Vision Statement

To be the leader in textile industry by building the Companys' image through quality, competitive prices, customer's satisfaction and meeting social obligation.

Mission Statement

Our Mission is to be recognized as a premium quality yarn manufacturing unit.

The Unit is setup with an idea to cater to the premium market of fine count compact yarn to satisfy the valuable customers.

To assume leadership role in the technological advancement of the industry.

To benefit the customers, employees and shareholders and to fulfill our commitments to the society.

Our trademark is honesty, innovation, fairness, teamwork of our people and integrity in relationship with our customers, associates, shareholders, community and stake holders.

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COMPANY INFORMATION

BOARD OF DIRECTORS		
Executive Director	:	Mr. Ishtiaq Ahmed - Chief Executive Officer & Director
Non-Executive Directors	:	Mr. Haroon Iqbal - Chairman, Board of Directors Mr. Zafar Asim Mr. Imran Ahmed Javed Mr. Muhammad Naeemuddin Malik Mr. Muhammad Baqar Jafferi
Independent Director	:	Mr. Aziz-ul-Haque
Audit Committee	:	Mr. Aziz-ul-Haque (Chairman) Mr. Muhammad Naeemuddin Malik (Member) Mr. Haroon Iqbal (Member)
Human Resources & Remuneration Committee	:	Mr. Aziz-ul-Haque (Chairman) Mr. Haroon Iqbal (Member) Mr. Ishtiaq Ahmed (Member)
Auditors	:	Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi
Company Secretary	:	Mr. Muhammad Hanif German
Chief Financial Officer	:	Mr. S.M. Raza
Tax Advisor	:	Sharif & Co. Advocates
Legal Advisor	:	A. K. Brohi & Co. Advocates
Bankers	:	Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Bank Al Falah Limited Askari Commercial Bank Limited
Registered Office	:	Dewan Centre, 3-A Lalazar Beach Hotel Road Karachi
Shares Registrar & Transfer Agent	:	BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	:	G/11, S.I.T.E., Kotri, Sindh, Pakistan.
Website	:	www.yousufdewan.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty Second Annual General Meeting of **Dewan Khalid Textile Mills Limited** ("***DKTML***" or "***the Company***") will be held on **Thursday, October 24, 2019, at 10:30 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Thursday, October 25, 2018;

2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2019, together with the Directors' and Auditors' Reports thereon;

3. To confirm the appointment of the Statutory Auditors' of the Company for the year ended June 30, 2020, and to fix their remuneration;

4. To consider any other business with the permission of the Chair.

By order of the Board

Muhammad Hanif German
Company Secretary

Karachi: September 27, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 17, 2019 to October 24, 2019 (both days inclusive).

2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.

3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above said address, not less than 48 hours before the meeting.

4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

   a) For Attending Meeting:

   i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

   b) For Appointing Proxies:

   i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.

   ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:
CNIC of the shareholders is mandatory in terms of directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(1)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc. and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar without any further delay.

6. Mandate for E-DIVIDENDS for shareholders:
In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no changes of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 5, 2013 had advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

7. Electronic Transmission of Financial Statements Etc.:
SECP through its notification No. SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: http://www.yousufdewan.com/DKTML/index.html

CHAIRMAN'S REVIEW

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the company's objectives. The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

The Board of Directors comprises of individuals with diversified knowledge who endeavour to contribute towards the aim of the Company with the best of their abilities.

An annual self evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

During financial year ended June 30, 2019, four board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the board and its committee meetings. All Directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.

Haroon Iqbal
Chairman Board of Directors

Date: September 27, 2019
Place: Karachi.

DIRECTORS' REPORT

IN THE NAME OF ALLAH;
THE MOST GRACIOUS AND MERCIFUL
IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

Dear Shareholder(s),

Assalam-o-Alykum!

The Board of Directors of your Company are pleased to present the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Auditors' Report thereon.

Overview
The Textile industry in Pakistan is the largest manufacturing sector and the second largest employment generating sector and has been major contributor in Foreign Exchange earnings of the Country. However due to ongoing adverse scenario and uncertainties during the year mainly due to abrupt devaluation of Pak Rupee and significant increase in discount rate by State Bank of Pakistan has resulted increase in cost of doing business.

Operating results and performance (Factory shutdown):
The operating results for the year under review are as follows:

	"Rupees"
SALES (NET)	--
COST OF SALES	(81,501,262)
GROSS LOSS	**(81,501,262)**
OPERATING EXPENSES	6,623,173
OPERATING LOSS	**(74,878,089)**
FINANCE COST	(17,356,946)
LOSS BEFORE TAXATION	**(92,235,035)**
TAXATION	16,089,842
LOSS AFTER TAXATION	**(76,145,193)**

Company's net sale for the year remained nil due to closure of operations. The Company, for the time being, has suspended its manufacturing operations since August 2016 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

In financial year ended 2012, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain banks having suits of Rs.275.008 million, did not accept the restructuring proposal. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honourable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

The Auditors of the company have expressed adverse opinion in their report, on going concern assumption, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up.

The financial statements have been prepared on going concern assumption as the company approached its lenders for further restructuring of its liabilities, which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operation with optimum utilization of production capacity. Therefore the preparation of financial statements using going concern assumption is justified, as explained in note, 1.1 to the financial statements.

As certain banks covering suits amounting to Rs 275.008 million has not yet accepted the restructuring proposal and also one of the banks had filed a winding up petition under section 305 of the Companies Ordinance, 1984. The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Accordingly, no provision of the said mark-up has been made in these financial statements.

The company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon as fully explained in note 6.1.2 to the financial statements. Moreover the markup outstanding up to the date of restructuring is Rs.85.516 million which the company would be liable to pay in the event of default of terms of agreement. The management is confident that upon finalization of restructuring this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

Future Outlook
It is difficult to compete in international market, at present, due to higher cost of production, uncertainties in currency devaluation and increasing markup up rates. Through Finance Act, 2019 tax credit on investment under section 65(B) of the Income Tax Ordinance, 2001 has been withdrawn for tax year 2020 onwards and has also been reduced for the tax year 2019. Overall industry is facing challenges due to withdrawal of zero rating for five export oriented sectors, extreme volatility in exchange rates thereby increasing the cost of imported goods and power, increasing trend in KIBOR rates are ultimately increasing in financing costs, increase in turnover tax, hence the overall working capital requirements have increased.

However, we hope that the Government will introduce some measures for revival of textile sector, including but not limited to payment of tax refunds, settlement of GIDC matter, smooth supply of gas to the industry at affordable rates.

The government is aimed to document the economy for long term sustainability and growth of the Country and for which aggressive steps are being taken. It is expected that these steps will slow down the economic activity in following financial year.

Corporate Social Responsibilities
We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

Health, Safety and Environment
The management of the company is aware of its responsibility to provide a safe and healthy working environment to our associates and give highest priority to it. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. Continual efforts for provision of safe, healthy and comfortable working conditions for the employees are made. We follow up and investigate on all incidents and injuries to address their root causes. We believe that safety and health is a journey of continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates.

Human Resource
The management of the Company is committed to excellence and has a clear vision that human resources and strong leadership practices are important enablers of high productivity and sustainable competitive advantage of our Company. Therefore, management of the Company gives much importance to the optimal use of human resources by way of training proper guidance, motivation and incentive schemes for the employees.

Corporate and Financial Reporting
Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. The Directors confirm that:

1. The financial Statements presented by the management of the Company give, subject to auditor's report, a fair account of the state of affairs, the results of its operations, cash flow and changes in equity.

2. Proper books of accounts have been maintained.

3. Accounting policies have been consistently applied in the preparation of financial statements, except for certain changes whose impact have been appropriately disclosed in 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, if any, has been adequately disclosed.
5. The system of internal controls, which is in place, is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of the corporate governance
7. The Company has constituted an Audit Committee from amongst the non-executive members of its Board.
8. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.
9. There are no doubts upon the company's Going Concern except as disclosed in note 1.1 to the financial statements.
10. Information regarding the outstanding taxes and levies is given in the notes to the financial statements.
11. As required under the Code of Corporate Governance, the following information has been presented in this report:

    i) Pattern of Shareholding;
    ii) Shares held by associated undertaking and related persons;

Board
The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

The Board of Directors as of June 30, 2019 consisted of the following:

Directors		**Numbers**
a)	Male	7
b)	Female	None*
Composition		**Numbers**
a)	Independent Director	1
b)	Other Non-executive Directors	5
c)	Executive Director	1

** The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.*

During the year four meetings of the Board were held. The attendance of directors was as follows:

Names	**No. of Meetings attended**
Mr. Haroon Iqbal	4
Mr. Aziz-ul-Haque	4
Mr.Muhammad Baqir Jafferi	4
Mr.Ishtiaq Ahmed	3
Mr.Muhammad Naeemuddin Malik	4
Mr.Imran Ahmed Javed	4
Mr.Zafar Asim	4

Leave of absence was granted to directors who could not attend these meetings.

Audit Committee
Audit committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The committee consists of three members. Majority of members including the chairman of the committee are non-executive directors.

During the year, four Audit Committee meetings were held and attendance was as follows.

Names	No. of Meetings attended
Mr. Aziz-Ul-Haque – Chairman	4
Mr. Haroon Iqbal	4
Muhammad Naeemuddin Malik	4

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies. It also assists Board in selection, evaluation, compensation and succession planning of key management personnel.

The committee consists of three members. During the year one Human Resource and Remuneration committee meeting was held and attendance was as follows

Names	No. of Meetings attended
Mr. Aziz-Ul Haque – Chairman	1
Mr. Haroon Iqbal	1
Mr. Ishtiaq Ahmed	1

Earnings per Share

Basic (Loss) per share during the period under report worked out to Rs (7.92) [2018: Rs. (19.25)]

Appointment of Auditors

The present auditors, M/s. Feroze Sharif Tariq & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors of your company, based on the recommendations of the Audit Committee of the board, proposes M/s. Feroze Sharif Tariq & Co., Chartered Accountants, for reappointment as auditors of the company for the ensuing year.

Pattern of Shareholding

The prescribed shareholding information, both under the Companies Act, 2017, and the Listing Regulations, vis-à-vis, Code of Corporate Governance, is attached at the end of this report.

Key operating and financial data

Key operating and financial data for preceding six years is annexed.

Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Vote of Thanks & Conclusion

On the behalf of the Board, we appreciate the valuable, loyal, and commendable services rendered to the Company by its executives, members of the staff and workers

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-Rahim, in the name of our beloved Prophet Muhammad (peace be upon him) for the continued showering of his blessings, guidance, strength, health, and prosperity to us, our company, country and nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood, and unity in true Islamic spirit to whole of the Muslim Ummah; Ameen; Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER **(HOLY QURAN)**

By and under Authority of the Board of Directors

Ishtiaq Ahmed
CEO & Director

Haroon Iqbal
Chairman Board of Directors

Karachi, September 27, 2019

FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018	**2019**
			(Rupees in Million)			
Sale (Net)	1,246.05	716.61	348.86	36.12	-	**-**
Gross Profit / (Loss)	18.38	(84.38)	(184.41)	(98.75)	(93.68)	**(81.50)**
(Loss) / Profit befor Tax	(40.94)	(120.40)	(248.26)	(138.19)	(211.35)	**(92.24)**
(Loss) / Profit after Tax	(64.69)	(100.24)	(282.64)	(123.39)	(185.05)	**(76.15)**
Current Assets	559.00	498.00	281.00	244.40	124.73	**116.17**
Shareholder's Equity	409.00	337.00	(1.53)	193.89	14.45	**(56.73)**
Current Liabilities	597.00	647.00	625.00	651.00	657.47	**644.82**
Current ratio (Times)	0.94	0.77	0.45	0.38	0.19	**0.18**
(Loss) / Earning per Share (Rs)	(11.38)	(17.49)	(42.76)	(13.07)	(19.25)	**(7.92)**
Breakup value per share (Rs.)	72.04	59.22	(0.23)	20.54	1.50	**(5.90)**
Gross (Loss) / Profit Ratio (%)	1.48%	-11.78%	-52.86%	-273.40%	0.00%	**0.00%**
Net (Loss)/ profit Ratio (%)	5.20%	13.99%	(81.02)	(341.60)	0.00%	**0.00%**

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

For the Year Ended June 30, 2019

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

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

a)	Male	:	7
b)	Female	:	None*

* The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

2. The composition of board is as follows:

a)	Independent Director	:	Mr. Aziz-ul-Haque
b)	OtherNon-executive Directors	:	Mr. Haroon Iqbal Mr. Zafar Asim Mr. Imran Ahmed Javed Mr. Muhammad Naeemuddin Malik Mr. Muhammad Baqar Jafferi
c)	Executive Director	:	Mr. Ishtiaq Ahmed

3. Six Directors have confirmed that they are not serving as Director in more than five listed Companies including this Company, however, one Director is serving as Director in more than five listed Yousuf Dewan Companies.

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 decision on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has compiled with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

9. Five Directors are qualified under the directors training program. During the year the board did not arrange training program. However, we will arrange the same in the next coming session.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a)	Audit Committee	:	Mr. Aziz-ul-Haque	Chairman
			Mr. Muhammad Naeemuddin Malik	Member
			Mr. Haroon Iqbal	Member
b)	HR and Remuneration Committee	:	Mr. Aziz-ul-Haque	Chairman
			Mr. Haroon Iqbal	Member
			Mr. Ishtiaq Ahmed	Member

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

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

a)	Audit Committee	:	4 quarterly meetings during the financial year ended June 30, 2019
b)	HR and Remuneration Committee	:	1 annual meeting held during the financial year ended June 30, 2019

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Ishtiaq Ahmed
CEO & Director

Haroon Iqbal
Chairman Board of Directors

Karachi, September 27, 2019

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF DEWAN KHALID TEXTILE MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dewan Khalid Textile Mills Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

a) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies.

b) The chairman of Audit committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

c) The chairman of Human Resource and Remuneration Committee shall be an independent director whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Furthermore, we highlight that one director of the company is serving as directors in more than five listed Companies and also the Company has not included in the Board of Directors a female director in the Board as required by the Code as reflected in the note 3 and 1 of the Statement of Compliance respectively.

Feroze Sharif Tariq Co.

Dated: September 27, 2019
Place : Karachi:

Chartered Accountants
(Muhammad Ghalib)

FEROZE SHARIF TARIQ & CO.

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DEWAN KHALID TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Dewan Khalid Textile mills Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion Paragraph, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part there of do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2018 (XIX of 2018), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

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

a) The financial statements of the company for the year ended June 30, 2019 as disclosed in note 1.1 to the financial Statements reflect loss after taxation of Rs. 76.145 (2018: Rs. 185.045) million and as of that date it has accumulated losses of Rs. 598.587 (2018: Rs. 561.845) million and its current liabilities exceeded its current assets by Rs. 548.648 (2018: Rs. 532.746) million without providing markups of Restructured and other liabilities and as refer in below para (b). The operations of the company were closed from August 2016 due to working capital constraints. Furthermore, the company defaulted in repayments of installments of restructured long term liabilities and short term finance facilities have expired and not been renewed by banks amounting to Rs. 403.90 million, hence as per the terms of the restructuring under clause 10.2 of the compromise agreement the entire restructured debt amounting to Rs.104.008 million along with mark up of Rs. 85.516 million (eligible for waiver outstanding as of date of restructuring) have immediately become payable therefore provision for markup should be made in these financial statements. Moreover, certain lenders are in litigation with the company, the aggregate suit amount is Rs.275.008 million (the company have also not provide markup on the same Loan). Further, one of the lender have also filed winding up petition also some of financial Institutions filled suit for execution of decree as disclosed in note 12.1 to the financial statements. These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) In addition to above, since the proposal, has not been accepted so far and the lenders, instead of the accepting the restructuring Proposal, have preferred to filed suit against the company, therefore the provision of mark up should be made in the financial statements. Had the provisions for the mark up, as discussed in preceding paragraphs, been made in these financial statements, the loss after taxation would have been higher by Rs. 511.361 (2018: Rs. 470.748) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 511.361 (2018: Rs. 470.748) million.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information in the annual report including, in particulars, the chairman's review, directors report, financial and business highlights, but does not include the financial statements and our auditor's reports 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.

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined, 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 year. 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.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	**First time adoption of IFRS 9 – Financial Instruments**	
	As referred to in note 3.13 to the financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our key procedures to review the application of IFRS 9 included, amongst others, review of the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. Further, we assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company regarding application of IFRS 9 as per the requirements of the above standard.
2.	**Contingencies**	
	The Company is subject to material litigations involving different courts pertaining to GID Cess and Recovery of Loans by Financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations. Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters. The details of contingencies along with management's assessment and the related provisions are disclosed in note 12 to the financial statements.	In response to this matter, our audit procedures included: Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations. We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy

	There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.	In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases. Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible. As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.
3.	**Unprovided Mark up on Financial Institutions Loan due to Litigation**	
	The company's exposure to huge bank loan, unprovided liabilities for mark-up aggregating to Rs. 511.361 (2018: Rs. 470.748) million were shown (note 12.1.2 and 24.1 of financial statements) as this liability has not settled with the Banks our audit report is also qualified on said unprovided liability due to litigation with the financial institutions for restructuring of the Loan	We reviewed and understood the requirements of the departure from IAS 24 Borrowing Cost: • Considered the management's process for Calculating the markup and disclosure made in the financial Statements'.. • Recalculate the mark up loan wise to Check the accuracy. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made. Discuss with senior management for the reason for non providing the markup and seen litigation grounds. Obtain legal Councils Confirmation to grounds where the company contesting the litigation for the restructuring of the companies loans.

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 Accounting and Reporting Standards as applicable in Pakistan and 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated 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 except for the matter discussed in basis for adverse opinion section, 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) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are 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 Mohammad Ghalib.

Feroze Sharif Tariq & Co.

Dated: September 27, 2019
Place : Karachi:

Chartered Accountants

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Notes	June 30, 2019	June 30, 2018
		(Rupees)	
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
15,000,000 (June 30, 2018: 15,000,000) ordinary shares of Rs. 10/- each		**150,000,000**	150,000,000
Issued, subscribed and paid-up capital	4	**96,107,590**	96,107,590
Revenue reserves		**(598,597,459)**	(561,844,639)
Revaluation surplus on property plant and equipment (Capital reserve)	5	**445,761,122**	480,188,569
		(56,728,747)	14,451,520
NON CURRENT LIABILITIES			
Long Term Loan	6	**51,197,358**	47,268,969
Provision for staff gratuity	7	**17,295,063**	17,295,063
Deferred taxation	8	**127,893,013**	148,947,781
		145,188,076	166,242,844
CURRENT LIABILITIES			
Trade and other payables	9	**180,544,605**	184,061,195
Mark-up accrued on loans		**73,797,746**	62,933,456
Short term borrowings	10	**300,130,923**	300,130,923
Unclaimed dividend		**334,741**	334,741
Current and over due portion of syndicated long term Loan		**104,007,672**	104,007,672
Provision for income tax	11	**6,006,817**	6,006,817
		664,822,504	657,474,804
CONTINGENCIES AND COMMITMENTS	12	--	--
		804,479,191	**885,438,137**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipments	13	**685,413,787**	757,818,299
Long term investment	14	--	--
Long term deposits		**2,891,075**	2,891,075
CURRENT ASSETS			
Stores, spares and loose tools	15	**15,634,830**	18,428,608
Stock-in-Trade	16	**69,530,284**	69,530,284
Trade debts	17	**2,172,883**	8,466,929
Loans and advances	18	**423,908**	427,508
Statutory balances and other receivables	19	**10,185,522**	10,185,522
Income tax refunds and advances		**16,195,762**	16,165,214
Cash and bank balances	20	**2,031,140**	1,524,698
		116,174,329	124,728,763
		804,479,191	**885,438,137**

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

Ishtiaq Ahmed	**S.M. Raza**	**Haroon Iqbal**
CEO & Director	Chief Financial Officer	Chairman Board of Directors

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

	Notes	2019	2018
		(Rupees)	
Sales - net	21	--	--
Cost of sales	22	(81,501,262)	(93,676,471)
Gross (loss)		(81,501,262)	(93,676,471)
Operating Expenses			
Administrative and general expenses	23	(10,450,657)	(103,466,023)
Reversal of provision against doubtful debts		17,073,830	--
		6,623,173	(103,466,023)
Operating (loss)		(74,878,089)	(197,142,494)
Finance cost	24	(17,356,946)	(14,210,974)
		(17,356,946)	(14,210,974)
Loss before taxation		(92,235,035)	(211,353,468)
Taxation			
- Prior		--	7,166,133
- Deferred		16,089,842	19,142,178
		16,089,842	26,308,311
Loss after taxation		(76,145,193)	(185,045,157)
Loss per share - basic and diluted	25	(7.92)	(19.25)

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

Ishtiaq Ahmed	**S.M. Raza**	**Haroon Iqbal**
CEO & Director	Chief Financial Officer	Chairman Board of Directors

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	(Rupees)	
(Loss) for the period	**(76,145,193)**	(185,045,157)
Other comprehensive income:		
Effect of change in tax rates on balance		
of revaluation on property, plant and equipment	**4,964,926**	5,602,998
Total comprehensive (loss) for the period	**(71,180,267)**	**(179,442,159)**

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

Ishtiaq Ahmed	**S.M. Raza**	**Haroon Iqbal**
CEO & Director	Chief Financial Officer	Chairman Board of Directors

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Notes	2019	2018
		(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before Taxation		**(92,235,035)**	(211,353,468)
Adjustment for Non-Cash and Other Items:			
Depreciation		**72,404,512**	82,254,715
(Reversal) / Provision for doubtful debts		**(17,073,830)**	--
Provision for doubtful debts		**--**	24,685,328
Provision for slow moving and obsolescence of stock		**--**	66,817,311
Finance Cost		**17,356,946**	14,210,974
		72,687,628	187,968,328
		(19,547,407)	(23,385,140)
Working Capital Charges			
(Increase) / Decrease in Current Assets			
Stores, spares and loose tools		**2,793,778**	--
Stock -n-trade		**--**	(1,377)
Trade debts		**23,367,876**	19,577,125
Loans and advances		**3,600**	1,388,244
Statutory balances and other receivables		**--**	6,956,010
Increase / (Decrease) in Current Liabilities			
Trade and other payables		**(3,516,590)**	(1,933,251)
		22,648,664	25,986,751
Taxes paid		**(30,548)**	(44,260)
		(30,548)	(44,260)
Net Cash Inflow/ (Outflow) from Operating Activities		**3,070,709**	2,557,351
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**--**	(265,000)
Net Cash Inflow/ (Outflow) from Investing Activities		**--**	(265,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost paid		**(2,564,267)**	(2,584,986)
Net Cash Inflow/ (Outflow) from Financing Activities		**(2,564,267)**	(2,584,986)
Net Increase /(Decrease) in Cash and Cash Equivalents		**506,442**	(292,635)
Cash and cash equivalents at the beginning of the year		**(298,606,225)**	(298,313,590)
Cash and cash equivalents at the end of the year	**29**	**(298,099,783)**	(298,606,225)

