

Annual Report 2018

A series of overlapping yellow geometric shapes, including triangles and parallelograms, arranged in a stepped, ascending pattern from left to right.

CONTENTS

Company Information	2
Notice of Annual General Meeting	4
Directors' Report	5
Financial Highlights	8
Statement of Compliance With Code of Corporate Governance	9
Auditors' Review Report on Corporate Governance	11
Auditors' Report to the Members	12
Statement of Financial Position	16
Statement of Profit or Loss	18
Statement of Comprehensive Income	19
Statement of Changes In Equity	20
Cash Flow Statement	21
Notes to the Financial Statements	22
Pattern of Shareholding	54
Form of Proxy	59

COMPANY INFORMATION

Board of Directors	Mr. Pervez Ahmed Mr. Ali Pervez Ahmed Mr. Suleman Ahmed Mr. Atta ur Rehman Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik Mrs. Rukhsana Khalid	Chief Executive
Audit Committee	Mr. Atta ur Rehman Mr. Khawar Mahmud Mr. Mazhar Pervaiz Malik	Chairman
HR and Remuneration Committee	Mr. Suleman Ahmed Mr. Atta ur Rehman Mrs. Rukhsana Khalid	Chairman
Chief Financial Officer	Mr. Muhammad Rafique Qureshi	
Company Secretary	Mr. Salman Farooq	
Auditors	M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants	
Legal Advisor	Cornelius, Lane & Mufti Advocates & Solicitors	
Banks	Al Baraka Bank (Pakistan) Limited MCB Bank Limited Silk Bank Meezan Bank Limited Bank Al-Falah Limited Bank Al-Habib Limited NIB Bank Limited National Bank of Pakistan Dubai Islamic Bank	
Registered Office	20-K, Gulberg II, Lahore.	
Share Registrars	THK Associates (Pvt.) Limited First Floor, 40-C, Block - 6 P.E.C.H.S Karachi - 75400	
Mill	11-km Sheikhpura Faisalabad Road, Sheikhpura	
Website	www.dsil.com.pk	

VISION

- To be a dynamic, profitable, growth oriented Company and to achieve excellence through commitment, integrity, honesty and team work

MISSION

- To increase consistently the value of the Company to its shareholders by building up the Company on sound financial footings with better productivity, excellence in quality and improved efficiency at lower operating costs without compromising on our principles of ethics, integrity and professional standards
- To achieve high returns on investments through continuous process of improvement for the benefit of shareholders
- To be a responsible employer and to develop and reward employees according to their ability and performance.
- Be a good corporate citizen

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-eighth Annual General Meeting of the shareholders of the Company will be held at the Registered Office of the Company 20 - K Gulberg II, Lahore on Saturday October 27, 2018 at 3:00 p.m. to transact the following business:-

Ordinary Business

1. To confirm the minutes of Extra-Ordinary General Meeting held on January 31, 2018.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2018 together with Directors' and Auditors' reports thereon.
3. To appoint Auditors of the Company for the year 2018-19 and to fix their remuneration. The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants, retire and being eligible offered themselves for the re-appointment.

Lahore
October 5, 2018

Salman Farooq
(Company Secretary)

Notes:-

1. The share transfer books of the Company will remain close from October 23, 2018 to October 27, 2018 (BOTH DAYS INCLUSIVE)
2. A member entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend the meeting and vote for him / her. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. Shareholders are required to immediately notify the Registrar of any change in their postal addresses.
4. Account holders and sub-account holders holding book entry securities in respect of the shares of the Company in Central Depository Company of Pakistan Limited, who wish to attend the General Meeting are requested to bring their original Computerized National Identity Cards for identification purpose.

DIRECTORS' REPORT

The Board of Directors of D.S. Industries Limited is pleased to present the Company's Thirty-Eighth Annual Report which includes the Audited Financial Statements of the Company together with the Auditor's report thereon for the year ended June 30, 2018.

Financial Results of the Company

During the year ended June 30, 2018 the Company has incurred gross loss of Rs. 15.604 million as compared to gross loss of Rs. 55.598 million in the last year. Whereas Loss before taxation for the year was amounting to Rs. 43.837 million as compared to Profit before taxation of Rs. 81.114 million in last year.

Dividend

In view of the liquidity problem due to negative cash flow from operating activities and available accumulated losses, directors of your Company have proposed no dividend for the year.

Book Closure

The Share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 23, 2018 to October 27, 2018 (both days inclusive). Transfer received by our Shares Registrar, M/s THK Associates (Pvt.) Limited - First Floor, 40-C, Block-6, P.E.C.H.S Karachi at the close of business on October 22, 2018 will be considered to attend and vote at the meeting.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the Company as at June 30, 2018, and Code of Corporate Governance are annexed with this report.

Operating and Financial Data

Operating and financial data with key ratios for the six years is annexed.

Future Outlook

The textile sector is a significant pillar of Pakistan's economy. From last few years, this sector has suffered substantial losses across the board. Increased production cost, and dumping of Indian yarn in local market had made it very difficult for the textile industry to survive and compete in the market. However, recent steps taken by newly appointed Government to support the textile sector will help Pakistan to compete in the region. Recent reduction in power cost will result in reduction of production cost which will help the industry to regain and increase their international market share. The management of the Company is also committed to run the affairs of the Company in a profitable manner.

Number of Board Meetings Held

Five meetings of the Board of Directors were held during the year ended June 30, 2018 and the attendance of the directors is as follows:

Mr. Pervez Ahmed	Chief Executive	5 attendance
Mr. Ali Pervez Ahmed	Director	5 attendance
Mr. Hassan Ibrahim Ahmed	Director	4 attendance
Mr. Suleman Ahmed	Director	5 attendance
Mr. Atta ur Rehman	Director	3 attendance
Mr. Khawar Mahmud	Director	3 attendance
Mr. Mazhar Pervaiz Malik	Director	3 attendance
Mrs. Rukhsana Khalid	Director	3 attendance

Statement of Ethics & Business Practices

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every director and employee of the Company as a token of acknowledgement of his/her understanding of the standards of conduct in relation to everybody associated or dealing with the Company.

Auditors

The Auditors M/s Rehman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants retire and offer themselves for the reappointment. The Audit Committee of the Board has recommended the reappointment of M/s Rehman Sarfaraz Rahim Iqbal Rafiq - Chartered Accountants as auditors for the financial year ending June 30, 2019.

Audit Committee

The Audit Committee of the Company is in place and comprises the following members as required under the Code of Corporate Governance.

Mr. Atta ur Rehman	Chairman
Mr. Khawar Mahmud	Member
Mr. Mazhar Pervaiz Malik	Member

Meetings of the Audit Committee were held during the year ended June 30, 2018 as required by the Code of Corporate Governance for review of quarterly & annual accounts and other related matters. The meeting was also attended by the Chief Financial Officer, head of Internal Audit and External Auditors as and when it was required.

Code of Corporate Governance

Statement in Compliance to the Code of Corporate Governance

The Directors are pleased to confirm that the Company has made compliance of the provisions set out by the Securities & Exchange Commission of Pakistan through the listing regulations of Karachi and Lahore Stock Exchanges as prescribed in the Code of Corporate Governance and there is no material departure from the best practices as detailed in the listing regulations.

- 1 The financial statements prepared by the management of the Company present its state of affairs fairly, the result of its operations, cash flows and change in equity.
- 2 Proper books of accounts of the Company have been maintained.
- 3 Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- 4 International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- 5 The system of internal control is sound in design and has been effectively implemented and monitored.
- 6 The Company has incurred net loss of Rs. 75.782 million during the year and has accumulated losses of Rs. 760.318 million as at the balance sheet date. The current liabilities of the Company exceeds its current assets by Rs. 268.551 million. These factors may cast doubt about the entity's ability to continue as going concern. However, the management is confident to obtain continuous support from the sponsoring directors and favorable negotiations with lenders.
- 7 There has been no material departure from the best practices of corporate governance as defined in the listing regulations.
- 8 Financial highlights for the last six years are annexed.

Acknowledgement

The Board of directors would like to place on record their appreciation to the valued shareholders, bankers, the Securities & Exchange Commission and to the management of Pakistan Stock Exchange for their valuable support, assistance and guidance. The Board also express its appreciation to the staff and workers of the Company for their services, loyalty and efforts being continuously rendered

Lahore
October 5, 2018

For & on behalf of the Board

Pervez Ahmed
Chief Executive

FINANCIAL HIGHLIGHTS

	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
PROFIT AND LOSS ACCOUNT						
Sales	717,846,175	823,969,981	635,025,614	820,090,456	1,130,585,280	1,085,828,414
Cost of sales	(733,450,702)	(879,568,859)	(694,770,844)	(867,695,343)	(1,117,780,808)	(922,982,731)
Gross Profit	(15,604,527)	(55,598,878)	(59,745,230)	(47,604,887)	12,804,472	162,845,683
Operating expenses:						
- Selling & Distribution expenses	(1,852,272)	(2,474,395)	(2,282,947)	(2,718,422)	(2,294,780)	(5,961,460)
- Administrative & General expenses	(29,132,885)	(27,806,108)	(21,356,090)	(29,711,264)	(39,044,110)	(42,059,029)
- Other expenses	(6,066,603)	(16,796,430)	(1,871,722)	(21,010,741)	(9,358,678)	(4,323,136)
	(37,051,760)	(47,076,933)	(25,510,759)	(53,440,427)	(50,697,568)	(52,343,625)
	(52,656,287)	(102,675,811)	(85,255,989)	(101,045,314)	(37,893,096)	110,502,058
Other income	14,195,755	171,623,638	81,029,382	237,040,996	1,239,342	1,364,786
Operating (Loss) / Profit	(38,460,532)	68,947,827	(4,226,607)	135,995,682	(36,653,754)	111,866,844
Finance cost	(9,677,409)	(3,933,821)	(1,458,056)	(2,286,489)	(2,675,550)	(33,567,924)
(Impairment loss) / reversal of impairment on investment in associates - net	-	-	-	-	(23,157,422)	19,568,789
Notional Income / (Notional Interest)	15,543,107	-	(26,638,748)	26,638,748		
Share of net profit / (loss) of associated companies	(11,242,787)	16,100,595	(815,389)	(20,370,674)	16,862,535	29,881,862
(Loss) / Profit before Taxation	(43,837,621)	81,114,601	(33,138,800)	139,977,267	(45,624,191)	127,749,571
Taxation	(31,945,213)	(4,022,587)	49,668,989	27,908,971	(2,766,647)	14,278,522
Net (Loss) / Profit for the Year	(75,782,834)	77,092,014	16,530,189	167,886,238	(48,390,838)	142,028,093
Dividend	0	0	0	0	0	0
Bonus	0	0	0	0	0	0
BALANCE SHEET						
Share Capital	753,956,601	753,956,601	600,000,000	600,000,000	600,000,000	600,000,000
Long term loans	82,745,085	-	-	151,563,805	596,917,258	678,939,561
Property, plant and equipment	478,921,989	510,776,302	544,306,154	398,938,588	436,192,675	437,429,417
Capital work in progress	-	-	-	-	-	19,169,784
Current assets	104,292,967	71,518,695	88,456,586	85,981,512	114,164,666	160,902,382
Current liabilities	372,843,664	409,169,716	607,147,446	506,624,153	461,883,147	387,426,188
KEY FINANCIAL RATIOS						
Gross profit / (loss) ratio (%)	(2.17)	(6.75)	(9.41)	(5.80)	1.13	15.00
Operating (loss) / profit ratio (%)	(5.36)	8.37	(0.67)	16.58	(3.24)	10.30
Net profit / (loss) ratio (%)	(10.56)	9.36	2.60	20.47	(4.28)	13.08
Profit / (Loss) earning per share	(1.11)	1.13	0.28	2.80	(0.81)	2.37
Fixed assets turnover	1.50	1.61	1.17	2.06	2.59	2.48

