar es Salaam Textiles 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 Dar es Salaam Textiles Mills Limited for the year ended June 30, 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.

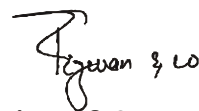
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

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

Reference Paragraph

Description

- | | |
|-------------|--|
| 19.1 | Appropriate arrangements for orientation courses and training for the directors have not been carried out. |
| 19.2 | The positions of the Chief Financial Officer and Company Secretary are held by one person contrary to the requirements of the Regulations. |
| 15 and 19.3 | The Company has opted not to fill the vacancy of Internal auditor since November 01, 2020. |



Rizwan & Company

Chartered Accountants

Engagement Partner: Imran Bashir

Lahore: October 29, 2021

**Statement of Compliance with Listed Companies
(Code of Corporate Governance) Regulations, 2019
Dar es Salaam Textile Mills Limited For the year ended June 30, 2021**

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as the Regulations) in the following manner:

1. The total number of directors are seven (7) as per the following:

- a) Male: Four (4)
- b) Female: Three (3)

2. The composition of Board of Directors (the Board) is as follows:

Category	Names
Independent Directors	Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Khan
Non-executive Directors	Mr. Faisal Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Ejaz Hussain
Executive Directors	Mrs. Nilofar Mukhtar Ms. Abida Mukhtar

Independent director in which fraction is not rounded up as one as this “clause” was added in the regulation 6 of the Regulations issued on September 25, 2019, and the Board was constituted before that date and the Regulation has provided relaxation that for the purpose of electing independent director, the Board shall be reconstituted not later than expiry of its current term.

- 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Out of seven Directors, no director is duly certified or exempted, from the Directors' Training Program.
10. There was no fresh appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year ended June 30, 2021. The Board has approved the remuneration of Chief Financial Officer and Company Secretary and complied with relevant requirements of the Regulations; The position of Head of Internal Audit remained vacant from November 01, 2019 to date during the year.
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:

Name of Committees	Names of members and chairman	
Board Audit Committee	Mr. Muhammad Gul Nawaz	Chairman
	Mrs. Mahwesh Faisal Mukhtar	Member
	Mr. Faisal Mukhtar	Member
Human Resource and Remuneration Committee	Mr. Muhammad Yousaf Khan	Chairman
	Mrs. Mahwesh Faisal Mukhtar	Member
	Mr. Faisal Mukhtar	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the Committees are as follows:

Name of Committees	Frequency of meetings
Board Audit Committee	Quarterly
Human Resource and Remuneration Committee	Yearly

15. The Board has set up an internal audit function; however, during the year the internal audit department remained unfunctional because of vacancy in the office of Head of Internal Audit.
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 (ICAP) and registered with the 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 (ICAP) 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;
18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with; and
19. Explanations for non-compliance with the requirements other than of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 are as follows:
 - 19.1 During the year; the Company planned to arrange Directors Training Program in fourth quarter of 2020; however, the same could not be managed because of lockdown and suspension of all business activities owing to Pandemic Covid-19. The management shall arrange training for the directors under Directors Training Program as well as orientation course of the directors. The Company is committed to comply with this requirement and has planned to arrange the Directors' Training Program as per requirement over next two years.
 - 19.2 The positions of the Chief Financial Officer and the Company Secretary have been held by the same person as the Company is not in position to appoint separate person for each position of Chief Financial Officer and Company Secretary considering the quantum of work and financial position of the Company owing to closure of business and operations of the Company.
 - 19.3 The position of Head of Internal Audit Function remained vacant during the year as referred to paragraph 15 and the management of the Company is of the view that vacancy shall be filled in upon implementation of alternate business plan to be approved by the shareholders.



(Faisal Mukhtar)

Chairman



(Abida Mukhtar)

Chief Executive Officer

Lahore: October 29, 2021

INDEPENDENT AUDITORS' REPORT
To the members of Dar Es Salaam Textile Mills Limited
Report on the Audit of Financial Statements

Adverse Opinion

We have audited the annexed financial statements of **Dar Es Salaam Textile Mills Limited** (“the Company”), which comprise the statement of financial position as at June 30, 2021, the statement of profit or loss and other 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, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other 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, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs for the year ended June 30, 2021 and of the profit, other comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

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 and after due verification we report that:

- a) As at reporting date; the Company's accumulated loss stood at Rupees 322.412 million (2020: Rupees 343.524 million), its equity has been eroded fully and its current liabilities exceeded its current assets by Rupees 466.577 million (2020: Rupees 479.548 million). Moreover, the financial results show adverse key financial ratios and cases against the Company by the banking companies (as fully explained in note 22) for recovery of the loan amounts, the outcome of these cases remain uncertain. The Company has not been able to repay long term financing and short-term borrowing obtained from banking companies amounting to Rupees 160.868 million and Rupees 116.220 million respectively and accrued markup thereon even after lapse of considerable time. Securities and Exchange Commission
-
-

of Pakistan has initiated winding up proceedings against the Company under Section 301 of the Companies Act, 2017. The Company neither been able to dispose off land and building to settle liabilities towards lenders and creditors nor be able to implement alternate business plan as envisaged in approval sought from shareholders April 30, 2018. Subsequently, the Company decided to change its main business object in accordance with the approval sought from shareholders on April 15, 2021 to change its main object clause to engage in real estate business; However, the Company has not been able to complete the process of change of its object clause and name from the Securities and Exchange Commission of Pakistan despite approvals sought from the shareholders on April 15, 2021. Moreover, the business plan as presented before the shareholders does not provide timeline for generation of sufficient funds to settle liabilities towards lenders and trade creditors. Subsequent to reporting date; the Company is seeking another approval from shareholders for disposal of land and building to settle its liabilities towards lenders and trade and other payables and implement alternate business plan. These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in normal course of business. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these financial statements on a going concern basis is inappropriate. In our opinion, the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

- b) As fully explained in notes 15, 16 and 21 to these financial statements; the Company is in litigation with the banking companies and the Company had neither determined and provided the amount of markup/cost of funds on long term financing amounting to Rupees 144.233 million (except for restructured financing from the Bank of Punjab) and short-term borrowings amounting to Rupees 116.220 million in these financial statements. As per confirmation received from the banking companies; there are unidentified net differences of Rupees 29.010 million and Rupees 0.675 million in loan amounts and markup amounts respectively as per books of account of the Company for which neither any adjustment nor reconciliation were provided to us. The said net difference includes amount of Rupees 51.48 million (Principal of Rupees 28.122 million and markup of Rupees 22.908 million) not recognised by the Company against Financing Imported Merchandisers (FIM)/LCs facilities as per confirmation received from National Bank of Pakistan owing to litigation involved with National Bank of Pakistan and National Accountability Bureau as explained in note 21.1.10 to the financial statements. Based on available underlying records, response from legal counsel and confirmations from banking companies, we were unable to determine with reasonable accuracy the impact on these financial statements of any disagreement.
-

- c) Trade and other payables of Rupees 124.830 million as disclosed in note 13 includes creditors and other liabilities amounting to Rupees 99.306 million which could not be verified in absence of complete underlying records, non-circularisation of confirmations letters to the parties and through alternate procedures. The cumulative effect of this matter has neither been determined not adjusted in these financial statements.
- d) As fully explained in the note 21.1.5 to the financial statements; the Company has not recognised liability to the extent of Rupees 22.954 million against Gas Infrastructure Development Cess in these financial statements. The effect of this matter has not been adjusted appropriately in these financial statements.
- e) The Company has not recognised liability in respect of Workers' profit participation fund amounting to Rupees 1.300 million in accordance with the provisions of the Companies Profits (Workers Participation) Act, 1968 as applicable in the Province of the Punjab. The effect of this matter has not been adjusted appropriately in these financial statements.
- f) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1.160 million in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter 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. We have nothing to report in this regard.

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 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 is 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 matters referred in paragraphs (a) to (f), proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
-

- b) because of the significant matters described in basis for adverse opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are not in agreement with the books of account and returns;
- c) Except for the matters referred in paragraphs (a) to (f), 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 Usher Ordinance, 1980 (XVIII of 1980).