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

Ishtiaq Ahmed	**S.M. Raza**	**Haroon Iqbal**
CEO & Director	Chief Financial Officer	Chairman Board of Directors

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserves	Total
		General Reserve	Accumulated Loss	Revaluation Surplus on property, plant & equipment	
	------------------------------------	------------	(Rupees)	------------	------------------------------------
Balance as on 1 July 2017 - *As restated*	96,107,590	135,000,000	(556,464,564)	519,250,653	193,893,679
Total comprehensive loss for period					
Loss for the period	--	--	(185,045,157)	--	(185,045,157)
Other comprehensive income for the period	--	--	--	5,602,998	5,602,998
	--	--	(185,045,157)	5,602,998	(179,442,159)
Transfer to accumulated loss in respect of					--
incremental depreciation - net of tax	--	--	44,665,082	(44,665,082)	--
Balance as on June 30, 2018	**96,107,590**	**135,000,000**	**(696,844,639)**	**480,188,569**	**14,451,520**
Balance as on July 01, 2018	**96,107,590**	**135,000,000**	**(696,844,639)**	**480,188,569**	**14,451,520**
Total comprehensive loss for period					
Loss for the period	--	--	(76,145,193)	--	(76,145,193)
Other comprehensive income for the period	--	--	--	4,964,926	4,964,926
	--	--	(76,145,193)	4,964,926	(71,180,267)
Transfer to accumulated loss in respect of					--
incremental depreciation - net of tax	--	--	39,392,373	(39,392,373)	--
Balance as at 30 June 2019	**96,107,590**	**135,000,000**	**(733,597,459)**	**445,761,122**	**(56,728,747)**

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

Ishtiaq Ahmed
CEO & Director

S.M. Raza
Chief Financial Officer

Haroon Iqbal
Chairman Board of Directors

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1 Corporate Information

Dewan Khalid Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on April 03, 1978, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed in Pakistan Stock Exchange Limited. The registered office of the company is located at 3-A, Lalazar, Beach Hotel Road, Karachi, Pakistan; while its manufacturing facilities are located at G-11, S.I.T.E., Kotri, Sindh, Pakistan. The Principal activity of the Company is trading, manufacturing and sale of yarn, however operations are suspended since August, 2016.

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed either in the notes to these financial statements or in the Directors' report.

1.1 Going Concern Assumption

The financial statements of the company for the year ended 2019 reflect that company has sustained a net loss after taxation of Rs.76.145 million (2018: Rs.185.045 million) and as of that date company has negative reserves of Rs. 598.597 million which have eroded its equity. Further the company's short term borrowing facilities have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company due to lesser market demand and adverse factors being faced by the overall textile industry in the country. As a result the Company, for the time being, has suspended its manufacturing operations since August 2016. Accordingly, the entire restructured liabilities along with markup eligible for waiver (as disclosed in note 12.1 to the financial statements) have become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The financial statements has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities which is in process. Company is hopeful that such restructuring will be effective soon and will further streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilization of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore the preparation of financial statements using going concern assumption is justified.

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 with the exception of departure of IFRS as mentioned in note 24.1 to the financial statements, for which the management concludes that provisioning of mark up would conflict with the objectives of the financial statements. 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the financial assets and liabilities which are carried at their fair values and revalued amounts and stock in trade which are valued at net realizable value, if it is less than the cost. Further, accrual basis of accounting is followed except for cash flow information.

2.3 New standards, amendments to approved accounting standards and new interpretations

2.3.1 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective during the current year:

IFRS 2 Share based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)

IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with Customers

IAS 40 Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements except for IFRS 9 and IFRS 15. The impact of adoption of IFRS 9 and IFRS 15 is given below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company elected the modified retrospective method and applied the standard retrospectively to only the most current period presented in the financial statements. Accordingly, the information presented for the previous corresponding period has not been restated.

The Company generates its revenue from sale of goods. The Company's contracts with customers for the sale of goods generally include one performance obligation. The Company has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement bringing together aspects of the accounting for financial instruments: classification and measurement and impairment.

Classification and measurement

Except for certain trade receivables, under IFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

At transition date to IFRS 9, the Company has financial assets measured at amortised cost and equity instruments at FVOCI. The new classification and measurement of the Company's financial assets are, as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Company intends to hold for the foreseeable future and which the Company has irrevocably elected to so classify upon initial recognition or transition. The Company classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under IFRS 9. Under IAS 39, the Company's unquoted equity instruments were classified as AFS financial assets.

The accounting for the Company's financial liabilities remains largely the same as it was under IAS 39. Accordingly, the adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

Impairment

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The adoption of the ECL requirements of IFRS 9 did not result in any difference in the existing impairment allowances of the Company's debt financial assets.

2.3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or Interpretation		**Effective date (annual periods beginning on or after)**
IFRS 3	Definition of a Business (Amendments)	1-Jan-20
IFRS 3	Business Combinations: Previously held interests in a joint operation	1-Jan-19

IFRS 9	Prepayment Features with Negative Compensation (Amendments)	1-Jan-19
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 11	Joint Arrangements: Previously held interests in a joint operation	1-Jan-19
IFRS 16	Leases	1-Jan-19
IAS 1/ IAS 8	Definition of Material (Amendments)	1-Jan-20
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity	1-Jan-19
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)	1-Jan-19
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	1-Jan-19
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)	1-Jan-19
IFRIC	Uncertainty over Income Tax Treatments	1-Jan-19

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. The Company is currently evaluating the impact of these standards.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for annual reporting period beginning on or after 01 January 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards or Interpretation		**IASB Effective date (annual periods beginning on or after)**
IFRS14	Regulatory Deferral Accounts	1-Jan-16
IFRS 17	Insurance Contracts	1-Jan-21

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

2.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

2.5.1 Operating fixed assets, revaluation and depreciation

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.5.2 Trade debts

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

2.5.3 Income tax

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

2.5.4 Stock in trade

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realisable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

2.5.5 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

3 Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as disclosed in note 3.10 and 3.13 to these financial statements due to adoption of IFRS 9 and IFRS 15.

3.1 Post Employment Benefits

Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its non-management staff. Provisions are made, based on actuarial recommendations. Actuarial valuation is carried out using the 'Projected Unit Credit' method, as required by International Accounting Standard 19 "Employee Benefits". However, at present company has no employees who are eligible for gratuity, hence no provision for the same has been made during the year, liability appearing as gratuity payable represents actual amount payable to employees.

Defined Contribution Plan

Effective from July 01, 2010, the company has, in place of gratuity scheme, established a recognised provident fund for its permanent management staff for which equal contributions are being made in respect thereof by company and employees in accordance with the terms of the fund.

3.2 Trade and Other Payables

Trade and other payables are stated at their costs.

3.3 Taxation

Current Year

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

3.4 Property, Plant and Equipment

- Owned

Property, Plant and Equipment are stated at cost/revalued amounts less accumulated depreciation and impairment losses, if any; lease hold land is amortised over the period of lease except capital works in progress which is stated at cost accumulated up to the balance sheet date.

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on property, plant and equipment”, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

- Leased

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined as the fair values or discounted value of minimum lease payments; whichever is the lower, as at inception, less accumulated depreciation and impairment losses. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

- Depreciation

Depreciation is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis and until disposal or retirement, using the reducing balance method whereby the cost or revalued amount of an asset is written off over its estimated useful life and the rates applied are in no case less than the rates prescribed by the Federal Board of Revenue. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted, if appropriate, at each balance sheet date.

- Repairs, renewals and maintenance

Major repairs and renewals are capitalized . Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

Intangible assets
Computer software costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the costs of the respective assets. Software which are not an integral part of the related hardware are classified as intangible assets. Amortized on straight line basis.

Leases
Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

3.5 Investment in Associate
Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses.

3.6 Stores, Spares and Loose Tools
These are stated at the lower of cost and net realizable value. The cost of inventory is based on the weighted average cost. Items in transit are stated at cost accumulated up to the date of the balance sheet.

Provision is made for any slow moving and obsolete items.

3.7 Stock-in-Trade
These are valued as follows :

Raw Material	:	At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
Finished Goods	:	At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
Waste	:	At net realizable value.
Work-in-Process	:	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
Stock in Transit	:	At cost accumulated upto the balance sheet date.
Stock at fair price shop	:	At cost calculated on the First-in-first-out method of valuation.
Packing Material	:	At lower of weighted average cost or net realizable value.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

3.8 Trade Debts & Other Receivables
Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for a doubtful receivable is made when collection of the whole or part of the amount is no longer probable. Bad debts are written off as incurred.

3.9 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Profit and Loss Account.

3.10 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the Investee company.
- Return on bank deposits are on an accrual basis.
- Unrealized gains / loss arising on re-measurement of investments classified as "financial assets at fair value though "profit or loss" are included in the profit and loss account in the period in which these arise.
- Realised capital gains / loss on sale of investments are recognized in the profit and loss account at the time of sale.

3.11 Borrowing Cost

Borrowing Costs are recognized initially in fair value net of transaction costs incurred.
Borrowing cost 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, are added to the cost of those assets until such time the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

3.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made for the amount of this obligation.

3.13 Financial instruments

3.13.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI	These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the statement of profit or loss account.

Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

3.13.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.13.2.1 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.13.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company’s cash management.

3.13.3 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

3.13.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

3.13.3.2 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

3.13.4 Derivative financial instruments - other than hedging

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.13.5 Derivative financial instruments - cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss account. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

3.13.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

3.14 Impairment

3.14.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

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

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

3.14.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

3.15 Related Party Transactions

All transactions with related parties are carried out by the company at arm's length prices.

3.16 Dividend and appropriation to reserves

Dividends and appropriations to reserves, subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends and appropriations are approved.

4 Issued, Subscribed and Paid-up Capital	2019 (Rupees)	2018
5,728,300 (2018: 5,728,300) Ordinary Shares of Rs. 10/- each fully paid in cash	**57,283,000**	57,283,000
3,882,459 (2018: 3,882,459) Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	**38,824,590**	38,824,590
	96,107,590	96,107,590

4.1 Dewan Motors (Private) Limited, an associated company held 451,185 Ordinary shares of Rs.10 each.

5 Surplus on revaluation of property plant and equipment	2019	2018
Opening balance	**629,136,350**	692,943,610
Transferred to accumulated losses in respect of incremental depreciation for the year	**(55,482,215)**	(63,807,260)
	573,654,135	629,136,350
Deferred tax liability		
Opening balance	**148,947,781**	173,692,957
Incremental depreciation	**(16,089,842)**	(19,142,178)
Effect of change in tax rates	**(4,964,926)**	(5,602,998)
	127,893,013	148,947,781
	445,761,122	480,188,569

This represents net surplus over the book value resulting from the revaluation of land, Building , Plant and Machinery carried out on December 21, 2016 by independent professional valuers M/s K.G.TRADERS , the basis of market value or depreciated replacement values as applicable. Basis of revaluation are as follows:

Land

Valuation of land is based on assessment of present market values from the information of current matured transactions in recent past, pertaining to immediate neighborhood and surrounding areas.