**Statement of Compliance With Best
Practices of Code of Corporate Governance
For The Year Ended June 30, 2018**

D.S Industries Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2017 ("the Regulations") in the following manner:

1. The total number of directors are seven as per the following:
Male : Six
Female : One
2. The composition of the Board of Directors ("the Board") is as follows:

Name of Director and Category

Independent Directors

- Mr. Mazhar Pervaiz Malik
- Mr. Khawar Mahmud
- Mr. Atta ur Rehman

Other Non-Executive Directors

- Mrs. Rukhsana Khalid

Executive Directors

- Mr. Pervez Ahmed
- Mr. Ali Pervez Ahmed
- Mr. Suleman Ahmed

3. The Directors have confirmed that none of them is serving as director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable)
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act 2017 ("the Act") and the 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 of Directors have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.
9. Directors are well conversant with the Listing Regulations and legal requirements and as such are fully aware of their duties and responsibilities. However none of directors of the Company have obtained any certification in any Directors Training Program.

10. The Board has approved appointment of Chief Financial Officer and Company Secretary, including their remuneration and term and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below

Audit Committee

Mr. Atta ur Rehman (Chairman)
Mr. Khawar Mahmud
Mr. Mazhar Pervaiz Malik

HR and Remuneration Committee

Mr. Khawar Mahmud (Chairman)
Mrs. Rukhsana Khalid
Mr. Mazhar Pervaiz Malik

13. The terms of reference of the aforesaid committees have been formed, documents and advised to the committee for compliance
14. The frequency of meeting of the committee were as per following:

Audit Committee - Quarterly
HR and Remuneration Committee - Yearly
15. The Board has set-up an effective internal audit function which is considered suitably qualified & experienced for the purpose and are conversant with the policies and procedures of the Company
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of
Board of Directors

Lahore.
October 5, 2018

Pervez Ahmed
Chief Executive

Review Report on Statement of Compliance with Best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 ['the Regulations'] prepared by the Board of Directors of D.S. INDUSTRIES LIMITED for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulation.

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, 2018. Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Reference	Description
Paragraph 9	The Board has not arranged any directors training program for its directors during the year.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Engagement Partner: **ZUBAIR IRFAN MALIK**

Lahore: OCTOBER 05, 2018

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of D.S. INDUSTRIES LIMITED ['the Company'], which comprise the statement of financial position as at June 30, 2018, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for 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 opinion.

Material Uncertainty relating to Going Concern

We draw attention to note 2.2 to the financial statements which refers to the fact that the Company has incurred gross loss of Rs. 15.604 million. As at June 30, 2018 the Company has accumulated losses of Rs. 760.318 million as at reporting date. Its current liabilities exceeded its total assets by Rs. 268.551 million. The Company has been unable to repay its long term debts on due dates. These factors indicate existence of a material uncertainty that raise doubts about the Company's ability to continue as a going concern and that the Company may not be able discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis for reasons explained in note 2.2. Our opinion is not qualified in respect of this matter.

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.

Key audit matter	How our audit addressed the key audit matter
<p>1. Preparation of financial statements under Companies Act, 2017</p> <p>As disclosed in note 3 to the annexed financial statements, the Companies Act, 2017 [‘the Act’] became applicable for the first time for the preparation of the Company’s annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3 to the annexed financial statements.</p> <p>Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property, plant and equipment as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 5 to the accompanying financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.</p> <p>We also evaluated the sources of information used by the management for the preparation of these disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p> <p>In respect of the change in accounting policy for the accounting and presentation of surplus on revaluation of property, plant and equipment, as referred to in note 5 to the financial statements, we assessed the accounting implications in accordance with the accounting and reporting standards as applicable in Pakistan and evaluated its application in the context of the Company.</p>
<p>2. Inventory valuation</p> <p>Stock in trade amounts to Rs 54.11 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value [‘NRV’] of stock in trade.</p> <p>The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contracts in hand and historically realized sales prices.</p> <p>The significance of the balance coupled with the judgment involved has resulted in the valuation of stock in trade being identified as a key audit matter</p> <p>The disclosures in relation to stock in trade are included in note 21.</p>	<p>To address the valuation of stock in trade, we assessed historical costs recorded in the valuation of stock in trade; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to stock in trade.</p> <p>We also assessed management’s determination of the net realizable value of stock in trade by performing tests on the sales prices secured by the Company for similar or comparable items of stock in trade.</p>

Key audit matter	How our audit addressed the key audit matter
<p>3. Deferred taxation</p> <p>At June 30, 2018, the Company had deferred tax asset amounting to Rs. 17.21 which was not recognized.</p> <p>The analysis of the recognition and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions, especially as it relates to future performance of the Company.</p> <p>The disclosures in relation to deferred taxation are included in note 13</p>	<p>We obtained an understanding of the income tax process, and evaluated the design and tested the effectiveness of controls in this area relevant to our audit. We performed substantive audit procedures on the calculation of deferred tax balances based on tax regulations, and on the analysis of the recoverability of the deferred tax assets.</p> <p>We have evaluated the company's assumptions and estimates in relation to the likelihood of generating sufficient future taxable profits.</p> <p>We have involved internal tax specialists to support us in these procedures.</p> <p>Finally, we reviewed the adequacy of the disclosures made by the company in this area.</p>

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(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

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

The engagement partner on the audit resulting in this independent auditor's report is ZUBAIR IRFAN MALIK.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Engagement Partner: ZUBAIR IRFAN MALIK

Lahore: OCTOBER 05, 2018

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized capital</i>			
100,000,000 (2017: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	7	836,856,310	836,856,310
Discount on issue of shares	8	(82,899,709)	(82,899,709)
Surplus on revaluation of property, plant and equipment	9	203,909,733	214,247,198
Accumulated loss		(760,317,860)	(697,192,244)
		197,548,474	271,011,555
Advance against issue of ordinary shares	10	-	-
TOTAL EQUITY		197,548,474	271,011,555
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	11	82,745,085	-
Employees retirement benefits	12	14,834,639	18,825,729
Deferred taxation	13	19,778,854	-
		117,358,578	18,825,729
CURRENT LIABILITIES			
Trade and other payables	14	188,264,259	180,164,010
Unclaimed dividend		337,563	337,563
Accrued interest/markup		2,864,344	1,434,286
Short term borrowings	15	159,404,421	90,854,324
Provision for taxation	32	8,973,077	8,239,700
Current portion of non-current liabilities	11	13,000,000	128,139,833
		372,843,664	409,169,716
TOTAL LIABILITIES		490,202,242	427,995,445
CONTINGENCIES AND COMMITMENTS	16		
TOTAL EQUITY AND LIABILITIES		687,750,716	699,007,000

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	478,921,989	510,776,302
Long term investments	18	85,463,366	96,706,153
Long term deposits - <i>unsecured, considered good</i>	19	19,072,394	19,072,394
Deferred taxation	13	-	933,456
		583,457,749	627,488,305
CURRENT ASSETS			
Stores, spares and loose tools	20	1,109,133	1,049,204
Stock in trade	21	54,110,390	35,215,391
Trade debts - <i>unsecured, considered good</i>	22	30,809,522	14,473,497
Advances, prepayments and other receivables	23	12,594,092	12,923,324
Advance income tax/income tax refundable		3,330,422	6,758,559
Bank balances	24	2,339,408	1,098,720
		104,292,967	71,518,695
TOTAL ASSETS		687,750,716	699,007,000

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	25	717,846,175	823,969,981
Cost of sales	26	(733,450,702)	(879,568,859)
Gross loss		(15,604,527)	(55,598,878)
Selling and distribution expenses	27	(1,852,272)	(2,474,395)
Administrative and general expenses	28	(29,132,885)	(27,806,108)
Other expenses	29	(6,066,603)	(16,796,430)
		(37,051,760)	(47,076,933)
Other income	30	(52,656,287)	(102,675,811)
		14,195,755	171,623,638
Operating (loss)/profit		(38,460,532)	68,947,827
Finance cost	31	(9,677,409)	(3,933,821)
Notional interest	11.2	15,543,107	-
Share of (loss)/profit of associates	18	(11,242,787)	16,100,595
(Loss)/profit before taxation		(43,837,621)	81,114,601
Taxation	32	(31,945,213)	(4,022,587)
(Loss)/profit after taxation		(75,782,834)	77,092,014
(Loss)/earnings per share - basic and diluted	33	(1.11)	1.13

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

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

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligation	12.4	59,927	(47,256)
Deferred tax on remeasurements of defined benefit obligation	13	(17,379)	14,177
Deferred tax adjustment on surplus on revaluation of property, plant and equipment attributable to changes in tax rates		2,277,205	2,471,691
		2,319,753	2,438,612
Other comprehensive income		2,319,753	2,438,612
(Loss)/profit for the year		(75,782,834)	77,092,014
Total comprehensive (loss)/income		(73,463,081)	79,530,626