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



Rizwan & Company

Chartered Accountants

Engagement Partner: Imran Bashir

Lahore: October 29, 2020

Statement of Financial Position
As at June 30, 2021

	Note	2021	2020
		(Rupees)	
ASSETS AND LIABILITIES			
Non-current assets			
Property and equipment	6	-	-
Investment property	7	341,891,000	322,131,000
Long term deposits	8	1,426,354	1,426,354
		<u>343,317,354</u>	<u>323,557,354</u>
Current Assets			
Advances, deposits and other receivables	9	1,709,883	1,325,970
Tax refunds due from government	10	4,056,968	4,056,968
Advance income tax		20,774,963	18,440,245
Cash and bank balances	11	1,692,778	295,806
Non-current assets held for sale	12	-	15,196,500
		<u>28,234,592</u>	<u>39,315,489</u>
Current liabilities			
Trade and other payables	13	124,829,776	135,363,604
Unpaid dividend		1,159,777	1,159,777
Accrued markup	14	101,709,853	108,429,327
Short term borrowings	15	116,220,088	116,220,088
Current portion of long term financing	16	146,558,020	156,645,197
Income tax payable	26	4,334,024	1,045,943
		<u>494,811,538</u>	<u>518,863,936</u>
Working capital employed		(466,576,946)	(479,548,447)
Less: Non-current liabilities			
Long term financing	16	(14,309,630)	-
NET CAPITAL EMPLOYED		<u>(137,569,222)</u>	<u>(155,991,093)</u>
Represented by:			
Share capital and reserves			
Share capital	18	80,000,000	80,000,000
Accumulated loss		(322,412,058)	(343,523,929)
Revaluation surplus	19	6,663,300	6,663,300
Loan from sponsors	20	98,179,536	100,869,536
TOTAL EQUITY		<u>(137,569,222)</u>	<u>(155,991,093)</u>
Contingencies and commitments	21		

The annexed notes from 1 to 36 form an integral part of these financial information.

Lahore: October 29, 2021


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

Profit and Loss Account
for the year ended June 30, 2021

	Note	2021 (Rupees)	2020
Revenue		-	-
Cost of revenue		-	-
Gross profit		-	-
Other income	22	23,952,982	5,345,000
Administrative expenses	23	(16,015,959)	(12,349,214)
Other operating expenses	24	(1,416,606)	(40,180,320)
Operating profit/(loss)		6,520,417	(47,184,534)
Finance costs	25	(788,383)	(5,845)
Changes in fair value of investment property		19,760,000	93,649
Profit/(loss) before taxation		25,492,034	(47,096,730)
Income tax expense	26	(4,380,163)	(2,640,942)
Profit/(loss) after taxation		21,111,871	(49,737,672)
Earnings per share	27	2.639	(6.217)

The annexed notes from 1 to 36 form an integral part of these financial information.

Lahore: October 29, 2021


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

Statement of Comprehensive Income
for the year ended June 30, 2021

	2021	2020
	(Rupees)	
Profit/(loss) after taxation	21,111,871	(49,737,672)
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	21,111,871	(49,737,672)

The annexed notes from 1 to 36 form an integral part of these financial information.

Lahore: October 29, 2021


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

Statement of Changes in Equity for the year ended June 30, 2021

	Share capital	Accumulated loss	Revaluation surplus	Loan from sponsors	Total
	(Rupees)				
Balance as at June 30, 2019	80,000,000	(293,786,257)	-	95,522,097	(118,264,160)
Loss after taxation	-	(49,737,672)	-	-	(49,737,672)
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive loss	-	(49,737,672)	-	-	(49,737,672)
Revaluation surplus	-	-	6,663,300	-	6,663,300
<i>Transactions with sponsors</i>					
Loan received	-	-	-	5,347,439	5,347,439
Balance as at June 30, 2020	80,000,000	(343,523,929)	6,663,300	100,869,536	(155,991,093)
Profit after taxation	-	21,111,871	-	-	21,111,871
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income	-	21,111,871	-	-	21,111,871
<i>Transactions with sponsors</i>					
Loan repaid	-	-	-	(2,690,000)	(2,690,000)
Balance as at June 30, 2021	80,000,000	(322,412,058)	6,663,300	98,179,536	(137,569,222)

Lahore: October 29, 2021


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

Statement of Cash Flows


for the year ended June 30, 2021

	Note	2021 (Rupees)	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		25,492,034	(47,096,730)
Adjustments for non-cash charges/items:			
Depreciation	6	-	932,314
Effect for reclassification of non-current assets held for sale	24	-	34,918,787
Impairment on property and equipment		-	2,831,595
Impairment on non-current assets held for sale		-	1,460,049
Workers welfare fund		-	70,720
Loss on sale of non-current asset held for sale		859,748	-
Provision for doubtful advances		-	411,419
Credit balances written back		(2,150,061)	(390,000)
Changes in fair value of investment property		(19,760,000)	(93,649)
Debit balances written off		47,017	487,750
Effect of discounting of present value of frozen markup		(1,538,150)	-
Finance costs		788,383	-
		(21,753,063)	40,628,985
Cash flows before working capital changes		3,738,971	(6,467,745)
Cash flow from working capital changes			
(Increase) / decrease in current assets:			
Advances, deposits and other receivables		(430,930)	(110,020)
Increase / (decrease) in current liabilities:			
Trade and other payables		(5,066,459)	2,120,042
Changes in working capital		(5,497,389)	2,010,022
Net cash used in operations		(1,758,418)	(4,457,723)
Income tax paid		(3,426,800)	(450,000)
Finance cost paid		(4,562)	-
Net cash used in operating activities		(5,189,780)	(4,907,723)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets held for sale		9,776,752	-
Net cash generated from investing activities		9,776,752	-
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from sponsors		(2,690,000)	4,920,094
Short term borrowings		(500,000)	-
Net cash (used in)/generated from financing activities		(3,190,000)	4,920,094
Net increase in cash and cash equivalents		1,396,972	12,371
Cash and cash equivalents at the beginning of the year		295,806	283,435
Cash and cash equivalents at the end of the year	11	1,692,778	295,806

The annexed notes from 1 to 36 form an integral part of these financial information.

Lahore: October 29, 2021


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nilofar Mukhtar
Director

Notes to the Financial Information for the year ended June 30, 2021

1 THE COMPANY AND ITS OPERATIONS

Dar Es Salaam Textile Mills Limited ("the Company") was incorporated in Pakistan on September 28, 1989 as public unlisted company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The address of registered office of the Company is House No. 37, Street 14, Cavalry Ground, Lahore. The Company is listed in Pakistan Stock Exchange. The Company was engaged in the business of manufacturing and sale of yarn.

2 GOING CONCERN ASSUMPTION

The Company has closed its operations since 2014 and reported accumulated loss of Rupees 322.412 million (2020: Rupees 343.524 million). The current liabilities exceeded its current assets by Rupees 466.577 million (2020: Rupees 479.548 million) as of reporting date and there are pending litigations cases filed by the banking companies. In order to settle the liabilities towards lenders and other creditors, the Company in Extra Ordinary General Meeting (EOGM) held on April 30, 2018 approved alternate business plan and disposal off property, plant and equipment. The alternate business plan was based on the disposal of plant & machinery, land and building and repay loans to lenders, creditors and to meet working capital requirements for implementation of alternate business plan. The Company had disposed off plant and machinery but could not dispose off land and building to settle the liabilities with lenders / creditors and implement alternate business plan as envisaged in EOGM held on April 30, 2018.

During the last quarter of financial year ended on June 30, 2020, the Company leased out its factory premises in accordance with the approval of the shareholders on April 20, 2020 to meet cash flow requirements of the Company. The Company is making its fullest efforts to sell factory premises in order to generate sufficient cash to settle its liabilities towards lenders and other creditors in foreseeable future and implement revised alternate business plan with the approval of the shareholders. The Company in its Extra ordinary general meeting held on April 15, 2021 passed special resolution for change of its object clause to enter into real estate business as per revised and new business plan of the Company and to change the name of the Company to commensurate with the business of the Company. During the year, the Company has been able to earn aggregate profit after taxation of Rupees 21.112 million after a long period of time.

In view of the above, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future drawn up as per plan by the management for this purpose and bringing its liabilities to serviceable level and availability of adequate working capital through support from sponsors. The management is of the view that the Company will continue to get support of sponsors. The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with approved 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 provision of and directives issued under the Companies Act, 2017 differ from the IFRS, the provision of and directives issued under the Companies Act, 2017 have been followed.