Building

Valuation of building has been determined by assessment of type of construction, current condition of construction and by applying current construction rates for current replacement value and taking into account depreciation involving the year of construction, physical condition, usage and maintenance.

Plant and Machinery

Plant and machinery valuation has been determined after making enquiries from agents, local dealers, fabricators, suppliers and manufacturers of comparable plants. Current prices of used and reconditioned plants in the local markets have also been considered. Based on above market values have been determined and depreciation has been applied as per their condition, usage, and maintenance.

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

The latest revaluation resulted in increase in surplus by Rs.416.748 million, forced sale value of revalued assets is Rs. 711.726 million.

		Notes	2019	2018
			(Rupees)	
6	**Long term loans**			
	Syndicated Long Term Loan - Secured	**6.1**	**-**	-
	Sponsor loan	**6.2**	**51,197,358**	47,268,969
			51,197,358	47,268,969
6.1	**Syndicated Long Term Loan - Secured**			
	Syndicated Long Term Loan		**104,007,672**	104,007,672
	Current portion of syndicated Long term loan		**-**	(7,429,118)
	Over due portion of syndicated Long term loan		**(104,007,672)**	(96,578,554)
			-	-

6.1.1 The Compromise Agreement dated December 23, 2011 had been executed between the banks and the company against which consent decrees had been granted by the Honorable High Court of Sindh, Karachi. As per the terms, Company's short term and long term loans had been rescheduled in the form of long term loans of Rs. 282.496 million which was to be repaid in six and half years from the date of restructuring with progressive mark up ranging from 4% to 14% (or KIBOR whichever is lower) over the period on outstanding principal. This loan had been secured by way of mortgage charge over immovable properties and hypothecation of movable assets of the company. Moreover banks / financial institutions had allowed further working capital limit to the Company as fully explained in note 10 to these financial statements. However, in case of default by the company the entire outstanding mark up as disclosed in the agreement will remain outstanding liability of the company and all amounts in respect of its liabilities shall become payable with immediate effect as disclosed in clause 10.2 of the Compromise Agreement.

6.1.2 The company has approached its lenders for further restructuring of its liabilities, which is in advanced stage as the term sheet has been finalized and circulated by the agent to syndicate of banks for their internal approvals. Management is hopeful that such revision will be finalized soon. Accordingly the Banks' liability has been in accordance with previous repayment schedules.

		2019	2018
6.2	**Sponsor loan**		
	Sponsor Loan- Unsecured	**55,452,217**	55,452,217
	Unwinding interest	**3,928,389**	3,626,962
	Present value adjustment	**(8,183,248)**	(11,810,210)
	Present Value of Sponsor loan	**51,197,358**	47,268,969

6.2.1 This represents unsecured interest free loan payable to sponsor against liabilities of a bank assumed by the sponsor. The Sponsor loan has been measured at amortized cost in accordance with International Financial Reporting Standard 9, Financial Instruments, and has been discounted using the weighted average interest rate of 8.01% per annum. This interest free loan is payable on 31st July 2020.

		2019	2018
7	**Provision for Staff Gratuity**		
	Balance at beginning	**17,295,063**	17,295,063
	Payments during the year	**--**	--
		17,295,063	17,295,063
8	**Deferred Taxation**		
	Credit balance arising due to:		
	- accelerated tax depreciation	**21,909,182**	24,515,998
	- revaluation on property plant & equipment	**127,893,013**	148,947,781
	Debit balance arising due to		
	- staff gratuity	**(5,015,568)**	(5,188,519)
	- carried over losses and provisions	**(199,793,187)**	(226,921,505)
		(55,006,560)	(58,646,245)
	Deferred tax asset not recognized	**(182,899,573)**	(207,594,026)
		127,893,013	148,947,781

	Notes	2019	2018
		(Rupees)	
8.1 Movement of deferred tax liabilities			
Balance as at beginning of the year		**148,947,781**	173,692,957
Tax charge recognised in statement of profit or loss		**(16,089,842)**	(19,142,178)
Tax charge recognised in other comprehensive income		**(4,964,926)**	(5,602,998)
Balance as at end of the year		**127,893,013**	148,947,781
9 Trade and Other Payables			
Creditors	**9.1**	**125,206,062**	128,984,893
Accrued Expenses		**54,243,929**	53,647,202
Provident Fund	**9.2**	**31,122**	365,608
Sale tax payable		**1,063,492**	1,063,492
		180,544,605	184,061,195

9.1 This includes Rs. 120.550 million (2018: Rs. 120.550 million) payable to associated undertaking.

9.2 Investments of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	Notes	2019	2018
10 Short Term Borrowings - Secured			
Short term Running Finance	**10.1 & 10.2**	**257,162,900**	257,162,900
Short term Loan	**10.3**	**35,483,023**	35,483,023
Sponsor Loan	**10.5**	**7,485,000**	7,485,000
		300,130,923	300,130,923

10.1 The company has facilities for short term running finances under mark-up arrangements amounting to Rs. 140 million (2018: Rs. 140 million) from banks. The facility carries mark-up at the rate of 1 month KIBOR + 2.5%p.a (2018: 1 month KIBOR + 2.5%p.a). These facilities are secured against hypothecation charge on stocks-in-trade and trade debts. These facilities are generally for twelve months renewable at the end of the period. The mark-up on running finance facilities is payable on a quarterly basis. This financing arrangement have expired and not been renewed by the bank.

10.2 The facility for short term loan under mark up arrangement obtained from bank against available limit of Rs.100 million (2018: Rs. 100 million) at markup rate of KIBOR + 3% (2018: KIBOR + 3%) payable quarterly in arrears. The facility is secured by way of hypothecation of stock in trade, book debts and other current assets of the company. This financing arrangement have expired and not been renewed by the bank for six years.

10.3 As part of restructuring banks / financial institutions have approved further working capital to the Company amounting to the limit of Rs. 63.90 million by providing syndicated cash finance against pledge of stocks in proportion to their loan amounts. The tenure of working capital facility is one year and renewable on rollover basis and this facility is secured by way of pledge of stocks of the company. The markup rate for this facility is one month KIBOR which is payable on quarterly basis. This financing arrangement have expired and not been renewed by the bank.

10.4 The banks/financial institutions amounting Rs. 236 million in note 10.1 and 12.2 are in litigation with the company as disclosed in note no 12.2 to the financial Statements.

10.5 This represents unsecured interest free loan for the purpose of working capital requirements and is payable on demand. The interest free and unsecured loan has been provided by sponsor considering financial crunch being faced by the company.

	2019	2018
11 Provision for Taxation		
Balance at the beginning	**6,006,817**	13,172,950
Add: Provision for the year	**-**	-
	6,006,817	13,172,950
Payment / adjustment during the year	**-**	7,166,133
	6,006,817	6,006,817

Income tax returns of the company have been filed up to tax year 2018 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001. On account of closure of operation, no tax provision has been made in these financial statements.

11.1 Relationship between income tax expense and accounting profit

	2019	2018
	(Rupees)	
Accounting Loss as per accounts	**(92,235,035)**	(211,353,468)
Applicable tax rate	**29%**	30%
Tax payable / refundable on accounting profit / (loss)	**(26,748,160)**	(63,406,040)
Tax effect of timing difference on depreciation	**18,920,746**	21,701,005
Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account	**1,561,545**	8,930,562
Effect of Loss carried / (brought) forward	**6,265,869**	32,774,473
Tax payable under normal rules	-	-
Minimum tax payable under Income Tax Ordinance, 2001	-	-

12 Contingencies and Commitments

12.1 In respect of liabilities towards banks / financial institutions disclosed in note 6 to the financial statements, during the year ended 2012, certain lenders have entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs.184.258 million and markup thereon of Rs.85.516 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honourable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

12.2 Two of the lenders having suits amounting to Rs 275.008 million has not yet accepted the restructuring proposal, and out of these one lender had also filed a winding up petition under section 305 of the repealed Companies Ordinance, 1984. The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome.

12.3 The Government of Pakistan has promulgated the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC) against which the Company filed suit in the Honourable Sindh High Court challenging its legality and applicability on the Company and the Honourable Sindh High Court has issued stay against the recovery of GIDC. The Honourable Sindh High Court decided the case in favour of the Company and directed to refund / adjust in bills the amounts already collected, against which the Sui Southern Gas Company Limited has filed appeal in Honourable Sindh High Court, which was also rejected. The Government enacted GIDC Act, 2015 which was also been challenged by the Company through writ petition before the Honorable Sindh High Court, which granted the stay against collection of GIDC arrears. Since this issue is being faced by industry at large and matter is also pending in Supreme Court of Pakistan, management is of the view that decision of the case will be in its favour and there is no need to maintain any provision against this liability.

12.4 There are no commitments as of balance sheet date which need to be disclosed in the financial statements.

13 Property, Plant and Equipment

	Note	2019	2018
		(Rupees)	
Operating Assets	**13.1**	**685,413,787**	757,818,299
		685,413,787	757,818,299

13.1 Operating Assets

June 2019

Particulars	Cost / Revaluation As at July 2018	Additions / Deletion	As at JUNE 2019	Rate %	Depreciation As at July 2018	For the period	As at June 2019	Written Down Value as at June 2019
OWNED	RUPEES				RUPEES			
Lease Hold Land	134,295,556	--	134,295,556	0	7,739,540	2,131,675	9,871,215	124,424,341
Factory Building	210,332,377	--	210,332,377	10	89,699,576	12,063,280	101,762,856	108,569,521
Non Factory Building	39,432,514	--	39,432,514	10	17,321,193	2,211,132	19,532,325	19,900,189
Labour Quarters	115,067,941	--	115,067,941	25	76,181,127	9,721,704	85,902,831	29,165,110
Plant and Machinery	1,049,018,897	--	1,049,018,897	10	613,712,754	43,530,614	657,243,368	391,775,529
Electric Installation	5,760,815	--	5,760,815	15	5,732,175	4,296	5,736,471	24,344
Power House	31,037,292	--	31,037,292	10	23,452,890	758,440	24,211,330	6,825,962
Factory and Office Equipmts	6,241,146	--	6,241,146	10	4,527,785	171,336	4,699,121	1,542,025
Vehicles	30,198,120	--	30,198,120	20	28,817,589	276,106	29,093,695	1,104,425
Furniture and Fixture	6,284,082	--	6,284,082	10	5,487,297	79,679	5,566,976	717,106
Intangible Assets								
Software Development	5,825,000	--	5,825,000	25	3,003,515	1,456,250	4,459,765	1,365,235
June 30' 2019	**1,633,493,740**	**--**	**1,633,493,740**		**875,675,441**	**72,404,512**	**948,079,953**	**685,413,787**