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Capital reserves			Revenue reserves	
	Issued subscribed and paid-up capital <i>Rupees</i>	Advance against issue of ordinary shares <i>Rupees</i>	Discount on issue of shares <i>Rupees</i>	Surplus on revaluation of property, plant and equipment <i>Rupees</i>	Accumulated loss <i>Rupees</i>	Total equity <i>Rupees</i>
Balance as at July 01, 2016	600,000,000	63,017,255	-	225,389,518	(787,865,190)	100,541,583
Comprehensive income						
Profit after taxation	-	-	-	-	77,092,014	77,092,014
Other comprehensive income/(loss)	-	-	-	2,471,691	(33,079)	2,438,612
Total comprehensive income	-	-	-	2,471,691	77,058,935	79,530,626
Incremental depreciation	-	-	-	(13,614,011)	13,614,011	-
Transactions with owners						
Advances against issue of ordinary shares	-	90,939,346	-	-	-	90,939,346
Discount on issue of share	82,899,709	-	(82,899,709)	-	-	-
Issue of ordinary shares	153,956,601	(153,956,601)	-	-	-	-
	236,856,310	(63,017,255)	(82,899,709)	-	-	90,939,346
Balance as at June 30, 2017	<u>836,856,310</u>	<u>-</u>	<u>(82,899,709)</u>	<u>214,247,198</u>	<u>(697,192,244)</u>	<u>271,011,555</u>
Balance as at July 01, 2017	836,856,310	-	(82,899,709)	214,247,198	(697,192,244)	271,011,555
Comprehensive income						
Loss after taxation	-	-	-	-	(75,782,834)	(75,782,834)
Other comprehensive income	-	-	-	2,277,205	42,548	2,319,753
Total comprehensive income/(loss)	-	-	-	2,277,205	(75,740,286)	(73,463,081)
Incremental depreciation	-	-	-	(12,614,670)	12,614,670	-
Transactions with owners	-	-	-	-	-	-
Balance as at June 30, 2018	<u>836,856,310</u>	<u>-</u>	<u>(82,899,709)</u>	<u>203,909,733</u>	<u>(760,317,860)</u>	<u>197,548,474</u>

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	34	(43,073,677)	(36,449,030)
Payments for:			
Employees retirement benefits		(7,425,143)	(7,864,861)
Interest/markup		(7,407,826)	(1,398,030)
Income tax		(4,811,563)	(2,051,125)
Net cash used in operating activities		(62,718,209)	(47,763,046)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(91,200)	(1,107,010)
Proceeds from sale of investments		-	1,155,298
Net cash (used in)/generated from investing activities		(91,200)	48,288
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term finances		(4,500,000)	(23,049,691)
Net increase in short term borrowings		68,550,097	70,880,995
Net cash generated from financing activities		64,050,097	47,831,304
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,240,688	116,546
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,098,720	982,174
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	35	2,339,408	1,098,720

The annexed notes from 1 to 50 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

D.S. Industries Limited ['the Company'] is incorporated in Pakistan as a Private Limited Company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and was subsequently converted into a Public Limited Company. The Company is listed on Pakistan Stock Exchange Limited. The Company is a spinning unit engaged in the manufacture and sale of yarn. The registered office of the Company is situated at 20-K, Gulberg II, Lahore. The manufacturing facility is located at 11 KM, Sheikhpura Faisalabad Road, Sheikhpura, in the Province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Going concern assumption

The Company has been facing operational losses since the previous year mainly due to decrease in selling prices in local as well as international markets, the on-going power crises, dumping of Indian yarn at low prices along with other factors, including economic instability and unfavourable textile policy of the Government, affecting the textile industry. The Company has not been able to utilize its production capacity at an optimum level due to which the desired profitability

As a result, the Company has incurred gross loss of Rs.15.604 million. As at June 30, 2018, the Company has accumulated losses of Rs. 760.318 million as at the reporting date. Its current liabilities exceed its current assets by Rs. 268.551 million. The Company has been unable to repay its long debts on due dates. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- a) The Company has continued financial support of its related parties in the form of interest free loans. During the year, related parties provided financial support amounting to Rs. 21.25 million in the form of long term interest free loans.
- b) The Company is making efforts to repay its long term finances in accordance with the repayment schedules to avail the interest/markup waiver offered by the lending banks. During the year, mark-up amounting to Rs. 12.35 million was waived by Askari Bank Limited. MCB Bank Limited has agreed to waive off an amount of Rs. 85.043 million subject to
- c) The waiver of interest/markup is expected to make available sufficient working capital to the Company which will allow the Company to achieve its target of sustainable capacity utilization.

The management is confident that through above measures, the Company will turnaround into a profitable company, subject to impact, if any, of uncontrollable circumstances including power crises and global market conditions.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for employees retirement benefits liabilities measured at present value and certain financial instruments measured at fair value/amortized cost. In

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. There are no estimation uncertainties as at the reporting date. Judgments made by management in the application of accounting and reporting standards as applicable in Pakistan that have significant effect on the financial statements and

2.4.1 Depreciation method, rates and useful lives of operating fixed assets (see note 6.1.1)

The Company reassesses useful lives, depreciation method and rates for each item of operating fixed assets annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.4.2 Recoverable amount and impairment (see note 6.21)

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.3 Obligation under defined benefit plan (see note 6.5.2)

The Company's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation. These assumptions are determined periodically by independent

2.4.4 Taxation (see note 6.17)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.4.5 Provisions (see note 6.11)

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a

2.4.6 Revaluation of property, plant and equipment (see note 6.2)

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

2.4.7 Net realizable values of stock in trade (see note 6.4)

The Company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

2.5 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

2.6 Date of authorization for issue

These financial statements were authorized for issue on October 5, 2018 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to clarify the following

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of

Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

Companies Act, 2017

The Companies Act 2017 [‘the Act’] was enacted on May 30, 2017. The Act has brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property, plant and equipment as fully explained in note 5 of these financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Act have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional/amended disclosures including, but not limited to, particulars of immovable assets of the Company (see note 17.1.1 and 17.1.4), management assessment of sufficiency of tax provision in the financial statements (see note 32.1), change in threshold for identification of executives (see note 42), additional disclosure requirements for related parties (see note 36), disclosure of significant events and transactions affecting the financial position and performance of the Company (see note 6), disclosure relating to number of employees

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	July 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	July 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	July 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS 2014–2016 Cycle	January 01, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	January 01, 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19 - Employee Benefits)	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan [‘SECP’]:

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS9 replaces IAS 39 - Financial Instruments: *Recognition and Measurement*. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from

Adoption of this IFRS9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

5 CHANGE IN ACCOUNTING POLICY

During the year, the Companies Act, 2017 has been enacted and has resulted in change in accounting policy for surplus on revaluation of property, plant and equipment.

- The surplus on revaluation of property, plant and equipment, which was previously disclosed in the statement of financial position of the Company after share capital and reserves, has now been included as part of equity with corresponding inclusion in statement of changes in equity;
- If an asset's carrying amount is increased as a result of revaluation, the increase will be recognised in statement of comprehensive income. However, the increase shall be recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit or loss;
- If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in statement of profit or loss. However, the decrease shall be recognised in statement of comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, section 235 of repealed Companies Ordinance, 1984 allowed that the surplus on revaluation of property, plant and equipment may be applied by the Company in setting off or in diminution of any deficit arising from the revaluation of any other property, plant

The change in accounting policy does not have any impact on the amounts reported in these financial statements. Hence a third statement of financial position as at the beginning of the previous year has not been presented.

6 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except of change referred to in note 5.

6.1 Property, plant and equipment**6.1.1 Operating fixed assets**

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings on freehold land, plant and machinery and electric installation, which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 17.1 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

6.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

6.2 Surplus / deficit arising on revaluation of property, plant and equipment

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in share capital and reserves. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the surplus on revaluation of property, plant and equipment to accumulated profit.

6.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

6.4 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw material	Weighted average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

6.5 Employee benefits

6.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash

6.5.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to statement of profit or loss with the exception of remeasurements which are recognized in statement of comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation. The details of the scheme are referred to in note 12 to the financial statements.

6.6 Financial instruments

6.6.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

6.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the Company's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are

(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

6.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each

6.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in

6.6.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

6.6.6 "Regular way" purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognized on trade date. Regular way purchases or sales of financial assets are those contracts which require delivery of assets within the time frame generally established by the regulation or convention in the market.

6.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

6.8 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 transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

6.9 Operating leases

Leases that do not transfer substantially all risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight line basis over the lease term.

6.10 Trade and other payables**6.10.1 Financial liabilities**

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.10.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

6.11 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.12 Trade and other receivables

6.12.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

6.12.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

6.13 Investments in equity securities

6.13.1 Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associates have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried at cost as adjusted for post acquisition changes in the Company's share of net assets of the associates, less any impairment in the investment. Losses of an associates in excess of the Company's interest in that associate are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

6.13.2 Other investments

Investment in other equity securities, on initial recognition, are measured at cost and classified as "financial assets at fair value through profit or loss". Subsequent to initial recognition these are measured at fair value. Gains and losses resulting from changes in fair value are recognized in profit or loss.

6.14 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred

Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred

Return on bank deposits is recognized using effective interest method.

Capital gain on sale of investments is recognized when sale of shares is confirmed by the broker.

6.15 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

6.16 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

6.17 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

6.17.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is

6.17.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

6.18 Earnings per share ['EPS']

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

Diluted EPS is calculated by adjusting basic EPS by the 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 or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential

6.19 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are classified as 'loans and receivables' and are carried at cost.

