



Data Textiles  
Limited



ANNUAL  
REPORT  
2022



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## Vision Statement

**Our vision is:**

- A leading manufacturer of cotton yarn by providing the highest quality of products and services to its customers.
- To strive for excellence through commitment, integrity, honesty and team work.
- Highly ethical company and be respected corporate citizen to continue playing due role in the social and environmental sectors of the company.
- To develop an extremely motivated and professionally trained work force, which would drive growth through innovation and renovation.
- Sustained growth in earning in real terms.

## Mission Statement

Our mission is to a dynamic profitable and growth-oriented company by providing good return on investment to its shareholders, investors and quality products to its customers.

## Company Information

### Board of Directors

1. Mr. Faiz Ahmad	Chairman
2. Mr. Hafiz Mudassar Alam	Chief Executive Officer
3. Ms. Sara Mahmud	Non-Executive Director
4. Mr. Farhan Abbas Sheikh	Non-Executive Director
5. Ms. Alia Riaz	Independent Director
6. Mr. Muhammad Iqbal	Independent Director
7. Mr. Muhammad Nasir Mirza	Independent Director

### Audit Committee

1. Ms. Alia Riaz	Chairperson
2. Mr. Muhammad Nasir Mirza	Member
3. Mr. Muhammad Iqbal	Member

### Human Resource and Remuneration Committee

1. Mr. Muhammad Iqbal	Chairman
2. Mr. Muhammad Nasir Mirza	Member
3. Ms. Sara Mahmud	Member

### Company Secretary

Mr. Inamullah

### Chief Financial Officer

Mr. Muhammad Usman

### Auditors

Rafaqat Mansha Mohsin Dossani Masoom  
Chartered Accountants

### Legal Advisor

Cornelius Lane & Mufti

### Registrar

F.D. Registrar Services (Private) Limited  
1705, 17<sup>th</sup> Floor, Saima Trade Tower A. I.I  
Chundrigar Road Karachi.  
Phone: +92 (21) 35478192-93  
Fax: +92 (21) 32621233

### Registered Office

Office # 505, 5<sup>th</sup> Floor, LSE Building, Aiwan-e-Iqbal, Lahore.

## Code of Corporate Governance

The requirements of the Code of Corporate Governance, as introduced by the Securities and Exchange Commission of Pakistan (and set out by the Pakistan Stock Exchange Limited in its Listing Rules), have been duly complied with. A statement to this effect is annexed with the report.

### Compliance with Code of Corporate Governance

In compliance with the Code, the Board of Directors of your Company states that:

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Company is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Company, we do not have any significant doubt upon its continuance as a going concern.
- There also has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

### Audit Committee

The Board of Directors of the Company has established an Audit Committee comprising of three members, in compliance with the Revised Code of Corporate Governance 2017 (CCG). However, due to stoppage of business/commercial operations and various other defaults the Listed Regulations of PSX, the shares of the Company had been placed on the defaulters trading counter by the Exchange (PSX). The Securities and Exchange Commission of Pakistan had filed winding up petition against the Company in the year 2017 which was allowed on March 08, 2022. Upon this, the Honorable Court appointed an Official Liquidator (Mr. Muhammad Faizaan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company.

### Appointment of External Auditors

As per the requirements of the CCG and term of reference of the Audit Committee, the Committee recommended the appointment and remuneration of External Auditors to the Board for their approval.

### Internal Audit

In compliance with the Code, the Board of Directors of your Company has also established an Internal Audit Function to monitor and review the adequacy and implementation of Internal Control at each level of your Company.

## Transfer Pricing

It is the company's policy to ensure that all transactions entered with related parties must be at arm's length. In exceptional circumstances, however, company may enter into transactions, other than arm's length transaction, but company should, subject to approval of Board of Directors and Audit Committee, justify (and duly jot down & present in the financial statements) its rationale and financial impact of the departure from the arm's length transaction.

## Risk Management Policy

The Board plays a key role in risk management principally through the Risk Management Committee. Programs have been established to consider and manage operational, strategic, technological, scientific, reputation, environmental health and safety and other risks to the Company's businesses.