3.2 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS**a) Standards, interpretations and amendments to published approved accounting standards that are effective in current year.**

A number of new or amended standards became applicable for the current reporting period, and the Company had to change its accounting policies and make adjustments as a result of adopting the following standards:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.
- Amendments to IFRS 9, IAS 39 and IFRS 7 -The amendments in Interest Rate Benchmark Reform (effective for annual periods beginning on or after January 01, 2020) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.
- Covid-19-Related Rent Concessions (Amendment to IFRS 16) - The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

There are other amendments to published approved accounting and reporting standards and interpretations that are applicable for the financial year beginning on July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's financial reporting and operations and, therefore, have not been presented in these financial statements.

b) New accounting standards, amendments and IFRIC interpretations that are not yet effective.

There are number of other standards, amendments to the published approved accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company and, therefore, have not been presented in these financial statements.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - (effective for annual periods beginning on or after January 01, 2023) The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
- Definition of Accounting Estimates (Amendments to IAS 8) - (effective for annual periods beginning on or after January 01, 2023) The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
- Annual Improvements to IFRS Standards 2018–2020 - (effective for annual periods beginning on or after January 01, 2022)

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.
- IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. 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.
- IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 – 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.

The above new standards, amendments and interpretations are not likely to have an impact on Company’s financial statements. There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

3.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company.

4 BASIS OF MEASUREMENT

4.1 These financial statements have been prepared under the historical cost convention except for valuation of certain financial instruments at fair value, certain liabilities at amortised cost and investment property at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

4.2 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with the approved accounting standards require 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. Revisions to accounting estimates are recognized in the period in which estimate is revised and in any future periods affected. 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:

a) *Taxation*

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment and appellate stages and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) *Provision for expected credit loss for advances and other receivables*

The Company reviews its advances and other receivables at each reporting date to assess whether provision should be recorded in the statement of profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

c) *Contingencies*

The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at reporting date.

d) *Investment property valuation*

The Company normally uses the valuation performed by independent valuers as the fair value of its investment properties. The valuers make reference to market evidence of transaction prices for similar properties.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Taxation***Current***

Provision for taxation is based on taxable income at current rates after taking into account tax rebates, exemption and credits available, if any or minimum tax on turnover or alternate corporate tax on accounting profit and tax paid under final tax regime under relevant provisions of Income Tax Ordinance, 2001. The charge for current tax also includes adjustments to tax payable, where considered necessary, in respect of previous years. The amount of unpaid income tax in respect of annual or prior periods is recognized as liability and any excess paid over what is due in respect of current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation by the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

The Company recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax relating to items recognized outside the statement of profit or loss is recognized outside statement of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

5.2 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transactions costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in statement of profit or loss over the period of borrowings on effective interest rate.

5.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received.

5.4 Provisions and contingencies

A provision is recognized in financial statements when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to

settle the obligations and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of an expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where reliable estimate of the amount of obligation cannot be made. A contingent liability is disclosed, unless the possibility of outflow is remote.

5.5 Property and equipment

Owned

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost of operating fixed assets comprises historical cost, borrowing cost and other expenditure pertaining to the acquisition, construction, erection and installation of these assets.

Residual value and the useful life of assets are reviewed at each financial year end and if expectations differ from previous estimates the change is accounted for as change in accounting estimate in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

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. Normal repairs and maintenance costs are charged to the statement of profit or loss as and when incurred.

Depreciation

Depreciation is charged to the statement of profit or loss using the reducing balance method except for plant and machinery on which depreciation is charged on production hours basis and leasehold land on which depreciation is charged on straight line basis so as to write off the cost over the expected useful life of assets at rates, which are disclosed in notes to the financial statements. Depreciation on additions to property, plant and equipment is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

De-recognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the statement of profit or loss.

5.6 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Provision is made on the basis of lifetime expected credit losses that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts are written off when considered irrecoverable.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and current accounts held with banks.

5.8 Advances, deposits and prepayments

These are initially recognized at cost, which is the fair value of consideration given. Subsequent to the initial recognition assessment is made at each reporting date to determine whether there is an indication that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset or group of assets is determined and any impairment losses recognized for the difference between the recoverable amount and the carrying value.

5.9 Financial instruments**5.9.1 Initial Recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

a) Classification of financial assets

The Company classifies its financial instruments at fair value through profit and loss, at fair value through other comprehensive income, or at amortised cost. The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are recognised subsequently at amortised cost. Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at 'fair value through other comprehensive income'. By default, all other financial assets are subsequently measured at 'fair value through profit or loss'.

b) Classification of financial liabilities

The Company classifies its financial liabilities at fair value through profit or loss, or at amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss (such as instruments held for trading or derivatives) or the Company has opted to measure them at fair value through profit or loss.

5.9.2 Subsequent measurement

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

Financial assets and liabilities carried at fair value through profit or loss are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at fair value through profit or loss are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognise a financial liability at fair value through profit or loss, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at fair value through profit or loss.

5.9.3 Impairment of financial assets at amortised cost

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

5.9.4 Derecognition

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

5.9.5 Off setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.10 Revenue recognition

The Company recognizes revenue when it transfers control over a good or service to a customer based on a five step model as set out in IFRS 15.

- **Identify contract(s) with a customer:** A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
 - **Identify performance obligations in the contract:** A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
 - **Determine the transaction price:** The transaction price is the amount of consideration the Company expects to be entitled to in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.
 - **Allocate the transaction price to the performance obligations in the contract:** For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled to in exchange for satisfying each performance obligation.
-

- **Recognize revenue when (or as) the Company satisfies a performance obligation.**

The Company satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance obligation completed to date

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Rental income from lease of investment property

Rental income arising from operating leases on investment properties is charged based on area lease out and recognized, net of discount, in accordance with the terms of lease contracts over the lease term on a straight-line basis, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset.

5.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss whenever incurred. Finance cost is accounted for on accrual basis.

5.12 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at an arm's length.

5.13 Dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which dividends are approved by the Board of Directors or Company's shareholders as the case maybe.

5.14 Share capital

Ordinary shares are classified as share capital.

5.15 Earnings per share ('EPS')

Basic EPS is calculated by dividing the profit / (loss) attributable to ordinary shares of the Company by the weighted average number of shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post tax effect of changes in profit and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.16 Impairment of assets - Non financial assets

The carrying amount of the Company's non-financial assets, except for investment properties where fair value is reliably measurable, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets or cash generating unit.

An impairment loss is recognised if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on pro rata basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognised.

5.17 Investment Property

Investment property is the property which is held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property comprises of freehold land and building on freehold land and carried at fair value. Change in fair value are recognized in statement of profit or loss. Fair values are determined based on an annual valuation performed by an independent valuer.

Subsequent costs are included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to statement of profit or loss currently. The investment property of the Company has been valued by independent professionally qualified valuer as at June 30, 2021.

If an item of property and equipment becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation reserve for investment property. Any loss is recognized immediately in profit or loss

except to the extent that it reverses a previously recognized revaluation gain on the same property in which case it is debited to equity. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the statement of profit or loss. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings, the transfer is not made through the statement of profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes for subsequent recording. Change in fair value up to the date of reclassification is recognized directly in profit or loss.

An investment property is derecognized when it is either disposed off or permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss on the retirement or disposal of an investment property is included in profit or loss in the period in which the property is derecognized.