6.20 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

6.21 Impairment**6.21.1 Financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

6.21.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than 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 the greater of its value in use and its fair value less costs 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 risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications 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 the carrying amount that would have been determined, net of depreciation and amortization, if no

6.22 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

6.23 SIGNIFICANT EVENTS AND TRANSACTIONS

During the year, there are no significant events and transactions that have affected the Company's financial position and performance.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Ordinary shares of Rs. 10 each			
53,685,631 (2017: 30,000,000) ordinary shares issued for cash		536,856,310	536,856,310
30,000,000 (2017: 30,000,000) ordinary shares issued as fully paid bonus shares		300,000,000	300,000,000
		836,856,310	836,856,310

8 DISCOUNT ON ISSUE OF ORDINARY SHARES

This represents discount on issue of ordinary shares under section 84 and 86(1) of the repealed Companies Ordinance,

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
As at beginning of the year		214,247,198	225,389,518
Incremental depreciation transferred to accumulated profits			
Incremental depreciation for the year		(17,767,141)	(19,448,587)
Deferred taxation		5,152,471	5,834,576
		(12,614,670)	(13,614,011)
Deferred tax adjustment attributable to changes in tax rates		2,277,205	2,471,691
As at end of the year		203,909,733	214,247,198

10 ADVANCE AGAINST ISSUED OF ORDINARY SHARES

As at beginning of the year	-	63,017,255
Transferred from short term borrowings	-	90,939,346
Transferred to equity	-	(153,956,601)
As at end of the year	-	-

11 LONG TERM FINANCES SECURED

Face value	11.1	98,288,192	-
Less: unamortized notional interest	11.2	(15,543,107)	-
		82,745,085	-

11.1 These represent long term finances utilized under interest/markup arrangements from banking companies

Askari Bank Limited	11.1.1	-	12,351,641
MCB Bank Limited	11.1.2	111,288,192	115,788,192
		111,288,192	128,139,833
Current maturity and overdue amounts presented under current liabilities		(13,000,000)	(128,139,833)
		98,288,192	-

11.1.1 The finance was obtained from Askari Bank Limited on conversion of short term borrowings and accrued markup thereon amounting to Rs. 39.654 million under a restructuring arrangement with the lender. Under the restructuring arrangement, the liability was settled at Rs. 27.378 million with the remaining amount pertaining to accrued markup to be waived-off by the lender on successful repayment of liability. The liability was structured to be repaid through down payment of Rs. 1.5 million and thirty six monthly installments of Rs. 0.719 million each starting from June 2012. The finance carried interest/markup at 8.96% per annum (2015: 8.96% per annum) payable monthly. The finance was secured by charge over current assets of the Company and personal guarantees of the Company's Directors.

The finance has been fully repaid and the remaining amount of Rs 12.35 million has been waived off by the lender in accordance with the restructuring arrangement.

11.1.2 The finance has been obtained from MCB Bank Limited on conversion of short term borrowings and accrued markup thereon amounting to Rs. 219.351 million under a restructuring arrangement with the lender. Under the restructuring arrangement, the liability was settled at Rs. 134.308 million with the remaining amount of Rs. 85.04 million pertaining to accrued markup to be waived-off by the lender on successful repayment of liability. The liability is structured to be repaid in five years in daily installments of Rs. 80,000 (based on 26 days a month) starting from May 2012. The lender, however, reduced the amount of installment to Rs. 500,000 per month on request of the Company for the period from April 2015 to May 2016 with the condition that the original repayment schedule will be effective from June 2016. The lender, however, restructured the arrangement on December 30, 2016 based on which liability was payable till June 25, 2018 in unequal 18 installments along with the down payment of Rs. 10 million. The lender restructured the arrangement again on March 09, 2018 based on which liability was payable till July 25, 2020 in unequal 26 installments. During the year, the lender agreed to another rescheduling arrangement whereby the remaining principal amount of Rs. 30.246 million is repayable in 29 installments of Rs. 1,000,000 each and one installment of Rs. 1,245,608 with the first installment due in February 2018. The agreement for waiver of frozen mark-up remained unchanged. The finance does not carry interest/markup. The finance is secured by charge over operating fixed assets and current assets of the Company, mortgage over land and building of the Company and personal guarantees of the Company's Directors. The loan has been carried at amortised cost which

11.1.3 For mortgages and charges on assets as security for liabilities, refer to note 41 to the financial statements.

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
11.2 Unamortized notional interest		
Arising during the year	15,543,107	-
As at end of the year	15,543,107	-

12 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position

The amount recognized on balance sheet represents present value of defined benefit obligation.

	Note	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
12.1 Movement in present value of defined benefit obligation			
As at beginning of the year		18,825,729	18,982,138
Charged to profit or loss for the year	12.2	3,493,980	7,661,196
Benefits paid during the year		(7,425,143)	(7,864,861)
Remeasurements recognized in other comprehensive income	12.4	(59,927)	47,256
As at end of the year		14,834,639	18,825,729
12.2 Charge to profit or loss			
Current service cost		2,322,710	6,570,092
Interest cost		1,171,270	1,091,104
		3,493,980	7,661,196
12.3 The charge to profit or loss has been allocated as follows			
Cost of sales	26.2	2,519,739	6,586,060
Administrative and general expenses	28.1	974,241	1,075,136
		3,493,980	7,661,196

12.4 Remeasurements recognized in other comprehensive income

Actuarial loss arising from changes in:

Experience adjustments

(59,927) 47,256

(59,927) 47,256

12.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	2018	2017
Discount rate	8.00%	7.75%
Expected rates of increase in salary	7.00%	6.75%
Expected average remaining working lives	9 years	8 years

12.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is eight years.

12.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2019 amounts to Rs. 3.78 million.

12.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2018		2017	
	Change in actuarial assumption	Defined benefit obligation Rupees	Change in actuarial assumption	Defined benefit obligation Rupees
Discount rate	+ 1%	13,308,009	+ 1%	17,254,130
	- 1%	16,610,173	- 1%	20,666,602
Expected rate of increase in salary	+ 1%	16,610,173	+ 1%	20,666,602
	- 1%	13,281,328	- 1%	17,226,703

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

12.9 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	2018 Rupees	2017 Rupees
13 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	13.1	101,649,677	111,481,749
Deferred tax asset on deductible temporary differences	13.1	(81,870,823)	(112,415,205)
Net liability/(asset)		<u>19,778,854</u>	<u>(933,456)</u>

13.1 Recognized deferred liabilities and tax assets

Deferred tax liabilities and assets are attributable to the following:

	2018			
	As at July 01, 2017 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at June 30, 2018 Rupees
Deferred tax liabilities				
Operating fixed assets	111,481,749	(7,554,867)	(2,277,205)	101,649,677
Deferred tax assets				
Employees retirement benefits	(5,647,719)	1,328,295	17,379	(4,302,045)
Provisions	(520,077)	23,095	-	(496,982)
Unused tax losses and credits	(106,247,409)	29,175,613	-	(77,071,796)
	<u>(112,415,205)</u>	<u>30,527,003</u>	<u>17,379</u>	<u>(81,870,823)</u>
	<u>(933,456)</u>	<u>22,972,136</u>	<u>(2,259,826)</u>	<u>19,778,854</u>
	2017			
	As at July 01, 2016 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at June 30, 2017 Rupees
Deferred tax liabilities				
Operating fixed assets	122,021,057	(8,067,617)	(2,471,691)	111,481,749
Deferred tax assets				
Employees retirement benefits	(5,884,463)	250,921	(14,177)	(5,647,719)
Provisions	(4,492,257)	3,972,180	-	(520,077)
Unused tax losses and credits	(105,874,812)	(372,597)	-	(106,247,409)
	<u>(116,251,532)</u>	<u>3,850,504</u>	<u>(14,177)</u>	<u>(112,415,205)</u>
	<u>5,769,525</u>	<u>(4,217,113)</u>	<u>(2,485,868)</u>	<u>(933,456)</u>

13.2 Deferred tax asset on unused tax credits amounting to Rs. 17.21 million has not been recognized as sufficient taxable profits are not expected to be available in future against which this could be utilized. The deferred tax asset on unused tax losses has been recognized only the extent of unabsorbed tax depreciation losses as these are available for use for an infinite period under the present income tax laws.

13.3 Deferred tax has been calculated at 29% (2017: 30%) of the temporary differences as at the reporting date based on tax rates notified by the Government of Pakistan for future tax years.

	Note	2018 Rupees	2017 Rupees
14 TRADE AND OTHER PAYABLES			
Trade creditors - <i>unsecured</i>		76,295,005	64,146,269
Accrued liabilities		46,928,426	29,490,946
Advances from customers - <i>unsecured</i>		53,245,070	69,669,934
Workers' Profit Participation Fund	14.1	2,235,571	8,414,830
Workers' Welfare Fund	14.2	1,359,785	2,717,171
Tax deducted at source		8,200,402	5,724,860
		<u>188,264,259</u>	<u>180,164,010</u>

14.1 Workers' Profit Participation Fund

As at beginning of the year		8,414,830	8,928,238
Interest on funds utilized by the Company	14.1.1	242,965	924,772
Paid during the year		(6,422,224)	(1,438,180)
As at end of the year		<u>2,235,571</u>	<u>8,414,830</u>

14.1.1 Interest is charged at 12.19% (2017: 12.35%) per annum.

	Note	2018 Rupees	2017 Rupees
14.2 Workers' Welfare Fund			
As at beginning of the year		2,717,171	2,717,171
Paid/adjusted during the year		(1,357,386)	-
As at end of the year		<u>1,359,785</u>	<u>2,717,171</u>

15 SHORT TERM BORROWINGS UNSECURED**Secured**

This represent short term finances utilized under interest/markup arrangements from banking company

Running finances	15.1	109,138,669	49,625,760
------------------	------	-------------	------------

Unsecured

Loan from related parties - <i>subordinate</i>	15.2	50,265,752	41,228,564
		<u>159,404,421</u>	<u>90,854,324</u>

15.1 This facility has been obtained from Silk Bank Limited for working capital requirements and carries interest/markup at three months KIBOR plus 5.50% (2017: three months KIBOR plus 5.50%) per annum, payable quarterly. This facility is secured by charge over present and future current assets and operating fixed assets of the Company, subordination of loan from directors and personal guarantees of the Company's Directors.

The aggregate available short term funded facility amounts to Rs. 110 million (2017: Rs. 50 million) out of which Rs. 0.861 million (2017: Rs. .374 million) remained unavailed as at the reporting date.

15.2 These represent temporary loans obtained from related parties and are unsecured and interest free. Details are as

	Note	2018 Rupees	2017 Rupees
As at beginning of the year		41,228,564	110,912,675
Obtained during the year		24,442,000	21,255,235
Transferred to advance against issue of ordinary shares		-	(90,939,346)
Repaid during the year		(15,404,812)	-
As at end of the year		<u>50,265,752</u>	<u>41,228,564</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

Gas Infrastructure Development Cess ['GIDC'] has been levied with effect from December 15, 2011 on industrial gas customers firstly through OGRA notification and subsequently via GIDCess Ordinance 2014 and GIDCess Act 2015. The Company, along with other industrial concerns, has filed a writ petition in the Honorable High Court of Sindh challenging the imposition of GIDC. On October 26, 2016, the Honorable High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the constitution of Pakistan. The Company has not recognised any provision relating to GIDC aggregating to Rs. 14.48 million.