These are reviewed with the committees on a regular basis. All operational units incorporate Risk Management into their planning process:

- To minimize risk within the Company
- To ensure Risk Management is incorporated into the corporate governance systems and management structure of the Company
- To ensure that significant Risks within the Company are identified and appropriate strategies are in place to manage them
- To develop effective and efficient Risk Management procedures

## Strategic Planning

It is company's mainstay policy to position itself strategically in order to achieve its vision of being recognized as a world-class manufacturer of top-quality products and to deliver value to its consumer; and

1. To ensure that decisions about strategic positioning are made within the context of a comprehensive and shared understanding of the External/Internal environment.
2. To identify and consider opportunities for the Company to consolidate and strengthen its position.
3. To establish productive and mutually-beneficial partnerships to develop a sustainable competitive advantage.
4. To ensure that the Company has strong and effectively aligned planning and budget processes, incorporating review and continuous improvement mechanisms.

## Human Resources

The company is committed to equal opportunity employment. It accepts the obligation as a member of the community-at large and as an employer to exercise an active and positive program of non-discrimination in all areas of employment.

Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits. Moreover, the company shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.

Your Company has recomposed the HR & Remuneration Committee (Compensation Committee).

### **Terms of Reference of the Human Resource & Remuneration Committee:**

The Committee shall be responsible for making recommendations to the Board for maintaining:

1. A sound plan of organization for the company.
2. An effective employees' development programme.
3. Sound compensation and benefits plans, policies and practices designed to attract and retain the caliber of personnel needed to manage the business effectively.
4. Evaluate and recommend for approval of changes in the organization, functions and relationships affecting management positions equivalent in importance to those on the management position schedule.
5. Determine appropriate limits of authority and approval procedures for personnel matters requiring decisions at different levels of management.
6. Review the employees' development system to ensure that it:
  - a. Foresees the company's senior management requirements.
  - b. Provides for early identification and development of key personnel.
  - c. Brings forward specific succession plans for senior management positions.
  - d. Training and development plans.
7. Compensation and Benefits:
  - a. recommending human resource management policies to the board;
  - b. recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
  - c. recommending to the Board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and senior management reporting to CEO.

### **Meetings of the Board of Directors**

The Securities and Exchange Commission of Pakistan had filed winding up petition against the Company in the year 2017 which was allowed on March 08, 2022. Upon this, the Honorable Court appointed an Official Liquidator (Mr. Muhammad Faizaan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company. Therefore, only one Board meeting of the Company was held on March 07, 2022.

### **Share Trading**

All trades in the shares of the Company, carried out by its directors, CEO, CFO, Company Secretary, their spouses and minor children is also disclosed in Form 34, if any, annexed with this report. For the purpose of this clause 5.19.11(xii) and clause 5.19.15 of the Code of Corporate Governance of PSX Regulations, the expression "executive" means the CEO, COO, CFO, Head of Internal Audit and Company Secretary and employees of the Company for whom the Board of Directors has determined [in their meeting held on September 27, 2021] the minimum threshold of gross salary (excluding retirement funds) of Rs. 5.00 million per annum for the financial year 2021-2022.

## Chairman's Review Report

### Dear Shareholders,

During the year, the winding up petition filed by the commission was accepted and the learned official liquidator was appointed for liquidation process vide order dated March 08, 2022 passed by the Hon'ble Lahore High Court, Lahore.

The Official Liquidator on the request of certain shareholders called an Extra Ordinary General Meeting of the Company which was held on August 10, 2022 in which the shareholders unanimously approved the scheme of de merger with the two unlisted companies of LSE Financial Services Limited i.e., LSE Ventures Limited and LSE PropTech Limited.