6 PROPERTY AND EQUIPMENT

Operating fixed assets - tangible

	Owned assets					Total
	Freehold land	Building on freehold land	Furniture and fittings	Office equipment	Computers	
	(Rupees)					
Cost						
Balance as at July 01, 2019	-	-	-	-	-	-
Transfer from non-current assets held for sale	126,648,000	189,515,700	956,107	1,305,704	712,449	319,137,960
Transfer to investment property	(126,648,000)	(189,515,700)	-	-	-	(316,163,700)
Balance as at June 30, 2020	-	-	956,107	1,305,704	712,449	2,974,260
Additions during the year	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-
Balance as at June 30, 2021	-	-	956,107	1,305,704	712,449	2,974,260
Depreciation/impairment						
Balance as at July 01, 2019	-	789,649	31,870	87,047	23,748	932,314
Impairment for the year	-	-	924,237	1,218,657	688,701	2,831,595
Depreciation on transfer to investment property	-	(789,649)	-	-	-	(789,649)
Balance as at June 30, 2020	-	-	956,107	1,305,704	712,449	2,974,260
Charge for the year	-	-	-	-	-	-
Balance as at June 30, 2021	-	-	956,107	1,305,704	712,449	2,974,260
Rate of depreciation	0%	5%	10%	20%	10%	
Written down value as at June 30, 2020	-	-	-	-	-	-
Written down value as at June 30, 2021	-	-	-	-	-	-

	Note	2021	2020
		Rupees	
7	INVESTMENT PROPERTY		
	Freehold Land	197,891,000	131,397,000
	Building	144,000,000	190,734,000
		341,891,000	322,131,000
7.1	Freehold Land		
	Opening balance	131,397,000	-
	Transfer from property and equipment	-	126,648,000
	Revaluation surplus	-	4,749,000
	Fair value adjustments	66,494,000	-
	Closing balance	197,891,000	131,397,000
7.2	Building		
	Opening balance	190,734,000	-
	Transfer from property and equipment	-	188,726,051
	Revaluation surplus	-	1,914,300
	Fair value adjustments	(46,734,000)	93,649
	Closing balance	144,000,000	190,734,000
7.3	Freehold land represents 64,066 square meters of land situated at 10 km, Muridke, Sheikhpura Road, Tehsil Ferozwala, District Sheikhpura.		
7.4	These are leased to third parties or held for appreciation in value. Changes in fair values are recognised and presented separately as "gain / (loss) from change in fair value of investment property" in the statement of profit or loss.		
7.5	The investment property of the Company has been valued by independent professionally qualified valuers as at June 30, 2021. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. Fair value hierarchy i.e. Level 1, 2 and 3 are assigned based on degree of observable inputs as disclosed in note 31. As of reporting date; investment property has fair value of Rupees 341,891,000 (2020: Rupees 322,131,000) and forced sale value of Rupees 256,418,000 (2020: Rupees 254,130,000).		
8	LONG TERM DEPOSITS		
	Long term deposits	1,426,354	1,426,354

This deposit has been given against utility companies. These are classified as 'amortised cost' under the requirement of IFRS 9 "Financial Instruments". However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	2021	2020
Rupees			
9 ADVANCES, DEPOSITS AND OTHER RECEIVABLES			
Unsecured and Considered good:			
Advances to employees against salary		686,721	592,579
Receivable from related party	9.1	289,771	-
Deposits with bank against settlement		135,791	135,791
Margin against bank guarantee		597,600	597,600
Considered doubtful:			
Advances to suppliers		-	411,419
Less: Provision for doubtful advances	9.4	-	(411,419)
		-	-
		1,709,883	1,325,970

9.1 This represents amount due on account of markup/return charged on amount advanced to related party.

9.2 Due from related party

Name of related party	Gross due amount	Past due amount	Provision	Reversal of provision	Written off	Net amount	Maximum amount outstanding at any time during the year
	Rupees						
2021							
Super Bird (Private) Limited	289,771	-	-	-	-	289,771	289,771

9.3 Age analysis of amount due from related party

Name of related party	Amount not past due	Amount past due					Total gross amount due
		1-30 days	31-60 days	31-60 days	91-365 days	365 days	
Rupees							
2021							
Super Bird (Private) Limited	289,771	-	-	-	-	-	289,771

	Note	2021	2020
Rupees			
9.4 Provision for doubtful advances			
Opening Balance		411,419	-
Charge for the year		-	411,419
Written off during the year		(411,419)	-
Closing Balance		-	411,419
10 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		4,056,968	4,056,968
11 CASH AND BANK BALANCES			
Cash in hand		50	50
Cash at bank - current accounts		1,692,728	295,756
		1,692,778	295,806
12 NON-CURRENT ASSETS HELD FOR SALE			
Equipment		-	15,196,500
12.1			
Opening carrying value		15,196,500	370,713,296
Transfer to property and equipment		-	(319,137,960)
Effect for reclassification of non-current assets held for sale		-	(34,918,787)
Impairment loss		-	(1,460,049)
Disposal during the year		(15,196,500)	-
Closing carrying value		-	15,196,500
12.2 Information regarding disposal of non-current assets held for sale			

Particulars of asset	Net book value	Sale price	Gain / (loss) on sale	Mode of disposal	Sold to
Generator	3,132,283	3,000,000	(132,283)	Negotiation	Generator Corner
Gas Generator	10,127,717	9,700,000	(427,717)	Negotiation	Stemco Energy Solutions
Gas Generator	1,936,500	1,636,752	(299,748)	Negotiation	Stemco Energy Solutions
	15,196,500	14,336,752	(859,748)		

	Note	2021	2020
		Rupees	
13	TRADE AND OTHER PAYABLES		
	Trade creditors	90,782,912	100,042,561
	Accrued liabilities	23,521,617	20,356,805
	Advance against sale of machinery	-	4,560,000
	Advance against lease of property	900,000	1,550,000
	Workers' welfare fund payable	580,561	70,720
	Withholding Income tax payable	242,906	259,984
	Sales tax payable	278,246	-
	Others	8,523,534	8,523,534
		124,829,776	135,363,604
13.1	Workers' Welfare Fund Payable		
	Balance as at the beginning of the year	70,720	-
	Provision for the year	509,841	70,720
		580,561	70,720
	Payments during the year	-	-
		580,561	70,720
14	ACCRUED MARKUP		
	Short term borrowings	54,127,329	54,127,329
	Long term financing	47,582,524	54,301,998
		101,709,853	108,429,327
15	SHORT TERM BORROWINGS		
	<i>From banking companies - secured:</i>		
	Short term borrowings	15.1 116,220,088	116,220,088
15.1	These facilities were obtained from various banking companies for working capital requirements and are secured through charge on all present and future movable fixed assets amounting to Rupees 135 million, hypothecation charge on machinery amounting to Rupees 200 million, first joint pari passu charge over current assets of the Company, pledge of stocks and personal guarantees of sponsors / directors of the Company at reporting date. Balance of stock in trade, machinery and other movable fixed assets does not support these pledge / charge amounts. These facilities carry mark up of one to six months KIBOR plus a spread of		

1.75 percent to 3.50 percent per annum (2020: one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum), payable quarterly. The Banks have initiated recovery proceeding against the company as fully explained in note 21 to the financial statement.

	Note	2021	2020
		Rupees	
16	LONG TERM FINANCING		
	<i>From banking companies - secured:</i>		
	- The Bank of Punjab	16.1	12,362,177
	- United Bank Limited	16.2	14,959,062
	- United Bank Limited	16.3	20,000,000
	- United Bank Limited (Forced Demand Finance)	16.4	10,000,000
	- National Bank of Pakistan	16.5	78,749,958
	- National Bank of Pakistan (CF swap)	16.6	15,976,000
	- National Bank of Pakistan (Frozen mark-up)	16.7	4,548,000
	- Bank of Punjab (Frozen mark-up)	16.8	4,272,453
		160,867,650	156,645,197
	Current portion taken as current liability	(146,558,020)	(156,645,197)
		14,309,630	-

16.1 This represents demand finance facility having credit limit of Rupees 12.362 million (2020: Rupees 12.412 million) availed from the Bank of Punjab for swapping of demand finance facilities from United Bank Limited. The facility is secured through charge amounting to Rupees 103.160 million via Supplemental Memorandum Confirming Constructive Deposit of Title Deeds and Supplemental Deed of Mortgage Charge over Fixed Assets and personal guarantee of a director. It carries mark up at the rate of 8.62% as per restructure (2019: average 6 month KIBOR plus 350 basis points) with floor instalment of Rupees 3 million each. During the year, the Company has restructured its loan along with frozen markup thereon (Note 16.8) which is repayable in 48 monthly instalments. Past cost of funds amounting Rupees 3.933 million till March 31, 2021 and future cost of funds amounting to Rupees 2.953 million approximately, shall be waived if there will no default in restructured schedule.