Property, Plant and Equipment

June 2018

Particulars	Cost / Revaluation As at July 2017	Additions / Deletion	As at JUNE 30, 2018	Rate %	Depreciation As at July 2017	For the period	As at June 30, 2018	Written Down Value as at June 30, 2018
OWNED								
Lease Hold Land	134,295,556	--	134,295,556	0	5,607,865	2,131,675	7,739,540	126,556,016
Factory Building	210,332,377	--	210,332,377	10	76,295,931	13,403,645	89,699,576	120,632,801
Non Factory Building	39,432,514	--	39,432,514	10	14,864,380	2,456,813	17,321,193	22,111,321
Labour Quarters	115,067,941	--	115,067,941	25	63,218,855	12,962,272	76,181,127	38,886,814
Plant and Machinery	1,049,018,897	--	1,049,018,897	10	565,345,405	48,367,349	613,712,754	435,306,143
Electric Installation	5,760,815	--	5,760,815	15	5,727,121	5,054	5,732,175	28,640
Power House	31,037,292	--	31,037,292	10	22,610,179	842,711	23,452,890	7,584,402
Factory and Office Equipmts	5,976,146	265,000	6,241,146	10	4,332,504	195,281	4,527,785	1,713,361
Vehicles	30,198,120	--	30,198,120	20	28,472,456	345,133	28,817,589	1,380,531
Furniture and Fixture	6,284,082	--	6,284,082	10	5,398,765	88,532	5,487,297	796,785
Intangible Assets								
Software Development	5,825,000	--	5,825,000	25	1,547,265	1,456,250	3,003,515	2,821,485
June 30' 2018	**1,633,228,740**	**265,000**	**1,633,493,740**		**793,420,726**	**82,254,715**	**875,675,441**	**757,818,299**

	Note	2019 (Rupees)	2018
13.2 Allocation of Depreciation			
Cost of Sales		**70,592,477**	80,364,800
Administrative and General Expenses		**355,785**	433,665
Administrative and General Expenses (Amortization of software)		**1,456,250**	1,456,250
		72,404,512	**82,254,715**

13.3 Immovable property (i.e. leasehold land and factory building, non-factory building and labour quarters thereon) is situated at S.I.T.E. Kotri, District Jamshoro having accumulated area of 16 acres.

13.4 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:

	2019	2018
Lease hold land	**1,651,808**	1,651,808
Factory building on lease hold land	**22,188,508**	24,653,898
Non - factory building	**2,613,534**	2,903,927
Labour Quarters	**334**	446
Plant & machinery	**83,597,588**	92,886,208
	110,051,772	122,096,287

14 Long Term Investment

Investment in associate

	2019	2018
Dewan Salman Fibre Limited	**--**	--

14.1 Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship, member of yousuf dewan companies and its ownership interest of 8.81% in investee company.

	Note	2019	2018
		(Rupees)	
14.2 Investment in Dewan Salman Fibre Limited - at equity method			
Number of shares held		**32,279,849**	32,279,849
Cost of investment (Rupees)		**40,000,000**	40,000,000
Fair value of investment (Rupees)		**28,406,267**	28,406,267
Ownership interest		**8.81%**	8.81%
14.3 Summarised financial information of associated company			
Total assets		**9,233,827,000**	10,023,571,000
Total liabilities		**20,856,161,000**	20,188,204,000
Net assets		**(11,622,334,000)**	(10,164,633,000)
Company's share of net assets		**(1,023,927,625)**	(895,504,167)
Revenue		**--**	--
Loss for the year		**(1,499,573,000)**	(1,182,607,000)

14.4 Investment in associated company was made in accordance with the requirement of then effective Companies Ordinance, 1984. As the Company's share of losses exceed its interest in the associate, the Company has discontinued recognising its share of further losses. Market value is based on last available quoted price as of February 19, 2018.

	Note	2019	2018
15 Stores, Spares & Loose Tools			
Stores and Spares		**15,634,830**	16,731,177
Packing Material		**--**	1,697,431
		15,634,830	18,428,608
16 Stock-in-Trade			
Raw Materials		**32,431,351**	32,431,351
Finished Goods		**103,916,244**	103,916,244
		136,347,595	136,347,595
Provision for slow moving and obsolescence		**(66,817,311)**	(66,817,311)
		69,530,284	69,530,284

16.1 Stocks valuing Rs. 47.410 million (2018: Rs.47.410 million) was pledged with the banks against the restructured finance facilities obtained by the Company.

	Note	2019	2018
17 Trade Debts - Considered Good			
Local Receivables - Unsecured		**2,172,883**	8,466,929
Considered doubtful		**32,002,057**	49,075,887
		34,174,940	57,542,816
Provision for doubtful debts	**17.1**	**(32,002,057)**	(49,075,887)
		2,172,883	8,466,929
17.1 Provision for doubtful debts			
Opening balance		**49,075,887**	24,390,559
Provision / (Reversal) during the year		**(17,073,830)**	24,685,328
		32,002,057	49,075,887
17.2 The aging of Debtors at the reporting date was:			
Up to one month		**-**	-
1 to 6 months		**-**	-
More than 6 months		**2,172,883**	8,466,929
		2,172,883	8,466,929

		Note	2019	2018
			(Rupees)	
18	**Loans and Advances - Unsecured, Considered Good**			
	Advance against Supplies		**215,500**	215,500
	Loans and Advances to employees		**208,408**	212,008
			423,908	427,508
19	**Statutory Balances and Other Receivables - Considered good**			
	Sales Tax Receivable		**10,185,522**	10,185,522
			10,185,522	10,185,522
20	**Cash and Bank Balances**			
	Cash in Hand		**84,345**	58,912
	Cash at Banks - Current Accounts		**1,946,795**	1,465,786
			2,031,140	1,524,698
21	**SALES - Net**		**--**	--
22	**Cost of Sales**			
	Fuel, Power & Water Consumed		**1,291,173**	967,274
	Salaries, Wages and Other Benefits		**8,674,066**	11,105,569
	Insurance		**622,280**	611,121
	Vehicle Expenses		**64,130**	83,480
	Repairs and Maintenance		**133,347**	240,732
	Rent, Rates and Taxes		**123,789**	304,872
	Depreciation	**13.1**	**70,592,477**	80,364,800
			81,501,262	93,677,848
	Work-in-Process - Opening		**--**	--
	Work-in-Process - Closing		**--**	--
	Cost of Goods Manufactured		**81,501,262**	93,677,848
	Finished Goods - Opening		**103,916,244**	103,914,867
	Finished Goods - Closing		**(103,916,244)**	(103,916,244)
			81,501,262	93,676,471
22.1	**Raw Material Consumed**			
	Opening Stock		**32,431,351**	32,431,351
	Purchases - Net		**--**	--
			32,431,351	32,431,351
	Closing Stock		**(32,431,351)**	(32,431,351)
	Raw Material Consumed		**--**	--
23	**Administrative and General Expenses**			
	Salaries, Allowances and Other Benefits	**23.1**	**5,591,552**	6,756,619
	Travelling, Conveyance and Entertainment		**112,818**	145,324
	Printing and Stationery		**404,639**	380,924
	Communication		**116,375**	150,058
	Vehicles Expenses		**1,098,918**	1,026,884
	Legal and Professional Charges		**27,000**	175,000
	Fees and Subscription		**558,580**	455,927
	Depreciation	**13.1**	**355,785**	433,665
	Amortization of software		**1,456,250**	1,456,250
	Auditors Remuneration	**23.2**	**500,000**	500,000
	Others		**228,740**	482,733
	Provision for doubtful debts		**--**	24,685,328
	Provision for slow moving and obsolescence of stocks		**--**	66,817,311
			10,450,657	103,466,023

23.1 Salaries, allowances and other benefits include Rs. 0.171 millon (2018: Rs. 0.208 million) relating to staff retirement benefits.

23.2 Represents Audit fee (Annual, Half year and Review of Code and corporate Governance) for the year.

		Note	2019 (Rupees)	2018
24	**Finance Cost**			
	Mark-up on Long term Borrowings		**9,736,533**	7,965,931
	Mark-up on Short Term Borrowings		**3,512,507**	2,307,509
	Bank Charges and Commission		**179,517**	310,572
	Unwinding interest		**3,928,389**	3,626,962
			17,356,946	14,210,974

24.1 The company has not provided the markup on long term and short term borrowings from certain banks for the year amounting to Rs. 40.613 million (Up to 2018: Rs. 385.233 million) on the contention of the Company as disclosed in note 12.2 to the Financial Statements. However had the provision been made in the financial statements markup for the year would have been higher by Rs.40.613 million and accrued markup and accumulated loss would have been increased by Rs. 425.846 million.

			2019	2018
25	**Earning / (Loss) Per Share - Basic**			
	(Loss) after Taxation	Rupees	**(76,145,193)**	(185,045,157)
	Weighted Average Number of Ordinary Shares	Nos	**9,610,759**	9,610,759
	(Loss) Per Share - Basic	Rupees	**(7.92)**	(19.25)

25.1 No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per Share when exercised.

26 Remuneration of Chief Executive, Director and Executives

26.1 Chief executive and directors of the Company did not charge any fee or other remuneration.

26.2 No employee of the Company falls under the definition of "executive" as per the Companies Act, 2017. Hence no disclosure is given in the financial statements.

27 Related Parties Transactions

Related parties includes associated group companies, directors, executives, key management personals and staff retirement funds. The statement regarding remuneration of chief executive, directors, executive and key management personal is disclosed in note 26 to the financial statements.

During the year aggregate transactions made by the company with the related parties were provident fund contribution of Rs. 0.342 million (2018: Rs.0.832 million).

			2019	2018
28	**Plant Capacity and Production**			
	Particulars			
	Attainable capacity converted to 20 count (Kgs) (Annual)		**10,298,087**	10,298,087
	Number of spindles installed		**25,536**	25,536

28.1 The company's operations remained suspended on account of working capital constraints due to adverse factors faced by overall textile industry.

		Note	2019	2018
29	**Cash and Cash Equivalents**			
	Cash and Bank Balances	**20**	**2,031,140**	1,524,698
	Short term Borrowings	**10**	**(300,130,923)**	(300,130,923)
			(298,099,783)	(298,606,225)

30 Financial Instruments and Related Disclosures

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other patty to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The maximum exposure to credit risk at the June 30, 2019 are:

	2019	2018
	(Rupees)	
Long term Investments	**-**	-
Trade Debts - Considered Good	**2,172,883**	8,466,929
Loans and Advances - Unsecured, Considered good	**423,908**	427,508
Trade Deposits, Prepayments and Statutory Balances - Considered good	**10,185,522**	10,185,522
Cash and Bank Balances	**2,031,140**	1,524,698
	14,813,453	20,604,657

30.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. During the year, the Company faced liquidity problems due to adverse conditions of overall textile industry, hence it was unable to make scheduled repayments of restructured long term financing. The management has actively taken measure to rectify the default by approaching its lenders for further restructuring of the liabilities. The further restructuring is in advanced stage and expected to be finalised soon.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

Financial Liabilities	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to twelve Months	One year onward
	2019				
	(Rupees)				
Syndicated Long Term Loans	155,205,030	166,204,787	110,752,570	--	55,452,217
Trade & other payables	180,544,605	184,061,195	184,061,195	--	--
Short term Borrowings	300,130,923	322,727,211	322,727,211	--	--
Mark-up accrued on Loans	73,797,746	62,933,456	62,933,456	--	--
Total	**709,678,304**	**735,926,649**	**680,474,432**	**--**	**55,452,217**

Financial Liabilities	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to twelve Months	One year
	2018				
	(Rupees)				
Syndicated Long Term Loans	151,276,641	162,803,736	107,351,519	--	55,452,217
Trade & other payables	184,061,195	184,061,195	184,061,195	--	--
Short term Borrowings	300,130,923	314,146,467	314,146,467	--	--
Mark-up accrued on Loans	62,933,456	62,933,456	62,933,456	--	--
Total	**698,402,215**	**723,944,854**	**668,492,637**	**--**	**55,452,217**

30.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market prices due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

30.4 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The financial instruments of the Company is not exposed to currency risk as there were no financial instruments in foreign currencies.