The shareholders also authorized the learned official liquidator to submit the approved scheme of de merger before the Hon'ble Lahore high Court, Lahore and request on behalf of the shareholders for withdrawal of winding up order for the interest of shareholders. The official liquidator submitted the approved scheme of de merger before the Hon'ble Lahore High Court, Lahore through C.M. No. 2/2022 and seeks appropriate instructions from the Hon'ble Court on the scheme of demerger. During the pendency of the said C.M, one of the shareholders has filed C.M under section 313 of the Companies Act, 2017 for withdrawal/reversal of winding up order dated March 08, 2022. The Hon'ble Court disposed off the winding up order dated March 08, 2022 after recalling of winding up order vide order dated January 11, 2023.

Due to filing of winding up petition, the Company had long become a dormant Company. However, after recalling of winding up order, the Board of Directors had approved the new business plan of the company which will continue till the decision of the de-merger from the Hon'ble Lahore High Court, Lahore.

The Company is engaged in its business as per its memorandum of Association. Management is determined to cope with challenges and is working on the strategy to revive the Company. We would like to thank our shareholders for their trust and also like to thank all our colleagues, management and staffs that are strongly committed to their work as the restoration of your Company is built around their efforts. We also thank our shareholders for their confidence in the Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.

-Sd-

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**Mr. Faiz Ahmad**  
Chairman



## Directors' Report

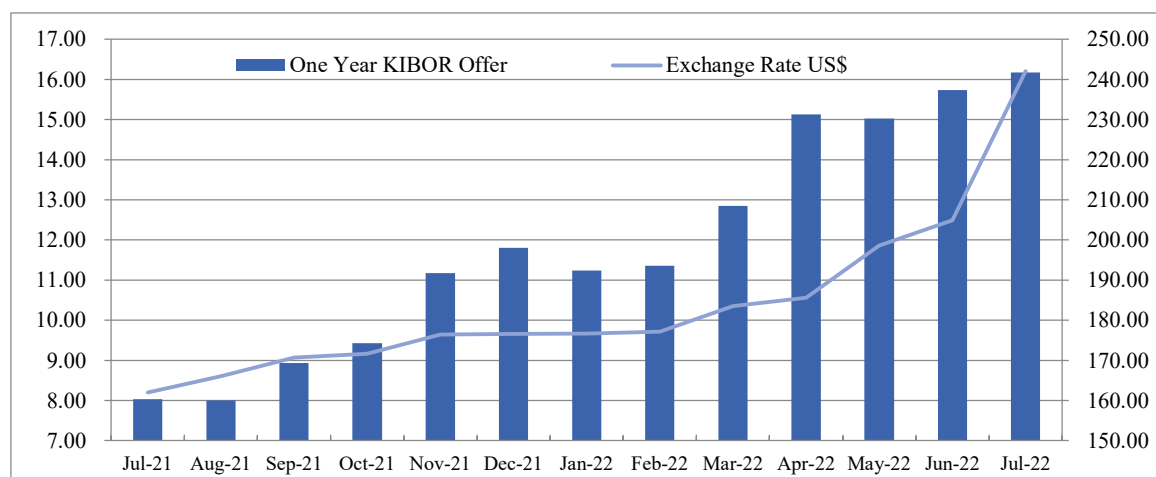
The directors of your Company take pleasure in presenting the Annual Report together with your Company's Annual Audited Financial Statements for the year ended June 30, 2022.

### Economic Outlook

Though economy recovered from the pandemic (a 0.94 percent drop in FY2020) and maintained V-Shaped recovery by posting real GDP growth of 5.97 percent in the fiscal year 2022. This high growth, however, is unsustainable and has resulted in financial and macroeconomic imbalances.

Political instability in the Country also led to a huge increase in economic uncertainty. Uncertainty at individual, firm, and government levels is negatively affecting the economy. The CPI inflation for the period July-Jun FY2022 was recorded at 12.20 percent as against 8.90 percent during the same period last year.

Interest rate and exchange rate remained very vibrant (as shown below) that depicts the volatility and uncertainty in the economic system. Despite the good growth of agriculture sector (4.40%), LSM sector (10.40%), international prices (particularly of crude oil) are dragging towards cost-push inflation and worsen current account position. Capital markets performed well in the first four months but then have shown sluggish trading volumes and declining indices.