16.2 This represents demand finance facility having credit limit of Rupees 14.959 million (2020: Rupees 14.959 million) availed from United Bank Limited for restructuring financial requirements. As per scheduled terms, it carries mark up at the rate of 6 month KIBOR plus 200 basis points with no floor and cap. The loan was repayable from June 18, 2012 in 15 equal quarterly instalments of Rupees 1.868 million each. As the Company has not complied with covenants of restructuring agreement; therefore, total outstanding amount has been classified as current portion as amounts are overdue as of reporting date. This facility is also secured against collateral as given in note 15.1.

- 16.3** This represents demand finance facility having credit limit of Rupees 20 million (2020: Rupees 20 million) converted from FE-25 / NICF Pledge for restructuring of financial requirements by United Bank Limited on June 3, 2013. It carries mark up rate of 3 months KIBOR plus 150 basis points. The loan is repayable in equal quarterly instalments coinciding with existing NIDF-V loan. As the Company has not complied with covenants of restructuring agreement; therefore, total outstanding amount has been classified as current portion as amounts are overdue as of reporting date. This facility is also secured against collateral as given in note 15.1.
- 16.4** This represents forced demand finance facility having credit limit of Rupees 10 million (2020: Rupees 10 million) against bank guarantee encashment. As the Company has not complied with covenants of agreement; therefore, total outstanding amount has been classified as current portion as amounts are overdue as of reporting date. This facility is also secured against collateral as given in note 15.1.
- 16.5** This represents demand finance facility having credit limit of Rupees 78.750 million (2020: Rupees 78.750 million) sanctioned by National Bank of Pakistan for reprofiling of company's balance sheet / swapping of short term debt of Standard Chartered Bank (Pakistan) Limited and United Bank Limited. It carries mark up rate of 6 month KIBOR plus 150 basis points. The loan is repayable in six years including two years of grace period from December 3, 2012 in 8 equal biannual instalments of 11.25 million each. As the Company has not complied with covenants of restructuring agreement; therefore, total outstanding amount has been classified as current portion as amounts are overdue as of reporting date.
- 16.6** These represent outstanding balances of cash finance pledge facility and outstanding markup thereon after restructuring of the said facilities by National Bank of Pakistan as on April 8, 2013. The converted cash finance facility carries mark up at the rate of 1 month KIBOR plus 200 basis points. The loan was payable in equal quarterly instalments till December 31, 2013. As the Company has not complied with covenants of restructuring agreement; therefore, total outstanding amount has been classified as current portion as amounts are overdue as of reporting date.
- 16.7** These represent outstanding balances of frozen markup demand finance pledge facility by the National Bank of Pakistan as on April 08, 2013 and was secured against pledged cotton bales. The loan was payable in equal quarterly instalments till December 31, 2013. As the Company has not complied with covenants of restructuring agreement; therefore, total outstanding amount has been classified as current portion as amounts are overdue as of reporting date.

Facilities mentioned in note 16.5, 16.6 and 16.7 are secured through ranking charge amounting to Rupees 120 million on its all present and future fixed assets including but not limited to plant, machinery, equipment, fixture, fitting and appurtenance attached thereto

including without limitation such plant, machinery, equipment, fixture, fitting and appurtenance acquired/ to be acquired by the Company.

- 16.8** Mark up on demand finance from the Bank of Punjab of Pakistan amounting to Rupees 5.746 million (2020: Rupees Nil) has been restructured as frozen and converted into demand finance facility. Frozen mark up is payable in 48 equal instalments of Rupees 38,000 commenced from June 2021. This facility is also secured against collateral as given in note 16.1. Movement in frozen markup is as following:

	Note	2021	2020
Rupees			
Gross amount payable		5,746,000	-
Less: paid during the year		-	-
		<u>5,746,000</u>	-
Less: Present value adjustments		(1,473,547)	-
Present value of settled amount		<u>4,272,453</u>	-
Present value adjustments			
Opening balance		-	-
Occurred during the year		1,538,150	-
Amortized during the year		(64,603)	-
Closing balance		<u>1,473,547</u>	-

17 DEFERRED TAXATION

This is composed of:

Taxable / (deductible) temporary differences

Allowance for expected credit loss	-	(119,312)
Investment Property	39,705,589	52,950,025
Unused tax losses	(75,490,847)	(77,451,316)
Deferred tax asset	(35,785,258)	(24,620,603)
Deferred tax asset not recognized	35,785,258	24,620,603
	<u>-</u>	<u>-</u>

Deferred tax asset on tax losses available for carry forward are recognized to the extent that the realization of related tax benefits through future taxable interests is probable. Accordingly, the Company has not recognised deferred tax assets of Rupees 35.808 million (2020: Rupees 24.621 million) in respect of unused tax losses primarily due to unabsorbed tax depreciation as sufficient tax interests would not be available to set these off in the foreseeable future. As of reporting date; unabsorbed tax depreciation comprises of Rupees 182.807 million (2020: Rupees 182.807 million).

	Note	2021	2020
Rupees			
18	SHARE CAPITAL		
18.1	Authorized share capital 15,000,000 (2020: 15,000,000) ordinary shares of Rupees 10 each	150,000,000	150,000,000
18.2	Issued subscribed and paid up share capital		
	8,000,000 (2020: 8,000,000) Ordinary shares of Rupees 10 each fully paid in cash	80,000,000	80,000,000
18.2.1	No shares were issued during the year.		
19	REVALUATION SURPLUS		
	Opening balance	6,663,300	-
	Revaluation surplus at the date of transfer to investment property	-	6,663,300
		6,663,300	6,663,300
19.1	Freehold land and building on freehold land were revalued at the date of transfer from property and equipment to investment property by approved external, independent property valuer, having appropriate professional qualification. Difference between the carrying amount and the fair value of this item at the date of transfer were recognized in equity as a revaluation surplus for investment property.		
		Note	2021
20	LOAN FROM SPONSORS		2020
Rupees			
	Opening balance	100,869,536	95,522,097
	Received during the year	-	6,077,439
	Repaid during the year	(2,690,000)	(730,000)
	Closing balance	98,179,536	100,869,536
20.1	The loan has been obtained from sponsors of the Company to meet the liquidity requirements of the Company, which is unsecured and interest free. There is neither fixed tenure of loan nor there is any schedule for repayment of loan. The repayment is at the discretion of the Company. In line with Technical Release - 32 (TR 32 - Accounting Directors' Loan) issued by the Institute of Chartered Accountants of Pakistan (ICAP), these loans are shown as part of equity.		

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 The Company filed Income Tax Return for the Tax Year 2009 by declaring taxable loss of Rupees 14,534,816 for the year and claimed brought forward losses of Rupees 123,213,497. The assessment Order under Section 122 (5A) of the Income Tax Ordinance, 2001 was finalized by the Department at taxable income of Rupees 137,646,895 and computed tax payable of Rupees 47,443,907. The Company preferred an appeal before Commissioner Appeals [CIR(A)] whereby CIR concluded the matter by deletion of proration of expenses, deletion of loan by Rupees 55,600,000, cash payments by Rupees 100,455,778 and understatement of imports by Rupees 11,565,330, School expenses by Rupees 349,422 and confirmation of addition of retirement by Rupees 3,166,000 benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication. The management is of the view that matter will be decided in the company's favour.

21.1.2 As a result of assessment order under Section 122(5A), the tax liability of Rupees 1,594,999 was created. The case has been responded by the company at its own. Further, the taxpayer filed an appeal before Commissioner Inland Revenue and the appeal was decided that the tax demand created was adjusted against the Tax Credit under Section 65B amounting to Rupees 3,603,276. Thus the tax demand assessed by the learned DCIR was deleted, but the loss was amended as per the additions of learned DCIR on account of Exchange Loss of Rupees 1,990,851. The management is of the view that matter will be decided in the company's favour.

21.1.3 The Company filed Income Tax Return for the Tax Year 2012 and paid minimum tax at the rate of 0.5% on the basis of Sindh High Court Judgment. However, the Department disputed the same and charged minimum tax at the 1% resulting in additional minimum tax liability of Rupees 3,527,145. Further, the Department levied penalties under Section 182 (1)(5) of the Ordinance amounting to Rupees 176,357 and Rupees 881,786 for non-payment of tax for first and second defaults respectively. The Company being aggrieved filed an appeal before CIR (A-I) whereby CIR (A-I) directed DCIR to delete the penalties after verification of available refunds. No further action is taken by the department so far. The management is of the view that matter will be decided in the company's favour.