16.2 Commitments

There are no known commitments as at the reporting date.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
17 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	17.1	478,921,989	510,776,302
		478,921,989	510,776,302

17.1 OPERATING FIXED ASSETS

2018										
	COST / REVALUED AMOUNTS				DEPRECIATION				Net book value as at June 30, 2018 Rupees	
	As at July 01, 2017 Rupees	Additions Rupees	As at June 30, 2018 Rupees	Rate %	As at July 01, 2017 Rupees	For the year Rupees	As at June 30, 2018 Rupees			
Freehold land	60,225,000	-	60,225,000	-	-	-	-	60,225,000		
Buildings on freehold land										
Factory	204,749,550	-	204,749,550	10	55,176,165	14,957,340	70,133,505	134,616,045		
Colony/office block	23,711,712	-	23,711,712	10	6,389,862	1,732,184	8,122,046	15,589,666		
Plant and machinery	349,160,438	-	349,160,438	5	79,820,832	13,466,980	93,287,812	255,872,626		
Electric installations	14,136,937	-	14,136,937	10	3,809,640	1,032,728	4,842,368	9,294,569		
Furniture and fixtures	206,900	-	206,900	10	152,602	5,428	158,030	48,870		
Office and other equipment	1,212,555	-	1,212,555	10	790,556	42,200	832,756	379,799		
Vehicles	10,924,485	91,200	11,015,685	20	7,411,618	708,653	8,120,271	2,895,414		
	<u>664,327,577</u>	<u>91,200</u>	<u>664,418,777</u>		<u>153,551,275</u>	<u>31,945,513</u>	<u>185,496,788</u>	<u>478,921,989</u>		
					2017					

	COST / REVALUED AMOUNTS			DEPRECIATION				Net book value as at June 30, 2017 Rupees
	As at July 01, 2016 Rupees	Additions Rupees	As at June 30, 2017 Rupees	Rate %	As at July 01, 2016 Rupees	For the year Rupees	As at June 30, 2017 Rupees	
Freehold land	60,225,000	-	60,225,000	-	-	-	-	60,225,000
Buildings on freehold land								
Factory	204,749,550	-	204,749,550	10	38,556,900	16,619,265	55,176,165	149,573,385
Colony/office block	23,711,712	-	23,711,712	10	4,465,212	1,924,650	6,389,862	17,321,850
Plant and machinery	349,160,438	-	349,160,438	5	65,645,063	14,175,769	79,820,832	269,339,606
Electric installations	14,136,937	-	14,136,937	10	2,662,162	1,147,478	3,809,640	10,327,297
Furniture and fixtures	206,900	-	206,900	10	146,569	6,033	152,602	54,298
Office and other equipment	1,212,555	-	1,212,555	10	743,667	46,889	790,556	421,999
Vehicles	9,817,475	1,107,010	10,924,485	20	6,694,840	716,778	7,411,618	3,512,867
	<u>663,220,567</u>	<u>1,107,010</u>	<u>664,327,577</u>		<u>118,914,413</u>	<u>34,636,862</u>	<u>153,551,275</u>	<u>510,776,302</u>

17.1.1 Free hold land of the Company is located at District Sheikupura with a total area of 80 Kanals 6 Marla (2017: 80 Kanals 6 Marla).

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
17.1.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales	26	31,189,232	33,867,162
Administrative and selling expenses	28	756,281	769,700
		31,945,513	34,636,862

17.1.3 Most recent valuation of land, building, plant and machinery was carried out by an independent valuer Messrs Excel Enterprises as on March 31, 2016. For basis of valuation and other fair value measurement disclosures, refer to note 40.

Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been

	2018		
	Cost	Accumulated depreciation	Net book value
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Freehold land	5,382,168	-	5,382,168
Buildings on freehold land	129,490,940	91,716,207	37,774,733
Plant and machinery	468,167,430	307,388,068	160,779,362
Electric installation	23,915,115	17,049,685	6,865,430
	2017		
	Cost	Accumulated depreciation	Net book value
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Freehold land	5,382,168	-	5,382,168
Buildings on freehold land	129,490,940	87,519,014	41,971,926
Plant and machinery	468,167,430	298,925,996	169,241,434
Electric installation	23,915,115	16,286,859	7,628,256

17.1.4 As per most recent valuation, forced sale values of freehold land, buildings on freehold land and plant and machinery are

	<i>Rupees</i>
Freehold land	48,180,000
Buildings on freehold land	142,647,750
Plant and machinery	368,181,100
	559,008,850

18 LONG TERM INVESTMENTS

This represents investment in ordinary shares of associates. The investments has been accounted for by using equity method. The details are as follows:

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
Pervez Ahmed Securities Limited	18.1	-	-
Pervez Ahmed Capital (Private) Limited	18.2	85,463,366	96,706,153
		85,463,366	96,706,153

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
18.1 Pervez Ahmed Securities Limited		
Cost of investment	3,412,243	3,412,243
Share of post acquisition losses	(1,538,253)	(1,518,396)
Share of post acquisition changes in equity	(160,258)	(160,258)
Accumulated impairment	(1,713,732)	(1,733,589)
	-	-
	No. of shares	No. of shares
Number of shares held	61,550	61,550
	% age	% age
Percentage of ownership interest	0.03	0.03

	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
Market value per share	1.97	1.97

18.1.1 Extracts of financial statements of Pervez Ahmed Securities Limited

The assets and liabilities of Pervez Ahmed Securities Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Assets	112,832,467	187,381,926
Liabilities	(654,347,517)	668,708,095
Loss for the year	(60,188,881)	(229,996,591)
Share of loss	(19,857)	(75,877)

18.2 Pervez Ahmed Capital (Private) Limited

Cost of investment	85,000,000	85,000,000
Share of post acquisition profits	463,366	11,706,153
	85,463,366	96,706,153

	2018	2017
	No. of shares	No. of shares
Number of shares held	7,727,000	7,727,000
	% age	% age
Percentage of ownership interest	44.88	44.88
	Rupees	Rupees
Break-up value per share	11.29	12.52

18.2.1 Extracts of financial statements of Pervez Ahmed Capital (Private) Limited

The assets and liabilities of Pervez Ahmed Capital (Private) Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Assets	190,429,456	215,745,881
Liabilities	(3,930,464)	265,248
(Loss)profit for the year	(25,051,177)	35,875,343
Share of (loss)/profit	(11,242,787)	16,100,595

19 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. 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	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
20 STORES, SPARES AND LOOSE TOOLS			
Stores		529,159	699,966
Spares		579,974	349,238
		<u>1,109,133</u>	<u>1,049,204</u>

20.1 There are no spare parts exclusively held for capitalization as at the reporting date.

	Note	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
21 STOCK IN TRADE			
Raw material		40,251,466	19,671,543
Work in process		9,999,900	12,868,500
Finished goods		2,157,000	1,971,000
Waste		1,702,024	704,348
		<u>54,110,390</u>	<u>35,215,391</u>

21.1 Entire stock in trade, with exception of stock of waste, is carried at cost being lower than net realizable value.

21.2 Details of stock pledged as security are referred to in note 41 to the financial statements.

22 TRADE DEBTS UNSECURED, CONSIDERED GOOD

This includes receivable from D.S. Textiles Limited, a related party, amounting to Rs. 23,117,111 (2017: Rs. 5,307,203) against sale of goods. Maximum balance due from the related party at any time during the year amounted to Rs. 27,048,111 (2017: 20,227,478). The analysis of age is as follows:

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Due by 0 to 180 days	23,117,111	5,307,203
Due by 181 days to one year	-	-
Due by more than one year	-	-
	<u>23,117,111</u>	<u>5,307,203</u>

	Note	2018 Rupees	2017 Rupees
23 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to suppliers - <i>unsecured, considered good</i>		3,005,729	6,264,410
Advances to employees	23.1	3,097,215	2,335,375
Prepayments		55,518	128,198
Sales tax refundable		6,435,630	4,195,341
		12,594,092	12,923,324

23.1 These represent advances to employees for expenses on behalf of the Company and those against salaries in accordance with the Company policy. No advances have been given to any of the directors of the Company.

	Note	2018 Rupees	2017 Rupees
24 BANK BALANCES			
Current accounts		1,951,975	711,287
Saving/deposit accounts	24.1	387,433	387,433
		2,339,408	1,098,720

24.1 Effective markup rate in respect of saving and deposit accounts ranges from 3.5% to 5% (2017: 3.5% to 5%) per annum.

	Note	2018 Rupees	2017 Rupees
25 SALES - NET			
Yarn		657,133,310	761,259,132
Fabric		6,960,576	3,411,520
Waste		20,371,004	33,923,674
Cotton		33,381,285	25,375,655
		717,846,175	823,969,981

26 COST OF SALES

Raw material consumed	26.1	424,815,978	542,605,981
Cost of cotton sold		33,381,285	25,375,655
Cost of fabric sold		6,960,576	3,411,520
Stores and spares consumed		18,458,950	22,847,473
Salaries, wages and benefits	26.2	92,540,901	115,437,730
Power and fuel		117,981,927	130,095,242
Traveling and conveyance		1,043,140	781,242
Repair and maintenance		2,215,400	2,268,727
Insurance		1,473,232	928,274
Entertainment		664,032	1,146,258
Depreciation	17.1.2	31,189,232	33,867,162
Others		1,041,125	1,024,113
Manufacturing cost		731,765,778	879,789,377
Work in process			
As at beginning of the year		12,868,500	10,751,777
As at end of the year		(9,999,900)	(12,868,500)
		2,868,600	(2,116,723)
Cost of goods manufactured		734,634,378	877,672,654

Finished goods		
As at beginning of the year	1,971,000	3,948,741
As at end of the year	(2,157,000)	(1,971,000)
	(186,000)	1,977,741

Waste		
As at beginning of the year	704,348	622,812
As at end of the year	(1,702,024)	(704,348)
	(997,676)	(81,536)
	<u>733,450,702</u>	<u>879,568,859</u>

26.1 Raw material consumed

As at beginning of the year	19,671,543	4,887,245
Purchased during the year	478,777,186	582,765,934
Sold during the year	(33,381,285)	(25,375,655)
As at end of the year	(40,251,466)	(19,671,543)
	<u>424,815,978</u>	<u>542,605,981</u>

26.2 These include charge in respect of employees retirement benefits amounting to Rs. 2,519,739 (2017: Rs. 6,586,060).

Note	2018	2017
	Rupees	Rupees

27 SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits	570,000	458,350
Insurance	88,891	297,970
Advertising and publicity	110,160	81,920
Freight and forwarding	1,083,221	1,636,155
	<u>1,852,272</u>	<u>2,474,395</u>