### Financial Performance

Due to stoppage of business/commercial operations and various other defaults the Listed Regulations of PSX, the shares of the Company had been placed on the defaulters trading counter by the Exchange (PSX). Subsequently, on the receipt of the winding up Show Cause notice to the Company from the SECP, the trading in the shares of the Company at PSX had been suspended on August 01, 2012.

Subsequent to the failure of the Company to defend the Show Cause notice of the SECP for the winding up of the Company, the Additional Registrar of the Companies, Company Registration Office (CRO), of the SECP, Lahore, filed an application (C.O.

No.19/2017) in accordance with Section 305, read with Section 309 of the Companies Ordinance 1984, together with all enabling provisions of the law, to the Honorable Court for the winding up of the Company, which has been allowed by the Honorable Lahore High Court on March 08, 2022. Upon this, the Honorable Court also appointed an Official Liquidator (Mr. Muhammad Faizan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company.

The Hon'ble Lahore High Court, Lahore, vide its order dated January 11, 2023, has disposed the winding up petition after recalling the winding up order dated March 08, 2022 in case titled as Additional Registrar SECP Vs. Data Textiles Limited and others bearing C.O. No. 19/2017.

**With this Order, Board of Directors have resumed their powers from the Official Liquidators.**

Financial Position of the Company is weak but the Company is being rehabilitated under the arrangement of **Modaraba Al-Mali (MODAM)**, which is a specialized Islamic vehicle focusing on Islamic Venture Capital/Private Equity and Restructuring/Rehabilitation of companies having potential for revival. In this way, Data Textiles Limited (DATM) shall be revived through the market resource mobilization led by MODAM.

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Share Capital</b>	Rs.	Rs.	Rs.	Rs.	Rs.
Issued, Subscribed and Paid-up Capital	<b>99,096,160</b>	99,096,160	99,096,160	99,096,160	99,096,160
Retained Earnings	<b>(156,897,550)</b>	(155,751,519)	(153,908,423)	(151,367,156)	(148,837,523)
	<b>(57,801,390)</b>	(56,655,359)	(54,812,263)	(52,270,996)	(49,741,363)
Long Term Finance	<b>39,222,297</b>	39,222,297	39,222,297	39,222,297	39,222,297
Trade & Other Payables	<b>20,444,078</b>	19,544,078	17,725,984	15,214,168	12,719,350
Provision for Taxation	<b>1,389,905</b>	1,389,905	1,389,905	1,389,905	1,389,905
	<b>61,056,280</b>	60,156,280	58,338,186	55,826,370	53,331,552
<b>Equity &amp; Liabilities</b>	<b>3,254,890</b>	<b>3,500,921</b>	<b>3,525,923</b>	<b>3,555,374</b>	<b>3,590,189</b>
Property, Plant & Equipment	<b>143,497</b>	164,794	189,796	219,247	254,062
Tax Refunds	<b>3,111,393</b>	3,111,393	3,111,393	3,111,393	3,111,393
Cash and Bank Balances	<b>-</b>	224,734	224,734	224,734	224,734
<b>Total Assets</b>	<b>3,254,890</b>	<b>3,500,921</b>	<b>3,525,923</b>	<b>3,555,374</b>	<b>3,590,189</b>

The main activity of the company had been the manufacturing and sale of yarn; however, the Company had ceased to conduct its business from 2008 onwards.

**Pattern of Shareholding and Notice of Annual General Meeting**

The pattern of shareholding of your Company as on June 30, 2022 is annexed with this Report. Notice of Annual General Meeting along with Statement of Information/ Facts under Section 34(3) of The Companies Act, 2017 is attached with the report.

The authorized share capital of the Company is Rs. 120,000,000 divided into 12,000,000 of ordinary shares of Rs. 10 each out of which **9,909,616** ordinary shares are fully paid and issued as follows:

No. of Shares Issued	Issued for/Against	Rs.
9,909,616	Cash	99,096,160
<b>9,909,616</b>		<b>99,096,160</b>

**The Pattern of Shareholding of the Shares held by the Shareholders is as follows:**

Shareholders	No of Shares	% Held
Sponsors	6,575,416	66.36%
NBP (Trustee) NI(U)T Fund	618,595	6.24%
Public & Others	2,715,605	27.40%
<b>Total</b>	<b>9,909,616</b>	<b>100.00%</b>

**Note:** Some share transfer requests have been pending at the end of the Company/Share Registrar, which shall be subject to transfer upon the removal of suspension of the Company under PSX Rulebook.