21.1.4 The Company was served a notice by DCIR dated July 06, 2020 whereby the Company requested to join audit proceedings under section 177(1) read with section 214D of the income tax ordinance, 2001, the correspondences on legal ground with the Department are in process.

21.1.5 The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development

Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.

During the financial year 2020, Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Later, the said Ordinance was withdrawn by the Federal Government and during the year; Supreme Court of Pakistan announced its reserved verdict on the Gas Infrastructure Development Cess (GIDC) on August 13, 2020 rejecting all the appeals and ordered the companies to pay the outstanding amount. The Textile companies through APTMA, where the Company is a party, has filed review petition before the Honorable Supreme Court of Pakistan; therefore, the Company has not recognised GIDC of Rupees 22.954 million in these financial statements as the Company is of the view that decision on review petition before Supreme Court of Pakistan shall be decided in favour of the textile industry.

- 21.1.6** Faysal Bank Limited filed a suit against the Company and its management for recovery of Rupees 22,697,054 before the Banking Courts, Lahore. Said suit was decreed on May 16, 2017 but was challenged by the Company before the Division Bench of Lahore High Court, Lahore vide RFA No. 107003/2017. Said appeal is still pending for adjudication and the final outcome of this matter depends upon the decision of this appeal. The Bank has filed an Execution Petition before the Banking Court No. II Lahore which is also pending adjudication. The Company is vigilantly pursuing this case and is of the view that case will be decided in the company's favour.
- 21.1.7** National Bank of Pakistan has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 167921/2018, wherein the Bank claimed recovery of Rupees 100.628 million. Said suit has now been withdrawn by the bank on October 26, 2020 and filed another suit vide COS No. 55682/2020 on October 22, 2020 for the recovery of Rupees 100.68 million based upon a time barred claim. The suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 21.1.8** United Bank Limited has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 221677/2018, wherein the Bank has claimed for recovery of Rupees 183.709 million from the Company. This suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
-

21.1.9 National Bank of Pakistan has lodged a frivolous and time barred claim of Rupees 51.48 million based upon the LC's facilities sanctioned about 7/8 years back. National Accountability Bureau has also taken up this matter, which act of the NBP and the NAB has been challenged in a Writ Petition No. 221742/2018 before the Lahore High Court, Lahore. Writ Petition along with other similar matters were allowed by the full Bench of Lahore High Court, Lahore on December 24, 2018. The NAB has assailed this judgment in Supreme Court of Pakistan vide CPLA No. 1478/2019, which is pending adjudication and there are good chances of a favorable result in this case. There is no scope of any fiscal loss to the Company in the instant matter.

21.1.10 United Bank Limited has filed another suit for recovery against the Company and its management on February 08, 2021 before the Banking Courts Lahore vide, currently pending before the Banking court No. IV Lahore, wherein the Bank has claimed for recovery of Rupees 51.029 million from the Company. This suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.

21.1.11 The Company has filed a suit against National Bank of Pakistan, before the Lahore High Court, Lahore vide COS No. 220828/2018, challenging Bank's alleged claim based upon the LC's facilities sanctioned about 7/8 years back. The claim of the Bank is baseless and time barred. This suit is still pending adjudication. There is no scope of any fiscal loss to the Company in the instant matter. This case is being vigorously pursued by the Company and is of the view that case will be decided in the company's favour.

21.1.12 Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. The Company has submitted detailed reply to the show cause notice along with revival plan of the Company upon disposal of land and building and settlement of loans with lenders and creditors. The Company is making all its efforts to revive the Company by implementing revised business plan as fully explained in note 2 to the financial statements. We are hopeful that show cause proceedings shall be dropped in near future.

21.2 Commitments

21.2.1 There are expired letter of guarantees issued in favour of Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (2020: Rupees 20.647 million) and Rupees 0.598 million (2020: Rupees 0.598 million) from United Bank Limited and Faysal Bank Limited respectively. These guarantees have not yet been released by the Sui Northern Gas Pipelines Company Limited for onward submissions to the banks for cancellation.

	Note	2021	2020
		Rupees	
22	OTHER INCOME		
	Rental income	19,750,000	4,955,000
	Income from agricultural produce	225,000	-
	Credit balances written back	22.1 2,150,061	390,000
	Effect of discounting of present value of frozen markup	1,538,150	-
	Markup income from associate	289,771	-
		<u>23,952,982</u>	<u>5,345,000</u>
22.1	This includes aggregate amount of Rupees 1,242,692 on account of accrued mark up which was in excess of settlement amount with the Bank of Punjab.		
	Note	2021	2020
		Rupees	
23	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other benefits	6,348,851	6,298,795
	Rates and taxes	408,591	130,000
	Utilities	-	1,223,467
	Traveling and conveyance	402,710	63,500
	Vehicle running and maintenance	571,508	719,846
	Printing and stationery	143,310	197,446
	Postage, telephone and telegram	95,464	100,917
	Legal and professional	4,955,336	575,500
	Fee and subscription	323,365	218,239
	Registrar services	181,669	140,103
	Entertainment	41,440	86,640
	Medical expenses	219,432	23,460
	Advertisement	334,700	132,975
	Depreciation	6 -	932,314
	Auditors' remuneration	23.1 735,000	746,000
	Repair and maintenance	712,980	304,513
	Others	541,603	455,499
		<u>16,015,959</u>	<u>12,349,214</u>
23.1	Auditors' Remuneration		
	Half yearly review	105,000	116,000
	Annual audit fee	630,000	630,000
		<u>735,000</u>	<u>746,000</u>

	Note	2021	2020
		Rupees	
24	OTHER OPERATING EXPENSES		
	Debit balances written off	47,017	487,750
	Impairment on property and equipment	-	2,831,595
	Impairment on non-current assets held for sale	-	1,460,049
	Loss on sale of generators	859,748	-
	Provision for doubtful advances	-	411,419
	Workers welfare fund	509,841	70,720
	Effect for reclassification of non-current assets held for sale	-	34,918,787
		1,416,606	40,180,320
25	FINANCE COSTS		
	Mark up on long term financing	269,218	-
	Unwinding of present value of frozen markup	64,603	-
	Settlement fee	450,000	-
	Bank charges	4,562	5,845
		788,383	5,845
26	INCOME TAX EXPENSE		
	Charge for the year:		
	- Current		
	For the year	4,334,024	1,045,943
	Prior year	46,139	1,594,999
		4,380,163	2,640,942
	- Deferred	-	-
		4,380,163	2,640,942
26.1	Assessment up to tax year 2020 is finalized (deemed assessment) and the available tax losses of the Company are Rupees 260.392 million (2020: Rupees 267.074 million).		
26.2	Current year tax is charged on the basis of turnover under Section 113 or Alternate Corporate Tax (ACT) on accounting interest under section 113C of Income Tax Ordinance, 2001, whichever is higher. Relationship between income tax expense and accounting interest for current year is not meaningful due to application of separate block of income.		

	Note	2021	2020
		Rupees	
27	EARNINGS PER SHARE		
	Profit/(Loss) attributable to ordinary shareholders (Rupees)	21,111,871	(49,737,672)
	Weighted average number of ordinary shares outstanding during the year (Number)	8,000,000	8,000,000
	Earnings per share (Rupees)	2.639	(6.217)

27.1 Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at reporting date which would have any effect on the earnings per share if the option to convert is exercised.

28 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts for remuneration, allowances including all benefits to the Executive of the Company are as follows:

	2021	2020	
		Rupees	
<u>Description</u>			
Managerial remuneration	3,590,000	1,800,000	
No. of persons	2	1	

28.1 No remuneration was paid to chief executive and directors during the year whereas no meeting fee was paid to directors for attending board meeting or its committee (2020: Nil).

29 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Related parties comprise of directors of the Company, their close relatives and key management personnel. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

29.1 Name and nature of relationship

Sponsors

Ms. Nilofer Mukhtar - Director / Chairman

Ms. Abida Mukhtar - Director

Associate

Super Bird (Private) Limited

29.2 Transactions with related parties

Nature of Relationship	Nature of Transaction	2021	2020
		(Rupees)	
Sponsors	Loan received	-	6,077,439
	Loan repaid	(2,690,000)	(730,000)
Associate	Funds received	9,752,200	-
	Funds repaid	(9,752,200)	-
	Markup income	289,771	-

30 PROVIDENT FUND RELATED DISCLOSURE

The Company's provident fund ceased to exist from September 30, 2014 and all outstanding dues payable to the employees were paid off. Currently, number of existing employees is less than the minimum requirements as per the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

31 FAIR VALUE MEASUREMENTS**Fair value hierarchy**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.
- 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 either directly (i.e. as prices) or indirectly (i.e. derived from prices), the instrument is included in level 2.