28 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries and benefits	28.1	15,642,684	14,050,968
Communication		1,005,742	693,228
Traveling and conveyance		1,643,035	665,127
Printing and stationery		343,081	438,296
Repair and maintenance		572,384	762,993
Vehicles running and maintenance		2,150,338	1,749,671
Rent, rates and taxes		1,121,313	1,166,277
Entertainment		938,514	748,322
Insurance		339,187	305,175
Legal and professional		318,000	1,594,025
Utilities		2,077,194	1,087,949
Fee and subscription		1,580,132	2,655,771
Auditor's remuneration	28.2	645,000	645,000
Depreciation	17.1.2	756,281	769,700
Others		-	473,606
		<u>29,132,885</u>	<u>27,806,108</u>

28.1 These include charge in respect of employees retirement benefits amounting to Rs. 974,241 (2017: Rs. 1,075,136).

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
28.2 Auditor's remuneration			
Annual statutory audit		525,000	525,000
Limited scope review		105,000	105,000
Out of pocket expenses		15,000	15,000
		645,000	645,000

29 OTHER EXPENSES**Loss on financial instruments**

Impairment for doubtful debts		-	15,360,359
-------------------------------	--	---	------------

Other expenses

Donations	29.1	1,142,188	1,383,200
Foreign exchange loss		4,924,415	52,871
		6,066,603	1,436,071
		6,066,603	16,796,430

29.1 None of the directors or their spouses had any interest in the donees.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
30 OTHER INCOME			
Gain on financial instruments			
Return on bank deposits		26,905	32,376
Liabilities written back	14	1,817,209	171,189,424
Waiver of debt finances and accrued markup thereon	30.1	12,351,641	-
Gain on sale of investment		-	401,838
		14,195,755	171,623,638

30.1 This represents long term finance and markup thereon waived of by the banking company on settlement in accordance with a restructuring arrangement. (see note 11.1.1).

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
31 FINANCE COST			
Interest/markup/profit on borrowings			
short term borrowings		8,837,884	2,606,072
Interest on workers' profit participation fund	14.1	242,965	924,772
Bank charges and commission		596,560	402,977
		9,677,409	3,933,821

32 TAXATION

Current taxation			
for current year	32.1	8,973,077	8,239,700
Deferred taxation	13.1		
attributable to origination and reversal of temporary differences		20,663,816	(6,502,691)
attributable to changes in tax rates		2,308,320	2,285,578
		22,972,136	(4,217,113)
		31,945,213	4,022,587

Annual Report June 30, 2018

- 32.1** Provision for taxation has been made under section 113 (2017: section 113) of the Income Tax Ordinance, 2001 ("the Ordinance"). There is no relationship between tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability. A comparison of last three years of provision for current taxation with

	2017	2016	2015
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Provision for current taxation as per financial statements	8,239,700	629,573	(11,305,853)
Tax assessment under the Ordinance	8,239,700	-	2,239,965

- 32.2** Assessments for the tax years up to 2017 have either been finalized or are deemed assessments in terms of section 120(1) of the Ordinance, as per returns filed by the Company.

- 32.3** The Government of Pakistan vide Finance Act 2017 notified a reduced tax rate of 30% for tax year 2018 as compared to 31% applicable to previous year for Companies.

	<i>Unit</i>	2018	2017
33 (LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED			
(Loss)/profit attributable to ordinary shareholders	<i>Rupees</i>	<u>(75,782,834)</u>	<u>77,092,014</u>
Weighted average number of ordinary shares outstanding during the year	<i>Number of shares</i>	<u>67,981,733</u>	<u>67,981,733</u>
(Loss)/earnings per share - Basic	<i>Rupees</i>	<u>(1.11)</u>	<u>1.13</u>

There is no anti-dilutive/dilutive effect on the basic (loss)/earnings per share of the Company.

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
34 CASH GENERATED FROM OPERATIONS			
(Loss)/profit before taxation		(43,837,621)	81,114,601
Adjustments for non-cash and other items			
Interest/markup on borrowings		8,837,884	2,606,072
Notional interest		(15,543,107)	-
Impairment for doubtful debts		-	15,360,359
Liabilities written back		(1,817,209)	(171,189,424)
Waiver of debt finances and accrued markup thereon		(12,351,641)	-
Gain on sale of investments		-	(401,838)
Share of loss/(profit) of associates		11,242,787	(16,100,595)
Provision for employees retirement benefits		3,493,980	7,661,196
Depreciation		31,945,513	34,636,862
Operating loss before changes in working capital		25,808,207	(127,427,368)
Changes in working capital			
Stores, spares and loose tools		(59,929)	(12,425)
Stock in trade		(18,894,999)	(15,004,816)
Trade debts		(16,336,025)	8,636,981
Advances, prepayments and other receivables		329,232	9,372,003
Trade and other payables		9,917,458	6,871,994
		(25,044,263)	9,863,737
Cash used in operations		<u>(43,073,677)</u>	<u>(36,449,030)</u>

35 CASH AND CASH EQUIVALENTS

Cash and bank balances	24	2,339,408	1,098,720
		<u>2,339,408</u>	<u>1,098,720</u>

36 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors of the Company, associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the
Pervez Ahmed	Key management personnel	Chief executive officer	16.02%
Rehana Pervez Ahmed	Spouse of director	Spouse of director	19.57%
Mr Hassan Ibrahim	Key management personnel	Director	3.07%
Ali Pervez Ahmed	Key management personnel	Director	4.32%
Pervez Ahmed Capital (Private) Limited	Associated company	Common directorship	0.02%
Infinite Buying Services	Associated company	Common directorship	N/A
D.S. Textiles Limited	Associated company	Common directorship	3.51%

Transactions with sponsors are limited to provision of interest free loans to the Company and issuance of ordinary shares and those with key management personnel are limited to payment of short term employee benefits only. The Company in the normal course of business carries out various transactions with associates and associated undertakings and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction, with the exception of borrowings, which are interest

Details of transactions and balances with related parties is as follows:

		Note	2018 Rupees	2017 Rupees
36.1 Transactions with related parties				
Nature of relationship	Nature of transactions			
Associated companies and undertakings	Purchase of goods and services		-	6,153,945
	Sale of goods and services		31,468,100	14,966,180
	Short term borrowings obtained - net		5,423,355	8,484,235
Sponsors	Short term borrowings obtained - net		3,613,833	12,771,000
Key management personnel	Short-term employee benefits		4,987,500	5,700,000
36.2 Balances with related parties				
Nature of relationship	Nature of balance			
Associated companies and undertakings	Trade debts		23,117,111	5,307,203
	Advance against issue of ordinary shares		-	19,998
	Short term borrowings		19,225,000	13,801,645
Key management personnel	Short-term employee benefits payable		12,996,695	12,484,836
Sponsors	Short term borrowings		31,040,752	27,426,919

37 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
37.1 Financial assets			
<i>Loans and receivables</i>			
Long term deposits	19	19,072,394	19,072,394
Trade debts	22	30,809,522	14,473,497
Advances to employees		3,097,215	2,335,375
Bank balances	24	2,339,408	1,098,720
		55,318,539	36,979,986
37.2 Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Long term finances	11	111,288,192	128,139,833
Trade creditors	14	76,295,005	64,146,269
Accrued liabilities	14	46,928,426	29,490,946
Unclaimed dividend		337,563	337,563
Accrued interest/markup		2,864,344	1,434,286
Short term borrowings	15	159,404,421	90,854,324
		397,117,951	314,403,221

38 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

38.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its

	<i>Note</i>	2018	2017
		<i>Rupees</i>	<i>Rupees</i>
38.1.1 Maximum exposure to credit risk			
Credit risk principally arises from loans and receivables. The maximum exposure to credit risk as at the reporting date is			
<i>Loans and receivables</i>			
Long term deposits	19	19,072,394	19,072,394
Trade debts	22	30,809,522	14,473,497
Bank balances	24	2,339,408	1,098,720
		52,221,324	34,644,611

38.1.2 Concentration of credit risk

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

	2018	2017
	<i>Rupees</i>	<i>Rupees</i>
Customers	30,809,522	14,473,497
Banking companies and financial institutions	2,339,408	1,098,720
Utility companies and regulatory authorities	19,072,394	19,072,394
	52,221,324	34,644,611

38.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to 'bank balances'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

(b) Counterparties without external credit ratings

These include customers which are counter parties to 'trade debts' and utility companies and regulatory authorities which are counter parties to 'long term deposits'. The deposits placed with utility companies and regulatory authorities do not carry any significant credit risk. The analysis of ages of trade debts as at the reporting date is as

	2018		2017	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Due by 0 to 180 days	25,912,342	-	8,008,317	-
Due by 181 to one year	-	-	352,000	-
Due by more than one year	4,897,180	-	6,113,180	-
	30,809,522	-	14,473,497	-

The Company's two (2017: four) significant customers account for Rs. 28.01 million (2017: Rs. 23.04 million) of trade debts as at the reporting date, apart from which, exposure to any single customer exceed 10% (2017: 10%) of trade debts as at the reporting date. Out of these, no trade debts are doubtful. These customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

38.1.4 Collateral held

The Company does not hold any collateral to secure its financial assets.

38.1.5 Credit risk management

The Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

38.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest/markup/profit payments.

	2018				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term finances	111,288,192	111,288,192	111,288,192	-	-
Trade creditors	76,295,005	76,295,005	76,295,005	-	-
Accrued liabilities	46,928,426	46,928,426	46,928,426	-	-
Unclaimed dividend	337,563	337,563	337,563	-	-
Accrued interest/markup	2,864,344	2,864,344	2,864,344	-	-
Short term borrowings	159,404,421	159,404,421	159,404,421	-	-
	397,117,951	397,117,951	397,117,951	-	-

	2017				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to five years <i>Rupees</i>	More than five years <i>Rupees</i>
Long term finances	128,139,833	128,139,833	128,139,833	-	-
Trade creditors	64,146,269	64,146,269	64,146,269	-	-
Accrued liabilities	29,490,946	29,490,946	29,490,946	-	-
Unclaimed dividend	337,563	337,563	337,563	-	-
Accrued interest/markup	1,434,286	1,434,286	1,434,286	-	-
Short term borrowings	90,854,324	90,854,324	90,854,324	-	-
	<u>314,403,221</u>	<u>314,403,221</u>	<u>314,403,221</u>	<u>-</u>	<u>-</u>

38.2.2 Overdue financial liabilities

During the year, the Company has defaulted in repayment of its long term finances in accordance with the repayment schedule. However, the management of the Company is optimistic that these will be settled in the ensuing year.