### Free Float of Shares

<b>Total Outstanding Shares</b>	<b>9,906,616</b>
<b>Less:</b>	
<b>1 -</b> Government Holding	(618,595)
<b>2 -</b> Shares held by Directors / Sponsors / Senior Management Officers and their Associates	(3,395,416)
<b>3 -</b> Shares in Physical Form	(1,547,200)
<b>4 -</b> Shares held by Associated Companies / Group Companies (Cross holdings)	(3,180,000)
<b>5 -</b> Shares Issued under Employees Stock Option Scheme that cannot be sold in open market in normal course	-
<b>6 -</b> Treasury Shares	-
<b>7 -</b> Any other Category that are barred from Selling at the Review Date	-
<b>Free Float</b>	<b>1,165,405</b>

### Future Outlook

The revival business plan of the Company that includes:

1. Revival of trading activities permissible under Memorandum of Association of the Company;
2. Merger with the following unlisted operating entities;
  - a. LSE PropTech Limited
  - b. LSE Ventures Limited

The Scheme of compromises, arrangement and reconstruction for amalgamation/merger of Data Textiles Limited (and its members) with and into LSE Ventures Limited (and its members) and LSE PropTech Limited (and its members) is approved by the shareholders of the Company in their meeting held on August 10, 2022 duly convened under Hon'ble Court's order.

The said Scheme is under approval process with the Hon'ble Court. Sanction date of the Scheme is contingent of these approvals and admissions.

Company is in the process to implement the “**Revival Business Plan**” as outlined below. However, if the Scheme is approved in the meantime. The business and undertaking shall be transferred to the transferee entities as per the Scheme including trading business.

Since the Share Capital of the Company (DATM) will not be changed for Ordinary Shares under the Scheme. Short term funding requirements shall be met from financing (debt) from MODAM. Utilization of debt financing shall be for working capital requirements.

Subsequently and possibly in the short to medium term, the Company plans to merge its shares with LSE Ventures Limited (LVL) and LSE PropTech Limited (LPL). Upon approval from the Hon'ble High Court, each shareholder of DATM shall receive the shares of two companies, i.e. LVL and LPL, as per the swap ratio to be allowed by the Honorable Court. **With these measures operational/economic activities will be restored and going concern assumption while preparing the financial statements are withheld.**

### **Internal Financial Control**

Your Company has maintained effective system of Internal Controls.

- The financial statements, prepared by the management of your company, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by your company.
- Appropriate accounting policies are consistently applied by your Company in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure there from, if any, has been adequately disclosed.
- The system of Internal Control, being implemented in your Company is sound and has been effectively persisted throughout the year.

### **Compliance of Secretarial standards.**

The Company has complied with all the applicable requirements, on this count.

### **Material Changes and commitments.**

There is no material change and the commitments, other than already disclosed, till date.

### **Human Resources**

The Company is committed to equal opportunity employment. It accepts the obligation as a member of the community-at large and as an employer to exercise an active and positive program of non- discrimination in all areas of employment. Employment decisions are made by providing equal opportunity and access on the basis of qualification and merits. Moreover, the company shall ensure that fair, consistent, effective and efficient recruitment and selection practices exist in hiring the most suitable candidates.

### **Dividend**

Due to existing financial position of the Company, Board of Directors of the Company has decided not to declare dividend for this financial year.

### **External Auditors**

The Audit Committee of your company has recommended that, the present auditors, **Rafaqat Mansha Mohsin Dossani Masoom & Co., Chartered Accountants** due to retire and are being re-appointed. Board of directors, on the recommendation of Audit Committee has proposed the appointment of **M/s Rafaqat Mansha Mohsin Dossani Masoom & Co., Chartered Accountants**, who are offering themselves for the appointment, may be appointed as auditors of your Company for another term.