- 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.

As at reporting date, the Company has following item to report in these levels:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Fair value measurements	(Rupees)			
Assets				
Assets at fair value through statement of profit or loss	-	144,000,000	197,891,000	341,891,000
June 30, 2020				
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Assets				
Assets at fair value through statement of profit or loss	-	190,734,000	131,397,000	322,131,000

31.1 Valuation inputs and relationship to fair value

The following table summarises the quantitative and qualitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer fair value hierarchy for the valuation techniques adopted.

Description	Significant Unobservable inputs	Quantitative data / range and relationship to the fair value
Buildings	<ul style="list-style-type: none"> -Cost of construction of a new similar building. -Suitable depreciation rate to arrive at depreciated replacement value. 	The market value has been determined by using a depreciation of approximately 5%-10% on cost of constructing a similar new building. Higher, the estimated cost of the construction of new building, higher the fair value. Further higher the depreciation rate, the lower the fair

32 FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's

Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies and provides principles for overall risk management, as well as policies covering specific areas such as currency risk, equity price risk, 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 financial performance.

The Company's Audit Committee oversees risk management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the company. Audit committee is into oversight role by internal audit department. Internal audit department undertakes reviews of risk management controls and procedures, results of which are reported to audit committee.

(a) Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk, currency risk and market price 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 risks as at reporting date, therefore, no foreign currency sensitivity is applicable.

(ii) Interest rate risk

Interest rate risk represents the risk that fair values of future cash flows of financial instruments which will fluctuate because of change in market interest rates. The Company has no significant long-term interest-bearing financial assets. The Company's interest rate risk arises from financial liabilities. Borrowings obtained at floating rates expose the Company to cash flow interest rate risk. The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in interest rate risk.

(iii) Other price risk

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 instruments traded in the market.

The Company does not have financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market prices.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local deposits, other receivables and other financial assets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2021	2020
		Rupees	
Long term deposits	8	1,426,354	1,426,354
Deposits and other receivables	9	1,023,162	733,391
Bank balances	11	1,692,728	295,756
		<u>4,142,244</u>	<u>2,455,501</u>

Concentration of credit risk

The company identifies concentrations of credit risk by reference to type of counterparty. Maximum exposure to credit risk by type of counterparty is as follows:

	Note	2021	2020
		Rupees	
Long term deposits	8	<u>1,426,354</u>	<u>1,426,354</u>

Out of the total financial assets credit risk is concentrated in long term deposits as they constitute 58.09% (2019: 58.38%) of the total financial assets.

The credit quality of Company's bank balances can be assessed with reference to the external credit ratings follows:

Banks	Rating	Short term		Long term		2021	2020
Bank Alfalah Limited	PACRA	A1+	AA+	-	270		
Habib Bank Limited	VIS	A-1+	AAA	-	20,491		
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	34,497	5,826		
Meezan Bank Limited	VIS	A-1+	AAA	1,655,034	242,347		
The Bank of Punjab	PACRA	A1+	AA+	3,197	3,547		
United Bank Limited	VIS	A-1+	AAA	-	23,275		
				1,692,728	295,756		

Due to the Company's long standing business relationships with these counter parties 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 that are settled by delivering cash or any other financial assets, or that such obligations will have to be settled in manners unfavorable to the company.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management believes the liquidity risk to be low.

The table below analyses the Company's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
	Note	(Rupees)			
June 30, 2021					
Trade and other payables	13	122,828,063	122,828,063	122,828,063	-
Unclaimed dividend		1,159,777	1,159,777	1,159,777	-
Accrued markup	14	101,709,853	101,709,853	101,709,853	-
Short term borrowings	15	116,220,088	116,220,088	116,220,088	-
Long term financing	16	160,867,650	160,867,650	146,558,020	14,309,630
		502,785,431	502,785,431	488,475,801	14,309,630
June 30, 2020					
Trade and other payables	13	128,922,900	128,922,900	128,922,900	-
Unclaimed dividend		1,159,777	1,159,777	1,159,777	-
Accrued markup	14	108,429,327	108,429,327	108,429,327	-
Short term borrowings	15	116,220,088	116,220,088	116,220,088	-
Long term financing	16	156,645,197	156,645,197	156,645,197	-
		511,377,289	511,377,289	511,377,289	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates effective as at reporting date. The rates of interest have been disclosed in respective notes to the financial statements.

32.2 Financial instruments by categories

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values.

	Note	2021 (Rupees)	2020
Financial assets and liabilities at amortized cost			
<i>Assets as per statement of financial position</i>			
Long term deposits	8	1,426,354	1,426,354
Deposits and other receivables	9	1,023,162	733,391
Cash and bank balances	11	1,692,778	295,806
		4,142,294	2,455,551
<i>Liabilities as per statement of financial position</i>			
Trade and other payables	13	122,828,063	128,922,900
Unclaimed dividend		1,159,777	1,159,777
Accrued markup	14	101,709,853	108,429,327
Long term financing	16	160,867,650	156,645,197
Short term borrowings	15	116,220,088	116,220,088
		502,785,431	511,377,289

32.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

32.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits to other stakeholders and to maintain healthier capital ratios in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholders, return on capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes from the previous period. The Company monitors capital using gearing ratio, which is debt divided by equity plus net debt. Owing to negative equity of the Company as of reporting date; presentation of capital gearing ratio would not be meaningful for the users of the financial statements.

	<u>2021</u>	<u>2020</u>
	(Numbers)	
33 NUMBER OF EMPLOYEES		
Total number of employees at year end	<u>10</u>	<u>14</u>
Average number of employees during the year	<u>10</u>	<u>16</u>

34 SUBSEQUENT EVENTS

Subsequent to reporting date; the Company has approached its lenders for settlement of loans in case of disposal of land and building by the Company in accordance with the approval being sought from the shareholders in forthcoming annual general meeting. The settlement with the lenders and trade creditors may result into recognition of gain, if any, that would be accounted for in the next financial year.

35 GENERAL AND CORRESPONDING FIGURES

35.1 Corresponding figures have been reclassified in these financial statements, wherever necessary to facilitate the comparison and to conform with changes and presentation in the current year. However, no significant reclassifications were made in the financial statements.

35.2 Figures have been rounded off to rupees, unless otherwise stated.

36 DATE OF AUTHORISATION

36.1 These financial statements have been approved and authorised for issue in Board of Directors meeting of the Company held on October 29, 2021.

Lahore: October 29, 2021



Abida Mukhtar
Chief Executive Officer



Shahid Ameen Chaudhry
Chief Financial Officer



Nilofar Mukhtar
Director

FINANCIAL HIGHLIGHTS FOR THE LAST 5 YEARS

Rs In 000	2020	2019	2018	2017	2016
			Restated	Restated	Restated
Sales	-	-	-	-	-
Gross Profit (Loss)	-	-	(39,647)	(51,717)	(57,088)
Profit & Loss Before Taxation	47,096	(4,934)	(157,240)	(80,343)	(81,524)
Profit & Loss After Taxation	49,737	(4,934)	(73,920)	(81,066)	(55,785)
Shareholder,s Equity + Revaluation	(155,991)	(119,690)	(101,758)	82,293	138,860
Fixed Assets (Net)	322,131	-	-	611,547	664,779
Total Assets	(15,591)	(118,264)	(101,758)	669,189	746,550
Total Liabilities	518,863	516,444	559,949	593,759	637,593
Current Assets	39,315	396,764	458,175	55,623	79,671
Current Liabilities	518,863	516,444	559,949	586,895	607,689
Profitability					
Gross Profit (Loss)	0%	0%	0%	0%	0%
Profit & (Loss) Before Taxation	0%	0%	0%	0%	0%
Profit & (Loss) After Tax	0%	0%	0%	0%	0%
Return to Equity					
Return on Equity Before Tax	N/A	N/A	N/A	N/A	N/A
Return to Equity after Tax	N/A	N/A	N/A	N/A	N/A
Earning Per Share	-	-	-9.24	-10.13	-6.97
Liquidity / Leverage					
Current Ratio	(7.58)	(76.82)	(15.57)	(9.48)	(13.11)
Braek upValue Per Share	(31.88)	(14.78)	(3.88)	10.29	17.36
Total Liabilities to Equity	(3.33)	(4.36)	(18.03)	7.22	4.59