30.5 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the following:

	Carrying Amounts 2019	Carrying Amounts 2018
Fixed rate instruments		
Variable rate instruments	**(Rupees)**	
Financial assets	**-**	-
Financial liabilities	**(396,653,595)**	(396,653,595)
	(396,653,595)	(396,653,595)

30.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

30.7 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensuration to the circumstances.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and short term borrowings' as shown in the balance sheet). total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2019	2018
	(Rupees)	
Total Borrowings	**455,335,953**	451,407,564
Less Cash and Bank Balances	**(2,031,140)**	(1,524,698)
Net debt	**453,304,813**	449,882,866
Total equity	**(56,728,747)**	14,451,520
Total Capital	**396,576,066**	464,334,386
Gearing ratio	**114.30%**	96.89%

30.8 Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

31 Number of Employees

	2019	2018
Total number of employees at the end of year	**39**	46
Average number of employees	**45**	53

32 Date of Authorization to Issue

These financial statements were authorized for issue on September 27, 2019 by the Board of Directors of the Company.

33 General

i) Figures have been rounded off to nearest rupee.

ii) Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. However, there were no significant reclassifications and restatements.

Ishtiaq Ahmed	**S.M. Raza**	**Haroon Iqbal**
CEO & Director	Chief Financial Officer	Chairman Board of Directors

PATTERN OF SHAREHOLDING
UNDER REGULATION 37(xx)(i) OF THE CODE OF CORPORATE GOVERNANCE
AS ON 30TH JUNE 2019

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**	1	451,185	4.69%
2.	**NIT and ICP**	5	251,891	2.62%
3.	**Directors, CEO, their Spouses & Minor Children**	7	3,500	0.04%
4.	**Executives**	-	-	0.00%
5.	**Public Sector Companies & Corporations**	6	2,436	0.03%
6.	**Banks, Development Finance lnstitutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds**	-	-	0.00%
7.	**Individuals**	680	8,901,747	92.62%
	TOTAL	**699**	**9,610,759**	**100.00%**

DETAILS OF CATAGORIES OF SHAREHOLDERS

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	**Associated Companies**			
1.1	Dewan Motors (Pvt.) Limited	1	451,185	4.69%
2.	**NIT and ICP**			
2.1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	25,552	0.27%
2.2	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	897	0.01%
2.3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	224,486	2.34%
2.4	National Bank of Pakistan	2	956	0.01%
		5	**251,891**	**2.62%**
3.	**Directors, CEO, their Spouses & Minor Children**			
	Directors and CEO			
3.1	Mr. Haroon Iqbal	1	500	0.01%
3.2	Mr. Muhammad Naeemuddin Malik	1	500	0.01%
3.3	Mr. Aziz ul Haque	1	500	0.01%
3.4	Mr. Ishtiaq Ahmed	1	500	0.01%
3.5	Mr. Muhammad Baqar Jafferi	1	500	0.01%
3.6	Mr. Imran Ahmed Javed	1	500	0.01%
3.7	Mr. Zafar Asim	1	500	0.01%
		7	**3,500**	**0.04%**
	Spouses of Directors and CEO			
		-	-	0.00%
		-	-	**0.00%**
	Minor Children of Directors and CEO			
		-	-	0.00%
		-	-	**0.00%**
	Total Directors, CEO, Their Spouses & Children	**7**	**3,500**	**0.04%**

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	2	5,102,619	53.09%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN

During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.

FORM 34

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number: **006194**
2. Name of the Company: **DEWAN KHALID TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at: 3 0 | 0 6 | 2 0 1 9
4.

Number of Shareholders	Shareholdings				Total Shares held
321	1	-	100	Shares	7,359
187	101	-	500	Shares	53,252
50	501	-	1,000	Shares	41,491
83	1,001	-	5,000	Shares	197,083
13	5,001	-	10,000	Shares	93,276
6	10,001	-	15,000	Shares	83,872
9	15,001	-	20,000	Shares	159,565
3	20,001	-	25,000	Shares	68,174
2	25,001	-	30,000	Shares	55,552
2	30,001	-	35,000	Shares	65,722
2	35,001	-	45,000	Shares	84,500
1	45,001	-	50,000	Shares	48,750
3	50,001	-	70,000	Shares	199,532
1	70,001	-	80,000	Shares	74,706
1	80,001	-	100,000	Shares	81,587
1	100,001	-	110,000	Shares	105,500
1	110,001	-	120,000	Shares	111,492
1	120,001	-	150,000	Shares	116,631
1	150,001	-	175,000	Shares	166,182
1	175,001	-	200,000	Shares	200,000
1	200,001	-	225,000	Shares	224,486
1	225,001	-	270,000	Shares	261,212
1	270,001	-	280,000	Shares	272,868
1	280,001	-	305,000	Shares	301,912
2	305,001	-	325,000	Shares	643,236
1	325,001	-	400,000	Shares	339,015
1	400,001	-	500,000	Shares	451,185
1	500,001		2,000,000	Shares	1,545,597
1	2,000,001	-	4,000,000	Shares	3,557,022
699	**TOTAL**				**9,610,759**

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	3,500	0.04%
5.2	Associated Companies, undertakings and related parties	451,185	4.69%
5.3	NIT and ICP	251,891	2.62%
5.4	Banks, Development Financial Institutions Institutions, Non-Banking Finance Companies	-	0.00%
5.5	Insurance Companies	-	0.00%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 5%	5,102,619	53.09%
5.8	General Public		
	a. Local	8,901,747	92.62%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	2,436	0.03%

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس ریٹائر ہو رہے ہیں انہوں نے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارشات کی بنیاد پر مجوزہ میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو کمپنی کی آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ، 2017ء، لسٹنگ ریگولیشن اور کوڈ آف کارپوریٹ گورننس کے تحت مقررہ شیئر ہولڈنگ کی معلومات مرتب کی گئی ہیں جو کہ اس رپورٹ کے ساتھ منسلک ہیں۔

اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

بعد کے واقعات:

مالی سال ختم ہونے کے بعد سے اس رپورٹ کی تاریخ تک کوئی ایسے قابل ذکر واقعات نہیں ہیں جن سے کمپنی کی مالی حالت اثر انداز ہو۔

اظہار تشکر اور دعائیہ کلمات:

بورڈ کی جانب سے ہم تمام ایگزیکیٹیو، اسٹاف ممبران اور ورکرز کا کمپنی کیلئے ان کی خدمات پر شکریہ ادا کرتے ہیں۔

آخر میں ہم اللہ تعالیٰ رحمٰن و رحیم سے دعا کرتے ہیں کہ وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک و قوم پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم امہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین ثمہ آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)

بورڈ آف ڈائریکٹرز کی جانب سے

اشتیاق احمد
چیف ایگزیکٹو اور ڈائریکٹر

ہارون اقبال
چیئرمین بورڈ آف ڈائریکٹر

کراچی؛
تاریخ: 27 ستمبر 2019

اس سال کے دوران بورڈ کی چار میٹنگوں کا انعقاد ہوا جس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب ہارون اقبال	4
جناب عزیز الحق	4
جناب محمد باقر جعفری	4
جناب اشتیاق احمد	3
جناب محمد نعیم الدین ملک	4
جناب ظفر عاصم	4
جناب عمران احمد جاوید	4

وہ ڈائریکٹرز جو میٹنگ میں شرکت نہیں کر سکے ان ڈائریکٹرز کو غیر حاضری پر چھٹی عنایت کردی گئی تھی۔

آڈٹ کمیٹی:

بورڈ نے اپنے ڈائریکٹرز کو کارپوریٹ گورننس، مالیاتی رپورٹنگ اور کارپوریٹ کنٹرول کیلئے ان کی ذمہ داریوں کی تکمیل میں تعاون کیلئے آڈٹ کمیٹی تشکیل دی تھی۔ یہ کمیٹی تین ممبران پر مشتمل ہے، ممبران کی اکثریت بشمول کمیٹی کے چیئرمین اور غیر ایگزیکیٹو ڈائریکٹر پر مشتمل ہے۔

سال کے دوران آڈٹ کمیٹی کی چار میٹنگوں کا انعقاد کیا گیا تھا جس میں درج ذیل نے شرکت کی تھی:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق ۔ چیئرمین	4
جناب ہارون اقبال	4
جناب محمد نعیم الدین ملک	4

ہیومن ریسورس اور اجرتی کمیٹی:

ہیومن ریسورس اور اجرتی کمیٹی کی تشکیل بورڈ نے کی تھی تا کہ ہیومن ریسورس کی پالیسیوں پر میعادی جائزے سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کرسکیں۔ اس کے علاوہ انتخاب، تخمینہ، معاوضہ اور انتظامیہ کی اہم کامیابی کی منصوبہ بندی بورڈ کے ساتھ تعاون کر سکے۔

یہ کمیٹی تین ممبران پر مشتمل ہے، دوران سال ہیومن ریسورس اور اجرتی کمیٹی کی ایک میٹنگ منعقد کی گئی تھی جس میں درج ذیل نے شرکت کی:

نام:	میٹنگ میں شرکت کنندہ کی تعداد
جناب عزیز الحق ۔ چیئرمین	1
جناب اشتیاق احمد	1
جناب ہارون اقبال	1

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (7.92) روپے (2018: مبلغ (19.25) روپے) فی شیئر خسارہ پایا گیا۔

انسانی ذرائع (ہیومن ریسورس):

کمپنی کی انتظامیہ اس بات پر واضح یقین رکھتی ہے کہ بہترین پیداواری صلاحیت کیلئے انسانی ذرائع اور مستحکم قیادت بے حد اہم ہے۔ لہٰذا کمپنی کی انتظامیہ انسانی ذرائع کے استعمال کو بے حد اہمیت دیتی ہے، اس سلسلے میں ملازمین کیلئے مناسب تربیت، ہدایات اور وقتاً فوقتاً مراعاتی اسکیمیں فراہم کرتے ہیں۔

کارپوریٹ اور مالی رپورٹنگ:

آپ کی کمپنی کے ڈائریکٹرز بہترین کارپوریٹ گورننس کے لئے پرعزم ہیں۔ بورڈ کارپوریٹ اور فنانشل رپورٹنگ سے متعلق اپنی ذمہ داری سے بخوبی آگاہ ہے۔ ڈائریکٹرز تصدیق کرتے ہیں کہ:

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور حصص میں ردوبدل کی شفاف عکاسی کرتے ہیں۔

۲۔ کمپنی کے کھاتے مناسب طریقے سے مرتب کئے جاتے ہیں۔

۳۔ اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں یقینی بنایا گیا ہے، جن پالیسیوں میں تبدیلی کی گئی ہے ان کے مالی اثرات کو مناسب طریقے سے بتایا گیا ہے، تخمینوں کے اندازے لگانے میں ماہرانہ احتیاط برتی جاتی ہے۔

۴۔ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، باقاعدہ طور پر اس کا لحاظ رکھا جاتا ہے اور اگر ان سے کوئی انحراف ہوتو اسے موثر طریقے سے بیان کیا گیا ہے۔