### **Acknowledgements**

We wish to place on record gratitude to our valued customers for their confidence in our products and we pledge ourselves to provide them the best quality by continuously improving our products. We would also like to thank all our colleagues, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. We also thank our shareholders for their confidence in the Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.



**Mr. Hafiz Mudassar Alam**  
Chief Executive Officer

Dated: January 24, 2023  
Lahore

## Notice of 35<sup>th</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Data Textiles Limited (the “Company”) will be held on **Saturday, February 18, 2023** at 1000hrs at Register Office of the Company Office No. 505, 5<sup>th</sup>Floor, LSE Building, Aiwan-e-Iqbal, Lahore to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting held on October 28, 2021 and to confirm the minutes of Extraordinary General Meeting held on August 10, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2022 together with Directors' and Auditors' Reports thereon.
3. To elect seven (07) directors as fixed by the board under the provisions of the Companies Act, 2017 for a period of three years.

The names of retiring directors are as under:

1. Mr. Faiz Ahmad	2. Mr. Muhammad Iqbal
3. Mr. Hafiz Mudassar Alam	4. Ms. Alia Riaz
5. Ms. Sara Mahmud	6. Mr. Muhammad Nasir Mirza
7. Mr. Farhan Abbas Sheikh	

4. To appoint Auditors of the Company for the year ending June 30, 2023 and to fix their remuneration.
5. Any other business with permission of the Chair.

Place: Lahore

Dated: January 24, 2023

**By Order of the Board**



**Inamullah**

Company Secretary

### NOTES:

#### CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from **February 10, 2023** to **February 18, 2023** (both days inclusive). Transfers received in order at the office of Share Registrar M/s **F.D Registrar Services (Pvt) Limited**, 17<sup>th</sup> Floor, Saima Trade Tower-A, I.I Chundrigar Road, Karachi at the close of business on **February 09, 2023** will be treated in time for the purpose of attendance in the AGM.

## **ELECTION OF DIRECTORS**

In terms of Section 159(1) of the Companies Act, 2017 (“Act”) the Board of Directors has fixed the number of elected Directors at 7 (Seven) to be elected in the Annual General Meeting of the Company for the period of next three years. Out of these, 05 (Five) directors shall be elected from the shareholders category, while 02 (two) directors shall be appointed as independent directors, The proposed/nominated independent directors have been chosen, after due diligence by the Company and whose name appears in the databank and are eligible to act as such, as required under Section 166(1) of the Companies Act, 2017.

Any person who seeks to contest the election to the office of a Director, whether he/she is retiring director or otherwise, shall file the following documents with the Company Secretary, at its Registered Office, No. 505, 5th Floor, LSE Building, Aiwana-e-Iqbal, Lahore, not later than fourteen (14) days before the date of the meeting, i.e., by February 04<sup>th</sup>, 2023:

- a. Notice of his / her intention to offer him / herself for the election to the Office of Director in terms of section 159(3) of the Companies Act, 2017 (the Act);
- b. Consent to act as director of the Company along with consent on Form 28 prescribed under the Act;
- c. A detailed profile along with office address as required under SECP' SRO 634(1)2014 dated July 10, 2014;
- d. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019;
- e. Declaration that he/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and any other applicable law, rules and regulations;
- f. Declaration that he/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange; and
- g. An affidavit under oath that he/she has no overdue payment to any financial institution together with a copy of his/her Credit Information Bureau (CIB) report from State Bank of Pakistan;

A candidate consenting for the election as a shareholder director must be a member of the Company at the time of filing of his/her consent except a person representing a member, which is not a natural person.

Pursuant to Companies (Postal Ballot) Regulation 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017 members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

## **DEPOSIT OF PHYSICAL SHARES INTO CENTRAL DEPOSITORY**

As per section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be

specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017.