FORM 34

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

1.1 Name of the Company DAR-ES-SALAAM TEXTILE MILLS LTD.

2.1. Pattern of holding of the shares held by the shareholders as at 30-06-2021

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
140	1	100	6,862
913	101	500	445,173
54	501	1,000	52,197
50	1,001	5,000	121,791
13	5,001	10,000	112,479
3	10,001	15,000	35,700
4	15,001	20,000	74,500
1	20,001	25,000	24,391
3	25,001	30,000	77,500
2	40,001	45,000	87,250
1	110,001	115,000	112,291
1	115,001	120,000	120,000
1	145,001	150,000	150,000
1	165,001	170,000	168,568
1	240,001	245,000	241,750
1	255,001	260,000	259,287
1	300,001	305,000	302,500
1	515,001	520,000	516,750
1	770,001	775,000	775,000
1	820,001	825,000	824,125
1	1,425,001	1,430,000	1,427,697
1	2,060,001	2,065,000	2,064,189
1,195			8,000,000

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	4,935,761	61.6970
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	-	-
2.3.3 NIT and ICP	263,487	3.2936
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	649	0.0081
2.3.5 Insurance Companies	-	-
2.3.6 Modarabas and Mutual Funds	-	-
2.3.7 Shareholders holding 10% or more	4,627,761	57.8470
2.3.8 General Public		
a. Local	2,752,162	34.4020
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	22,194	0.2774
2- Pension Funds	24,391	0.3049
3- Others	1,356	0.0170

Categories of Share Holders
As on 30th. June, 2021

S. No.	NAME	HOLDING	% AGE
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN</u>			
1	MRS. NILOFAR MUKHTAR	44,750	0.5594
	MRS. NILOFAR MUKHTAR (CDC)	824,125	10.3016
2	MRS. MEHWESH FAISAL MUKHTAR	302,500	3.7813
3	MR. FAISAL MUKHTAR	241,750	3.0219
	MR. FAISAL MUKHTAR (CDC)	1,427,697	17.8462
4	MS. ABIDA MUKHTAR	25,250	0.3156
	MS. ABIDA MUKHTAR (CDC)	2,064,189	25.8024
5	MR. EJAZ HUSSAIN	2,500	0.0313
6	MR. MUHAMMAD YOUSUF	500	0.0063
7	CH. MUHAMMAD GUL NAWAZ	2,500	0.0313
		4,935,761	61.6970
<u>ASSOCIATED COMPANIES</u>			
		0	0.0000
<u>NIT & ICP</u>			
1	INVESTMENT CORP. OF PAKISTAN	4,200	0.0525
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	259,287	3.2411
		263,487	3.2936
<u>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS</u>			
1	NATIONAL BANK OF PAKISTAN (CDC)	149	0.0019
2	ESCORTS INVESTMENT BANK LIMITED (CDC)	500	0.0063
		649	0.0081
<u>MODARABA & MUTUAL FUNDS</u>			
		0	0.0000
<u>PENSION FUNDS</u>			
1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND (CDC)	24,391	0.3049
		24,391	0.3049
<u>JOINT STOCK COMPANIES</u>			
1	AMIN TEXTILE MILLS (PVT) LIMITED	9,000	0.1125
2	S.H. BUKHARI (PVT) LIMITED	2,900	0.0363
3	CAPITAL VISION SECURITIES (PVT) LTD. (CDC)	193	0.0024
4	H M INVESTMENTS (PVT) LTD. (CDC)	100	0.0013
5	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
6	SAAO CAPITAL (PVT) LIMITED. (CDC)	10,000	0.1250
		22,194	0.2774
<u>Others</u>			
1	THE TRUSTEE GHULAMAN-E-ABBAS EDUCATIONAL & MEDICAL TRUST	500	0.0063
2	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST (CDC)	856	0.0107
		1,356	0.0170
<u>EXECUTIVES</u>			
		0	0.0000
<u>SHARES HELD BY THE GENERAL PUBLIC (FOREIGN)</u>			
		0	0.0000
<u>SHARES HELD BY THE GENERAL PUBLIC (LOCAL)</u>			
		2,752,162	34.4020
		2,752,162	34.4020
		8,000,000	100.0000

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	NAME	Holding	%Age
1	MR. FAISAL MUKHTAR	1,669,447	20.8681
2	MS. ABIDA MUKHTAR	2,089,439	26.1180
3	MRS. NILOFAR MUKHTAR	868,875	10.8609
		<u>4,627,761</u>	<u>57.8470</u>

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

		Holding	%Age
1	MR. FAISAL MUKHTAR	1,669,447	20.8681
2	MS. ABIDA MUKHTAR	2,089,439	26.1180
3	MRS. NILOFAR MUKHTAR	868,875	10.8609
4	MR. TAHIR MUZAFFAR RAJA (CDC)	775,000	9.6875
5	CH. AHMED MUKHTAR (PHY + CDC)	685,318	8.5665
		<u>6,088,079</u>	<u>76.1010</u>

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

Sr. No.	Name	Sale	Purchase
	Dear Sir, please check the sale/purchase at your end	Nil	Nil

**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	MRS. NILOFAR MUKHTAR	868,875	10.8609
2	MRS. MEHWESH FAISAL MUKHTAR	302,500	3.7813
3	MR. FAISAL MUKHTAR	1,669,447	20.8681
4	MS. ABIDA MUKHTAR	2,089,439	26.1180
5	MR. EJAZ HUSSAIN	2,500	0.0313
6	MR. MUHAMMAD YOUSUF	500	0.0063
7	CH. MUHAMMAD GUL NAWAZ	2,500	0.0313

Executives:

- -

Public Sector Companies & Corporations:

- -

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

25,040 0.3130

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

1	MR. FAISAL MUKHTAR	1,669,447	20.8681
2	MS. ABIDA MUKHTAR	2,089,439	26.1180
3	MRS. NILOFAR MUKHTAR	868,875	10.8609
4	MR. TAHIR MUZAFFAR RAJA (CDC)	775,000	9.6875
5	CH. AHMED MUKHTAR (PHY + CDC)	685,318	8.5665

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
	Dear Sir, please check the sale/purchase at your end	Nil	Nil

FORM OF PROXY ANNUAL GENERAL MEETING

The Company Secretary
Dar Es Salaam Textile Mills Limited
H.No. 37, Street No.14, Cavalry Ground,
Lahore-Cantt. Phones: (042) 36610643-44

L/F NO.	
NO. OF SHARES	

Dear Sir,

I/We _____

of _____

being a member of DAR ES SALAAM TEXTILE MILLS LIMITED, hereby appoint

(NAME)

of _____

(another member of the Company) to attend, act and vote for me/us and on my/our behalf at the Annual Ordinary General Meeting of the Company to be held on Saturday November 20, 2021 at 09:30 A.M. at the H.No.37, Street No.14, Cavalry Ground, Gulberg III, Lahore and at any adjournment thereof.

As witness my hand this _____ day of _____ 2021.

Signature on Revenue
Stamp

(Signature should agree with the specimen
Signature registered with the Company)

Date: _____

Note: Proxies must be received at the Registered office of the Company not later than 48 hours before time of holding the meeting duly stamped, Signed and witnessed.

www.jamapunji.pk



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 🔍 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 🏢 Company Verification
- 📄 Insurance & Investment Checklist
- 🔍 FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📄 Knowledge center
- 📄 Risk profiler*
- 📄 Financial calculator
- 📄 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📄 Jamapunji application for mobile device
- 📄 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



**DAR ES SALAAM
TEXTILE MILLS LIMITED**

HEAD OFFICE: H.No. 37, Street No.14, Cavalry Ground,
Lahore-Cantt. Phones: (042) 36610643-44

Factory: 10th Km Muridke-Sheikhupura Road, Muridke.