۵۔ اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

۶۔ کارپوریٹ گورننس پر عملدرآمد کے حوالے سے کوئی بھی انحراف نہیں کیا گیا سوائے ان کے جن کا ذکر آڈیٹرز کی جائزہ رپورٹ میں ہے۔

۷۔ کمپنی نے اپنے بورڈ کے غیر ایگزیکیٹیو ممبران میں سے ایک آڈٹ کمیٹی تشکیل دی ہے۔

۸۔ بورڈ نے اپنے ممبران اور کمپنی کے ملازمین میں سے اسٹیٹمنٹ برائے اصول اور کاروباری عمل کیلئے مرتب کر کے جاری کیا ہے۔

۹۔ آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں ماسوائے وہ جس کا انکشاف مالیاتی حسابات کے نوٹ نمبر 1.1 میں کیا گیا ہے۔

۱۰۔ ٹیکسز، ڈیوٹیز اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔

۱۱۔ کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کی تفصیلات

(۲) متعلقین اور منسلک کمپنیز کے شیئرز کی تفصیلات

بورڈ:

بورڈ آف ڈائریکٹرز متنوع علم کے حامل افراد اور ماہرین پر مشتمل ہے جو کہ اپنی بہترین مہارت کے تحت کمپنی کے مقاصد پر عملدرآمد کرتے ہیں۔

30 جون 2019ء کو بورڈ آف ڈائریکٹرز کی تفصیلات مندرجہ ذیل ہیں:

ڈائریکٹرز		تعداد	
الف)	مرد	7	
ب)	خواتین	کوئی نہیں	(خواتین کو بورڈ کی تشکیل نو پر بورڈ میں شامل کیا جائے گا)
ساخت		تعداد	
الف)	آزاد ڈائریکٹر	1	
ب)	دیگر غیر انتظامی ڈائریکٹر	5	
ج)	انتظامی ڈائریکٹر	1	

مالیاتی حسابات چلتی ہوئی کمپنی کے جاری کردہ امور کے تحت مرتب کئے گئے ہیں کیونکہ کمپنی نے اپنے قرضہ جات کے حوالے سے دوبارہ ترتیب کیلئے رابطہ قائم کیا ہے جو کہ زیرغور ہے۔ انتظامیہ کو امید ہے کہ یہ نظرثانی جلد موثر ہوگی اور کمپنی کی فنڈنگ کی ضروریات کو پورا کرے گی اس کے علاوہ انتظامیہ کو آپریشن کے حوالے سے بھی مدد فراہم کرے گی تا کہ پیداواری گنجائش کو بہتر طریقہ سے استعمال کیا جاسکے۔لہذا مالیاتی حسابات کو چلتی ہوئی کمپنی کے طور پر مرتب کرنا جائز ہے جس کی وضاحت نوٹ 1.1 میں کی گئی ہے۔

کچھ بینکوں نے جن کے مقدمات کی رقم مبلغ 275.008 ملین روپے ہے، اپنے قرضہ جات کی وصولی کے مقدمات داخل کئے ہیں لیکن اب تک ری اسٹرکچرنگ کو قبول نہیں کیا ہے جبکہ ایک بینک نے نے اختتام کی درخواستیں زیر دفعہ 305 کمپنیز آرڈیننس 1984ء کے تحت بھی دائر کی ہے۔کمپنی نے کلیمز کو متنازع قرار دیا ہے اور کیسز کی بھرپور پیروی کر رہی ہے۔ انتظامیہ پر امید ہے کہ ان کا فیصلہ کمپنی کے حق میں ہوگا اور یہ قرض خواہ بھی قرضوں کی تنظیم نو کر دیں گے اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

کمپنی نے اپنے قرضہ جات کو دوبارہ مرتب کرنے کے لئے اپنے قرض خواہوں سے رابطہ کیا ہے جو کہ زیرغور ہے۔انتظامیہ پُرامید ہے کہ مالیاتی حسابات کے نوٹ 6.1.2 میں مکمل طور پر وضاحت کردہ طریقہ کار کے تحت جلد از جلد اسے مکمل کر دیا جائے گا۔اس کے علاوہ تنظیم نو کی تاریخ تک مبلغ 85.516 ملین روپے کا مارک اپ ہے جو کہ معاہدہ کی شرائط میں کوتاہی کی صورت میں واجب الادا ہوگا۔چونکہ انتظامیہ کو یقین ہے قرضوں کی تنظیم نو کے بعد کہ یہ رقم واجب الادا نہیں ہوگی۔اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

مستقبل پر ایک نظر:

ٹیکسٹائل کی صنعت کاروباری لاگت میں اضافے کی وجہ سے مشکلات کا شکار ہے جس کی وجہ پاکستانی روپے کی قدر اور اسٹیٹ بینک آف پاکستان کے شرح سود کی غیر یقینی صورتحال ہے، اسی لئے پاکستان کی برآمدات عالمی مارکیٹ میں مقابلہ کرنے سے قاصر ہے۔فنانس ایکٹ 2019 کے ذریعے سرمایہ کاری پر انکم ٹیکس آرڈیننس 2001 کے سیکشن 65B کے تحت ٹیکس کریڈٹ کو ٹیکس سال 2020 سے ختم کر دیا گیا ہے اور 2019 کے لیے اس کی شرح کو 10 فیصد سے گھٹا کر 5 فیصد کر دیا گیا ہے۔ٹیکسٹائل کی صنعت مجموعی طور پر چیلنجز سے ہمکنار ہے جس کی وجہ سیلز ٹیکس کی زیرو ریٹنگ کے خاتمے، روپے کی قدر میں عدم استحکام کی وجہ سے گیس اور بجلی کی قیمتوں میں اضافے، بڑھتے ہوئے KIBOR اور ٹرن اوور ٹیکس مجموعی کاروباری لاگت میں اضافے کا باعث ہیں، جن کی وجہ سے کاروباری سرمائے کی ضرورت میں خاطرخواہ اضافہ ہو گیا ہے۔

ہم البتہ امید کرتے ہیں کہ حکومت ضرور ایسے اقدامات متعارف کروائے گی جس سے ٹیکسٹائل کی صنعت کے حالات میں بہتری آئے، جن میں GIDC کے مسئلے کا حل، بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی رسد کو موثر بنانا شامل ہیں۔
حکومت ملک کے طویل مدتی معاشی استحکام کے لئے معیشت کو ڈاکومنٹ کرنے کے لئے کچھ جارحانہ اقدامات کر رہی ہے، جس سے معیشت وقتی طور پر سست روی کا شکار ہوگی۔

کارپوریٹ معاشرتی ذمہ داریاں:

ہم کارپوریٹ معاشرتی ذمہ داریوں کے حوالے سے اس بات کا بھی عہد کرتے ہیں کہ ہم اپنی معمول کے مطابق کاروباری سرگرمیوں کے عمل کو مضبوط کرنا چاہتے ہیں۔ہم کیا ہیں اور کیسے عوامل چاہتے ہیں، CSR اس چیز کا ایک اہم حصہ ہے۔ہم نے اپنی کامیابی کو نہ صرف مالیاتی سرگرمیوں کیلئے وقف کیا ہے بلکہ ہم اپنے صارفین کا اطمینان بھی چاہتے ہیں اور ان تمام برادریوں کو بھی سپورٹ کرنا چاہتے ہیں جن کی ہم خدمت کرتے ہیں۔

صحت، حفاظت اور ماحول:

کمپنی کی انتظامیہ اپنی ذمہ داری سے آگاہ ہے جس کے تحت ہمیں ہمارے متعلقین کو محفوظ اور صحت مندانہ ماحول فراہم کرنا ہے۔ ہماری حفاظتی ثقافت کا مقصد یہ ہے کہ ہر طرح کے مسائل سے محفوظ رہا جائے۔ملازمین کیلئے محفوظ، صحت مندانہ اور پرسکون اموری حالات پیدا کرنے کیلئے مستقل جدوجہد کرتے ہیں۔ہم تمام تر حادثات وغیرہ کی صورت میں مکمل تفتیش کرتے ہیں اور اس کا سبب معلوم کرتے ہیں۔ہمیں یقین ہے کہ تحفظ اور صحت مندانہ عمل بہتری کیلئے مستقل اصلاح کا راستہ ہے۔ہم اپنے اور اپنے متعلقین کیلئے مستقل بنیاد پر تحفظ اور صحت مندانہ امور کی اصلاح کیلئے اقدامات کرتے رہتے ہیں۔

ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2019ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات بمع آڈیٹرز رپورٹ پیش کر رہے ہیں۔

جائزہ:

پاکستان میں ٹیکسٹائل کی صنعت ایک وسیع پیداواری اور دوسرا بڑا روزگار فراہم کرنے والا اہم شعبہ ہے اور ملک کی زرمبادلہ کی آمدن میں بڑا حصہ دار ہے، مگر جاری نامساعد حالات اور غیر یقینی صورتحال جو کہ پاکستانی کرنسی کی قدر میں کمی اور اسٹیٹ بینک آف پاکستان کی طرف سے شرح سود میں مسلسل اضافے کی وجہ سے درپیش ہے، ان کی وجہ سے کاروبار کرنے کی لاگت میں مسلسل اضافے کا سامنا رہا۔

مالیاتی نتائج اور کارکردگی: (پیداوار معطل)

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

	(روپے)
فروخت (صافی)	--
فروخت کی لاگت	(81,501,262)
خام خسارہ	**(81,501,262)**
آپریٹنگ اخراجات	6,623,173
آپریٹنگ خسارہ	**(74,878,089)**
مالیاتی لاگت	(17,356,946)
قبل از ٹیکس خسارہ	**(92,235,035)**
محصولات	16,089,842
بعد از ٹیکس خسارہ	**(76,145,193)**

اس سال بھی کمپنی کی صافی فروخت پیداوار معطل ہونے کی وجہ سے صفر رہی۔ کمپنی نے وقتی طور پر اگست 2016ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات، مارکیٹ میں طلب کی کمی اور کام چلانے کے لئے سرمایہ میں کمی کی وجہ سے ہے۔

سال 2012 میں کمپنی نے اپنے قرض خواہوں کے ساتھ مصالحتی معاہدہ کے ذریعہ تصفیہ کرلیا تھا جس کے تحت محترم ہائی کورٹ آف سندھ کراچی نے ڈگری پاس کی تھی، کمپنی کے مختصر مدتی اور طویل مدتی قرضوں کو طویل مدتی قرضہ جات کی شکل میں دوبارہ مرتب کیا گیا تھا۔ قرضہ جات کی اقساط کی واپسی میں کوتاہی کی وجہ سے قرض خواہوں نے ڈگری پر عملدرآمد کے لئے کورٹ سے رابطہ کیا ہے۔ کمپنی نے ہائی کورٹ میں مقدمہ دائر کیا ہے جس میں اس بات پر زور دیا گیا ہے کہ ڈگری پر عملدرآمد کی درخواست ناانصافی پر مبنی اور قانون کے خلاف ہے۔ انتظامیہ پرامید ہے کہ فیصلہ اس کے حق میں ہوگا۔

کمپنی کے آڈیٹرز نے اپنی جاری کردہ رپورٹ میں تحفظات کا اظہار کیا ہے جن میں کمپنی کی مستقبل میں چلنے کی اہلیت، مارک اپ کو ریکارڈ نہ کرنا، قرضہ جات کی اقساط میں واپسی کی کوتاہی شامل ہیں۔