38.2.3 Liquidity risk management

The Company's approach to managing liquidity risk 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. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company has continued support of its sponsors and other related parties in respect of

The Company has defaulted in payment of the long term finances.

38.3 Market risk

38.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to currency risk as at the reporting date.

38.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed to interest rate risk as at the reporting date as the Company only has fixed rate instruments which are not accounted for a fair value through profit or loss.

38.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of 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. The Company is not exposed to price risk since the fair values of the Company's financial instruments are

39 CAPITAL MANAGEMENT

The objectives of the Company, while managing capital are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meet stakeholders' expectations. The Company's objective is to ensure its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising option of issuing right shares or, where possible, repurchasing shares, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating dividend payout. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, including current maturity. Total capital employed includes equity, as shown in the statement of financial position plus surplus on revaluation of property,

	Unit	2018	2017
Total debt	Rupees	111,288,192	128,139,833
Total equity	Rupees	401,458,207	485,258,753
		512,746,399	613,398,586
Gearing	% age	21.70%	20.89%

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finances.

40 FAIR VALUE MEASUREMENTS

The Company measures some of its financial assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

40.1 Financial Instruments

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments to approximate their fair values.

40.2 Assets and liabilities other than financial instruments.

40.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2018	2017
				Rupees	Rupees
Freehold land	-	60,225,000	-	60,225,000	60,225,000
Buildings	-	-	150,205,711	150,205,711	166,895,235
Plant and machinery	-	-	255,872,626	255,872,626	269,339,606
Electric installations	-	-	9,294,569	9,294,569	10,327,297

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 3.01 million (2017:

	Valuation technique	Significant inputs	Sensitivity
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would results in a significant increase in fair value of buildings by Rs. 7.51 million(2016: Rs. 8.34 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in a significant increase in fair value of plant and machinery by Rs. 12.793 million (2017: Rs. 13.467 million).
Electric installation	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would results in a significant increase in fair value of electric installation by Rs. 464,728 (2016: Rs. 516,365).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 17.1.

There were no transfers between fair value hierarchies during the year.

40.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

	2018	2017
	Rupees	Rupees
41 RESTRICTION ON TITLE AND ASSETS PLEDGED/MORTGAGED AS SECURITY		
Mortgages and charges		
Charge over current assets	318,000,000	311,330,000
Charge over operating fixed assets	840,000,000	700,000,000

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives of the Company on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2018	
	Chief Executive	Directors
	Rupees	Rupees
Managerial remuneration	-	3,217,746
Allowances and perquisites	-	1,769,754
Post employment benefits	-	-
	-	4,987,500
Number of persons	-	2

	2017		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	-	3,677,424	-
Allowances and perquisites	-	2,022,576	-
Post employment benefits	-	-	-
	-	5,700,000	-
Number of persons	-	2	-

43 SEGMENT INFORMATION

43.1 The Company is a single reportable segment.

43.2 All non-current assets of the Company are situated in Pakistan.

43.3 All sales of the Company have originated from Pakistan.

43.4 There are three (2017: four) significant external customers to whom sales in excess of 10% of the Company's total sales amounting to Rs. 351.94 million (2017: Rs. 476.67 million) were made during the year.

44 SHARES IN THE COMPANY HELD BY ASSOCIATED UNDERTAKINGS AND RELATED PARTIES

Ordinary shares in the Company held by associated undertakings and related parties, other than chief executive and directors, are as follows:

	2,018	2,017
	<i>No. of shares</i>	<i>No. of shares</i>
Pervez Ahmed Securities Limited	-	3,614,000
D.S. Textiles Limited	2,904,221	2,934,221
D.S. Apparel (Private) Limited	6,000	6,000
Ali Pervez Capital (Private) Limited	18	18
Infinite Securities Limited	1,527,000	1,156,000
Pervez Ahmed Capital (Private) Limited	16,923	16,923
	4,454,162	7,727,162

45 PLANT CAPACITY AND ACTUAL PRODUCTION

	<i>Unit</i>	2,018	2,017
Number of spindles installed	<i>No.</i>	40,320	40,320
Plant capacity on the basis of utilization converted into 20s count	<i>Kgs</i>	11,125,727	11,125,727
Actual production converted into 20s count	<i>Kgs</i>	6,315,551	7,779,901

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindle speed and twist etc. It would also vary according to the pattern of production adopted in a particular year. Further, power shortage in the country has also resulted in lower capacity utilization.

46 NUMBER OF EMPLOYEES

	Factory		Head office	
	2018	2017	2018	2017
Total number of employees	549	316	27	27
Average number of employees	468	445	26	27

47 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements

48 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, subject to the appropriateness of going concern assumption, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial

49 RECLASSIFICATIONS

The following have been reclassified for compliance with Fourth Schedule to the Companies Act, 2017.

Particulars	From	To	2018	2017
Unclaimed dividend	Trade and other payables	Statement of Financial Position	337,563	337,563

50 GENERAL

50.1 Figures have been rounded off to the nearest rupee.

50.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year other than those referred to in note 49.

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

D S Industries Limited
Pattern of Shareholding
As At June 30, 2018

Number of Shareholders	Shareholding From	To	Total Number of Shares Held	%age
211	1	100	8,741	0.010
236	101	500	103,987	0.124
313	501	1,000	306,071	0.366
613	1,001	5,000	1,958,995	2.341
270	5,001	10,000	2,242,834	2.680
73	10,001	15,000	966,364	1.155
57	15,001	20,000	1,050,342	1.255
49	20,001	25,000	1,172,535	1.401
34	25,001	30,000	979,200	1.170
12	30,001	35,000	399,985	0.478
30	35,001	40,000	1,151,283	1.376
13	40,001	45,000	561,000	0.670
27	45,001	50,000	1,333,718	1.594
8	50,001	55,000	426,500	0.510
10	55,001	60,000	588,500	0.703
8	60,001	65,000	509,000	0.608
4	65,001	70,000	273,000	0.326
4	70,001	75,000	293,361	0.351
4	75,001	80,000	313,000	0.374
7	80,001	85,000	571,701	0.683
4	85,001	90,000	352,000	0.421
2	90,001	95,000	183,500	0.219
19	95,001	100,000	1,897,000	2.267
3	100,001	105,000	309,000	0.369
2	105,001	110,000	220,000	0.263
4	110,001	115,000	448,500	0.536
1	115,001	120,000	120,000	0.143
1	120,001	125,000	122,000	0.146
1	125,001	130,000	130,000	0.155
4	130,001	135,000	535,500	0.640
1	135,001	140,000	139,500	0.167
1	140,001	145,000	143,000	0.171
3	145,001	150,000	446,500	0.534
1	150,001	155,000	151,500	0.181
2	155,001	160,000	316,500	0.378
1	160,001	165,000	164,000	0.196
4	165,001	170,000	672,000	0.803
2	170,001	175,000	346,500	0.414
4	180,001	185,000	739,000	0.883
1	185,001	190,000	188,500	0.225
2	195,001	200,000	400,000	0.478
1	200,001	205,000	203,500	0.243
1	205,001	210,000	208,500	0.249
1	210,001	215,000	211,500	0.253
2	215,001	220,000	433,000	0.517
2	235,001	240,000	478,500	0.572
2	240,001	245,000	490,000	0.586
1	245,001	250,000	248,000	0.296
1	250,001	255,000	254,000	0.304
1	255,001	260,000	258,000	0.308
1	270,001	275,000	272,000	0.325
1	275,001	280,000	276,000	0.330
1	290,001	295,000	293,500	0.351
1	295,001	300,000	300,000	0.358
2	325,001	330,000	660,000	0.789
3	335,001	340,000	1,019,882	1.219
1	345,001	350,000	350,000	0.418
1	350,001	355,000	351,500	0.420
1	370,001	375,000	375,000	0.448
1	395,001	400,000	400,000	0.478
1	430,001	435,000	430,500	0.514
1	475,001	480,000	477,000	0.570
2	590,001	595,000	1,184,000	1.415
1	595,001	600,000	600,000	0.717
1	640,001	645,000	641,000	0.766
1	655,001	660,000	659,500	0.788
1	670,001	675,000	675,000	0.807
1	695,001	700,000	700,000	0.836
1	700,001	705,000	703,500	0.841
1	705,001	710,000	707,800	0.846
1	720,001	725,000	721,500	0.862
1	805,001	810,000	810,000	0.968
1	810,001	815,000	812,736	0.971
1	1,000,001	1,005,000	1,005,000	1.201
2	1,495,001	1,500,000	2,997,500	3.582
1	1,525,001	1,530,000	1,527,000	1.825
1	1,675,001	1,680,000	1,676,500	2.003
1	2,030,001	2,035,000	2,034,721	2.431
1	2,100,001	2,105,000	2,101,500	2.511
1	3,610,001	3,615,000	3,610,667	4.315
1	6,630,001	6,635,000	6,631,183	7.924
1	9,300,001	9,305,000	9,301,500	11.115
1	13,360,001	13,365,000	13,360,025	15.965
2096			83,685,631	100.000

D S Industries Limited
Categories of Shareholders
As At June 30, 2018

Categories	Number	Shares Held	Percentage
Associated Companies & Related Parties			
D.S.Textiles Limited	1	2,904,221	3.470
D.S.Apparel (Pvt.) Limited	1	6,000	0.007
Ali Pervez Capital (pvt.) Limited	1	18	0.000
Infinite Securities Limited	1	1,527,000	1.825
Pervez Ahmed Capital (Pvt.) Limited	1	16,923	0.020
Chief Executive & Directors			
Mr. Pervez Ahmed - Chief Executive	1	8,389,183	10.025
Mr. Ali Pervez Ahmed	1	3,610,667	4.315
Mr. Suleman Ahmed	1	62,666	0.075
Mrs Rukhsana Khalid	1	10,000	0.012
Mr. Atta Ur Rehman	1	2,000	0.002
Mr. Khawar Mahmud	1	1,000	0.001
Mr. Mazhar Pervaiz Malik	1	1,000	0.001
Mrs. Rehana Pervez Ahmed W/o Mr. Pervez Ahmed	1	13,950,525	16.670
NIT & ICP	1	339,882	0.406
Banks, DFI and NBFi	4	71,749	0.086
Insurance Companies	1	31,985	0.038
General Public (Local)	2,008	47,167,577	56.363
General Public (Foreign)	45	2,283,184	2.728
Joint Stock Companies	23	3,226,001	3.855
Others	2	84,050	0.100
Total	2097	83,685,631	100.000

Detail of Shareholding of 5% and above.