5) تاحال سی این آئی سی فراہم نہ کرنے والے شیئرز ہولڈرز کو نوٹس

سیکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 831(1)/2012 مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارنٹس وغیرہ کے اجرا کے لیے سی این آئی سی لازمی ہے جس کی عدم موجودگی میں ڈیویڈنڈ کی ادائیگی ایس ای سی پی کی مندرجہ بالا ہدایات کے مطابق روکی جاسکتی ہے لہذا جن حصص یافتگان نے تاحال اپنے سی این آئی سی فراہم نہیں کیے ہیں ان کو ایک بار پھر ہدایت کی جاتی ہے کہ اپنے سی این آئی سی کی تصدیق شدہ کاپی بلاتاخیر براہ راست ہمارے شیئر رجسٹرار کو فراہم کردیں۔

6) شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میکنزم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرونکلی وصول کرسکتے ہیں اس طریقہ سے ڈیویڈنڈ ان کے بینک اکاؤنٹ میں منتقل ہوجائے گا اور بذریعہ ڈاک گمشدگی، عدم وصولی اور غلط پتے پر وصولی وغیرہ کے خدشات نہیں ہوں گے، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹس نمبر 8(4) ایس ایم/ سی ڈی سی 2008ء مورخہ 5 اپریل 2013ء کے ذریعہ تمام لسٹڈ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکنزم کو اختیار کرنے کی ہدایات جاری کی گئی ہیں، مندرجہ بالا کے پیش نظر آپ کو ڈیویڈنڈ مینڈیٹ فارم پر اور دستخط کے ہمراہ جمع کراکے ڈیویڈنڈ مینڈیٹ فراہم کیا جارہا ہے۔

7) مالی گوشواروں وغیرہ کی الیکٹرونکلی منتقلی

ایس ای سی پی نے اپنے اعلامیہ نمبر ایس آر او 787(1)/2014 مورخہ 8 ستمبر 2014 کمپنیوں کو سالانہ آڈٹ شدہ مالی گوشواروں مع سالانہ اجلاس کے نوٹس ڈاک کی بجائے بذریعہ ای میل ان ممبران کو ارسال کرنے کی اجازت دی ہے جو اس سہولت سے استفادہ حاصل کرنے کے متمنی ہیں مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنے کے خواہشمند ممبران سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ hhp://www.yousufdewan.com/DKTML/index.html اسٹینڈرڈ ریکوئسٹ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

دیوان خالد ٹیکسٹائل ملز لمیٹڈ
سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ دیوان خالد ٹیکسٹائل ملز لمیٹڈ (ڈی کے ٹی ایم ایل یا کمپنی) کا بیالیسواں (42) سالانہ اجلاس عام جمعرات 24 اکتوبر 2019 کو صبح 10:30 بجے دیوان سیمنٹ لمیٹڈ فیکٹری سائٹ واقع دیہہ ڈھنڈو۔ دھابیجی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

عمومی امور

1) کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ جمعرات 25 اکتوبر 2018ء کی کارروائی کی توثیق۔

2) 30 جون 2019ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں معہ آڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، غور وخوض اور منظوری۔

3) 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہیرہ کا تعین۔

4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

محمد حنیف جرمن
کمپنی سیکریٹری

کراچی
27 ستمبر 2019ء

نوٹ:

1) کمپنی کی منتقلی حصص کی کتب 17 اکتوبر 2019 تا 24 اکتوبر 2019 (دونوں دن شامل) بند رہیں گی۔

2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیوٹ) لمیٹڈ واقع انعم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست کی جاتی ہے۔

3) اجلاس ہذا میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کرسکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم اڑتالیس 48 گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔

4) سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایت پر عمل کرنا ہوگا۔

الف) برائے اجلاس میں شرکت

i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں یا جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈ ہوں اپنی شناخت کے لیے اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اجلاس میں شرکت کے موقع پر پیش کرنا ہوگا۔

ii) کارپوریٹ اینٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوگا۔

ب) پروکسی کی تقرری

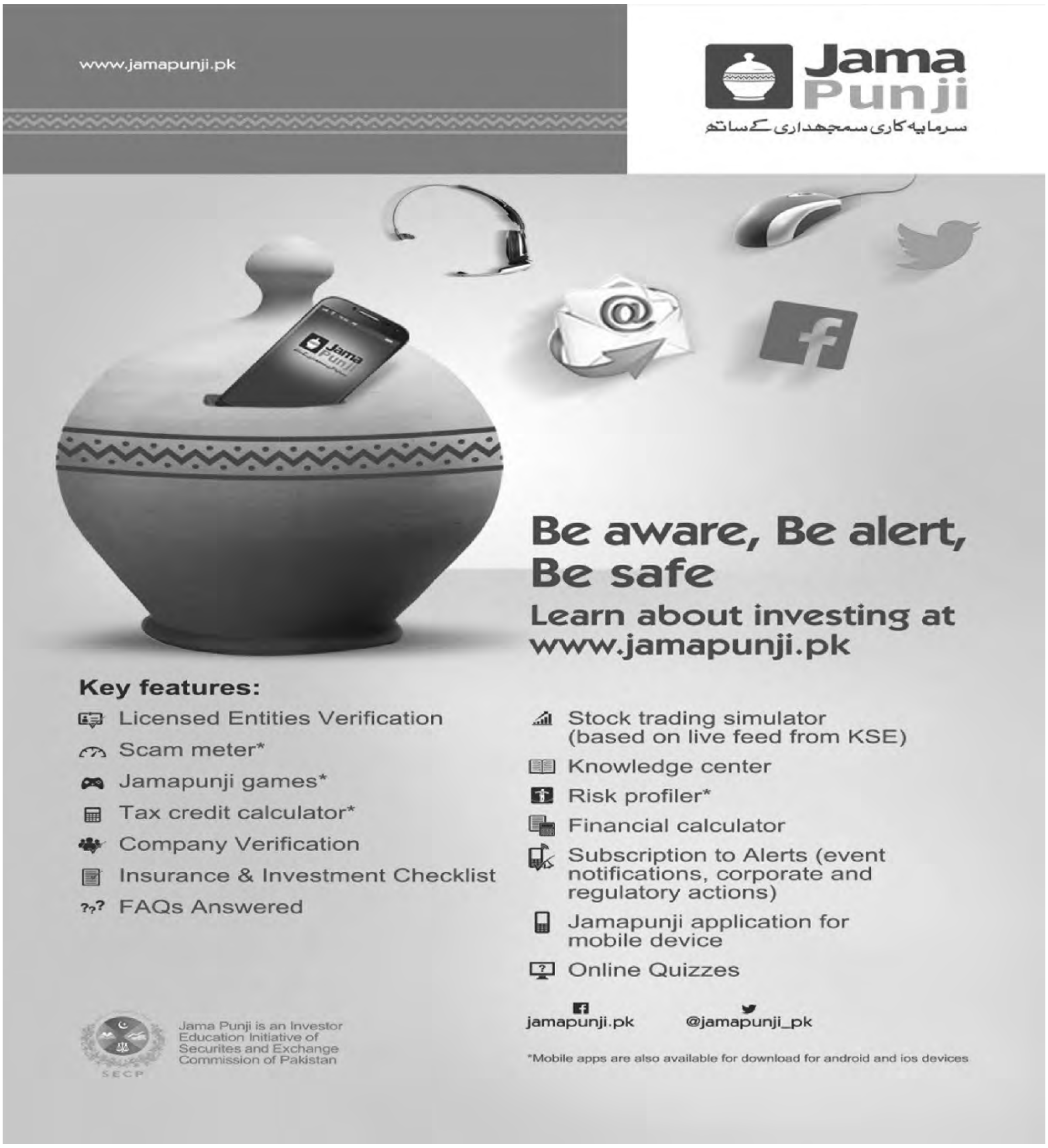
i) انفرادی اکاؤنٹ ہولڈر یا سب ہولڈر اور یا افراد کی صورت میں جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ ہوں پروکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔

ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔

iii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم سے منسلک کرنی ہوں گی۔

iv) پروکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔

v) کارپوریٹ اینٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) پروکسی فارم ہمراہ کمپنی کو پیش کرنے ہوں گے۔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DEWAN KHALID TEXTILE MILLS LIMITED

42ND ANNUAL GENERAL MEETING

FORM OF PROXY

This form of Proxy duly completed must be deposited at our Shares Registrar Transfer Agent **BMF Consultants Pakistan (Private) Ltd.** Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi-75350, Pakistan. Not later than 48 hours before the time of holding the meeting A Proxy should also be a member of the Company.

I/we ______________________________

of ______________________________ being a member (s) of

DEWAN KHALID TEXTILE MILLS LIMITED and holder of ______________

Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. ______________

hereby appoint ______________________________

of ______________________________

or failing him ______________________________

of ______________________________

who is also member of DEWAN KHALID TEXTILE MILLS LIMITED vide Registered Folio No./CDC Participant's ID and Account No. ______________ as my/our proxy to vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held on **Thursday, October 24th, 2019 at 10:30 p.m**. and any adjournment thereof.

Signed this ______________________ day of ______________ 2019.

Affix
Revenue
Stamp
Rs. 5/-

Signature ______________________

Witness: ______________	Witness: ______________
Signature	**Signature**
Name: ______________	Name: ______________
Address: ______________	Address: ______________
______________	______________

پراکسی فارم

۴۲واں سالانہ اجلاس عام

اہم اعلان

یہ پراکسی فارم مکمل پر کر کے ہمارے رجسٹرار شیئر ٹرانسفر ایجنٹ، بی ایم ایف کنسلٹنٹ (پرائیوٹ) لمیٹڈ، انعم اسٹیٹ بلڈنگ، روم نمبر 310 اور 311، تیسری منزل، 49، دارالمان سوسائٹی، شاہراہ فیصل، ملحقہ بلوچ کالونی پل، کراچی۔75350، پاکستان۔ کے آفس میں، میٹنگ کے انعقاد سے اڑتالیس گھنٹے پہلے یہ فارم ضرور جمع کروادیں، کسی بھی پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

میں/ہم ______________________ کا (مکمل پتہ)

______________________ بحیثیت ممبر

دیوان خالد ٹیکسٹائل ملز لمیٹڈ کے ______________ حصص کے مالک، رجسٹرڈ فولیو نمبر/

سی ڈی سی آئی ڈی اور کھاتہ نمبر ______________ میں

بطور پراکسی تقرر کرتا/ کرتی ہوں ______________ کا (مکمل پتہ)

______________________ جو بذات خود بھی

دیوان خالد ٹیکسٹائل ملز لمیٹڈ ______________________

سی ڈی سی آئی ڈی اور کھاتہ نمبر ______________________

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۴۲واں سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۴ اکتوبر ۲۰۱۹ کو 10:30 p.m. ہے، میری/ ہماری جانب سے ووٹ دے۔

بطور گواہ میں/ہم نے بروز ______________ بتاریخ ______________ ۲۰۱۹ کو میرے/ہمارے ہاتھ سے مہر لگائی۔

Affix Revenue Stamp Rs. 5/-

دستخط ______________________

گواہ: ______________________

نام: ______________________

مکمل پتہ: ______________________

____

گواہ: ______________________

نام: ______________________

مکمل پتہ: ______________________

____