	Shares Held	Percentage
Mr. Pervez Ahmed - Chief Executive	8,389,183	10.025
Mrs. Rehana Pervez Ahmed W/o Mr. Pervez Ahmed	13,950,525	16.670
Mr. Arshad Hussain Laghari	9,301,500	11.115

مجلسِ نظام کی رپورٹ

ڈی ایس انڈسٹریز لمیٹڈ کی مجلسِ نظام 30 جون 2018ء کو ختم ہونے والے مالی سال کے لئے کمپنی کی اڑتیسویں سالانہ رپورٹ بشمول کمپنی کے نظر ثانی شدہ حسابات معائنہ پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

کمپنی کے مالیاتی نتائج

30 جون 2018ء کو ختم ہونے والے مالی سال کے دوران کمپنی نے 15.604 ملین روپے کا مجموعی نقصان برداشت کیا جو کہ گزشتہ سال میں مجموعی نقصان 55.598 ملین روپے تھا۔ جبکہ گزشتہ سال میں 81.114 ملین روپے ٹیکس سے قبل منافع کے مقابلے موجودہ سال کا ٹیکس سے قبل نقصان 43.837 ملین روپے ہے۔

منافع منقسمہ

آپریٹنگ سرگرمیوں سے منفی نقد بہاؤ اور دستیاب مجموعی نقصانات کے باعث لیکویڈیٹی مسئلہ کے مد نظر آپ کی کمپنی کے ڈائریکٹرز نے سال کے لئے کسی منافع منقسمہ کی تجویز نہیں دی ہے۔

کتابوں کی بندش

کمپنی کی حصص منتقلی کتابیں 23 اکتوبر 2018ء تا 27 اکتوبر 2018ء (بشمول دونوں ایام) بند رہیں گی اور اس دوران رجسٹریشن کے لئے حصص کی کوئی منتقلی قابل قبول نہیں ہوگی۔ 22 اکتوبر 2018ء کو کاروبار کے اختتام تک ہمارے شیئر رجسٹرار، میسرز THK ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، 40-C، بلاک-6، P.E.C.H.S، کراچی کو موصول ہونے والی منتقلیاں اجلاس میں شرکت اور حق رائے دہی کے لئے قابل قبول ہوگی۔

نمونہ حصص داری

30 جون 2018ء کے مطابق نمونہ حصص داری کا بیان مع کمپنی کے حصص یافتگان کی کیلنگریز اور کارپوریٹ گورننس کا ضابطہء اخلاق اس رپورٹ کے ہمراہ منسلک ہیں۔

آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ چھ سالوں کے لئے آپریٹنگ اور مالیاتی اعداد و شمار مع کلیدی تناسب منسلک ہیں۔

مستقبل کا نقطہ نظر

ٹیکسٹائل شعبہ پاکستان کی معیشت کا ایک اہم ستون ہے۔ گزشتہ چند سالوں سے، اس شعبے میں مجموعی طور پر کافی نقصان ہوا ہے۔ پیداوار کی لاگت میں اضافہ، اور مقامی مارکیٹ میں ہندوستانی یارن کی زیادتی نے ٹیکسٹائل صنعت کی بقاء اور مارکیٹ کا مقابلہ کرنا بہت مشکل بنا دیا تھا۔ تاہم، نئی حکومت کی طرف سے ٹیکسٹائل سیکٹر کی مدد کے لئے اٹھائے گئے اقدامات خطہ میں مقابلہ کرنے میں پاکستان کے معاون ہوں گے۔ بجلی اور گیس کی قیمت میں حالیہ کمی کے نتیجے میں پیداوار کے اخراجات میں کمی ہوگی جو انڈسٹری کی اس کے بین الاقوامی مارکیٹ شیئر کو دوبارہ حاصل اور زیادہ کرنے میں مدد کرے گی۔ کمپنی کی انتظامیہ، کمپنی کے امور کو منافع بخش انداز میں چلانے کے لئے پُر عزم ہے۔

بورڈ کے منعقدہ اجلاسوں کی تعداد

30 جون 2018ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

تعداد حاضری

عہدہ

نام

5

چیف ایگزیکٹو

جناب پرویز احمد

نام	عہدہ	تعداد حاضری
جناب علی پرویز احمد	ڈائریکٹر	5
جناب حسن ابراہیم احمد	ڈائریکٹر	4
جناب سلیمان احمد	ڈائریکٹر	5
جناب عطاء الرحمن	ڈائریکٹر	3
جناب خاور محمود	ڈائریکٹر	3
جناب مظہر پرویز ملک	ڈائریکٹر	3
محترمہ رخسانہ خالد	ڈائریکٹر	3

اخلاقیات اور کاروباری طریقوں کا بیان

بورڈ نے کمپنی کے ساتھ منسلک یا کاروبار کرنے والے ہر ایک شخص سے متعلقہ ضابطہ اخلاق کے معیارات کو پیشگی سمجھنے کے اعتراف کے طور پر کمپنی کے ہر ایک ڈائریکٹر اور ملازم کی طرف سے دستخط شدہ اخلاقیات اور کاروباری طریقوں کا بیان تیار اور جاری کیا ہے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور دوبارہ تقرری کے لئے اپنے آپ کو پیش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے 30 جون 2019ء کو ختم ہونے والے مالی سال کے لئے بطور آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کو دوبارہ مقرر کرنے کی سفارش کی ہے۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں آڈٹ کمیٹی تشکیل دی گئی ہے اور مندرجہ ذیل اراکین پر مشتمل ہے:

نام	عہدہ
جناب عطاء الرحمن	چیئرمین
جناب خاور محمود	رکن
جناب مظہر پرویز ملک	رکن

سہ ماہی اور سالانہ حسابات کے جائزہ اور دیگر متعلقہ معاملات کے لئے کارپوریٹ ضابطہ اخلاق کے تحت درکار 30 جون 2018ء کو ختم ہونے والے سال کے دوران آڈٹ کمیٹی کے اجلاس منعقد ہوئے۔ اجلاس میں چیف فنانشل آفیسر، داخلی آڈٹ کے سربراہ اور جب ضرورت پیش آئی بیرونی آڈیٹرز نے بھی شرکت کی۔

کارپوریٹ گورننس کا ضابطہ اخلاق

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں بیان

ڈائریکٹرز بخوشی تصدیق کرتے ہیں کہ کمپنی نے کارپوریٹ گورننس کے ضابطہ اخلاق میں مجوزہ پاکستان اسٹاک ایکسچینج کے مندرجہ قواعد کے ذریعے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی طرف سے قائم کی گئی دفعات کی تعمیل کی ہے اور درج ذیل تفصیلی قواعد کے مطابق بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔

- 1- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 2- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- 3- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف کیا گیا ہے۔
- 5- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- 6- سال کے دوران کمپنی نے 75.782 ملین روپے کا خالص نقصان برداشت کیا اور بیلنس شیٹ کی تاریخ تک 760.318 ملین روپے کا مجموعی نقصان اٹھایا ہے۔ کمپنی کی موجودہ واجب ادائیگیاں اسکے موجودہ اثاثوں سے 268.551 ملین روپے تک تجاوز کر گئی ہیں۔ یہ عناصر کمپنی کی اہلیت مسلسل جاری رہنے کے بارے میں شق پیدا کر سکتے ہیں۔ تاہم انتظامیہ سپانسرنگ ڈائریکٹرز سے مسلسل تعاون حاصل کرنے اور قرض دہندگان کے ساتھ مناسب گفت و شنید کی امید کرتی ہے۔
- 7- فہرستی ضابطوں میں تفصیلی کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی خاطر خواہ شق سے مادی انحراف نہیں ہو رہا ہے۔
- 8- گزشتہ چھ سالوں کی مالیاتی جھلکیاں منسلک ہیں۔

اظہار تشکر

مجلسِ نظام بھرپور حمایت، مدد اور رہنمائی کے لئے اپنے قابل قدر حصص یافتگان، بینکوں، سیکورٹیز اینڈ ایکسچینج کمیشن اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کی شکرگزار ہے۔ بورڈ کمپنی کے عملے اور کارکنوں کی خدمات، وفاداری اور مسلسل فراہمی کی جانے والی کوششوں کو بھی سراہتا ہے۔

منجانب بورڈ

پرویز احمد

چیف ایگزیکٹو

لاہور، تاریخ: 15 اکتوبر 2018ء

FORM OF PROXY Annual General Meeting

The Company Secretary
D S Industries Limited
20-K, Gulberg II,
Lahore.

Dear Sir,

I/We _____ of (full address) _____ being a member(s) of Pervez Ahmed Securities Limited holding _____ Ordinary Shares as per Registered Folio No. / CDC A/c No. _____ hereby appoint Mr./ Mrs./ Miss _____ of (full address) _____ or failing him / her Mr./ Mrs./ Miss _____ of (full address) _____ being member of the Company as my/our Proxy to attend, act and vote for me / us and on my / our behalf at the _____ Annual General Meeting of the Company to be held on _____ October 27, 2018

Signed this _____ day of _____ 2018

Witnesses:

Signature _____
Name _____
Address _____
CNIC No./ Passport No. _____

Five
Rupees
Revenue
Stamp

Signature should be agreed with the
Specimen Signatures with the
Company

NOTES:

1. A member entitled to attend and vote at the _____ Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him/her.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his constituted attorney or if such appointer is a corporation or company under the common seal of such _____ corporation or company.
3. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account shall submit the Proxy form along with following documents:
 - a. The Proxy form shall be witnessed by the two persons whose names, addresses and CNIC number shall be mentioned on the form.
 - b. Attested copies of CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
 - c. The Proxy shall produce his / her original CNIC or original passport at the time of the meeting.
 - d. In case of corporate entity, the Board of Director's resolution / power of attorney with specimen signature shall be submitted along with Proxy form to the company.
4. The Proxy Form, duly completed, must be deposited with the Company Secretary of D S Industries Limited, 20 – K Gulberg II Lahore not less than 48 hours before the time for holding the meeting.

Registered Office: | 20-K Gulberg II, Lahore.

| Ph: (042) 3575 9621, 3575 9464, 3571 4810

| Fax: (042) 3571 0312