In light of above, shareholders holding physical share certificates are encouraged to deposit their shares in Central Depository by opening CDC sub-accounts with any of the brokers or Investor Accounts maintained directly with CDC to convert their physical shares into scrip less form. This will facilitate the shareholders to streamline their information in member's register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements. Further, shares held shall remain secure and maintaining shares in scrip less form allows for swift sale/purchase.

### **PARTICIPATION IN THE ANNUAL GENERAL MEETING (AGM)**

In the light of COVID-19 situation in the Country, the Company has made the arrangement for the safety of the members attending the meeting physically. The relevant SOPs should be followed strictly

All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting. The CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e. [www.datatextile.com](http://www.datatextile.com)

#### **For Attending the Meeting**

- a. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- b. In case of corporate entity, Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

#### **For Appointing Proxies**

- a. In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- b. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form, and as per the requirements mentioned in the attached form.
- c. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- e. In case of corporate entities, board of directors' resolution/ power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.



## CONSENT FOR VIDEO CONFERENCE

Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

I/We \_\_\_\_\_ of \_\_\_\_\_, being member(s) of Data Textiles Limited holder \_\_\_\_\_ Ordinary share(s) as per Register Folio No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

## Statement of Compliance

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

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

	Nos.		Nos.
Executive Directors	01	Male Directors	06
Non-Executive Directors	03	Female Director(s)	01
Independent Directors	03		

2. The composition of board is as follows:

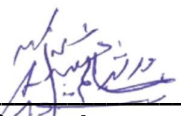
• Mr. Faiz Ahmad	Chairman/ Non-Executive Director
• Mr. Hafiz Mudassar Alam	Chief Executive Officer
• Ms. Sara Mahmud	Non-Executive Director
• Mr. Farhan Abbas Sheikh	Non-Executive Director
• Ms. Alia Riaz	Independent Director
• Mr. Muhammad Iqbal	Independent Director
• Mr. Muhammad Nasir Mirza	Independent Director

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this, Company. Further under the 2017 code, the maximum number of directorships in listed companies a person can hold has been reduced to 5. As per the proviso to regulation 3 of the 2017 code, grace period of one year has been prescribed to comply with this requirement.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. During the year under review no training program was arranged by the Company due to the financial position of the Company. However, compliance will be made once Company is revived under "**Revival Business Plan**".

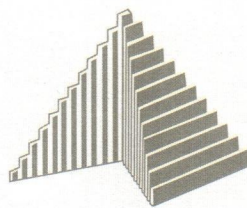
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee		Human Resource and Remuneration Committee	
Ms. Alia Riaz	Chairman	Mr. Muhammad Iqbal	Chairman
Mr. Muhammad Nasir Mirza	Member	Mr. Muhammad Nasir Mirza	Member
Mr. Muhammad Iqbal	Member	Ms. Sara Mahmud	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. Due to stoppage of business/commercial operations and various other defaults the Listed Regulations of PSX, the shares of the Company had been placed on the defaulters trading counter by the Exchange (PSX). The Securities and Exchange Commission of Pakistan had filed winding up petition against the Company in the year 2017 which was allowed on March 08, 2022. Upon this, the Honorable Court appointed an Official Liquidator (Mr. Muhammad Faizan Saleem, Advocate) for completing the process of liquidation of the Company. Accordingly, the Official Liquidator assumed the powers of the Board of Directors of the Company to pursue the liquidation process of the Company.
15. The board has set up an effective internal audit function which is 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 certificates 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.



**Hafiz Mudassar Alam**  
Chief Executive Officer



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF DATA TEXTILES LIMITED  
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF  
CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Data Textiles Limited** for the year ended June 30, 2022 in accordance with the requirements of regulation 40 of the Regulations.

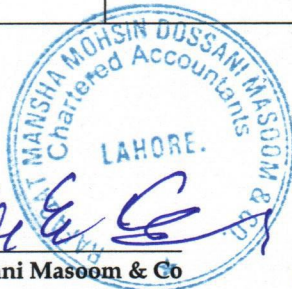
The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight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

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

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

Based on our review, except for non-compliance to below regulations, 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, 2022.

Reference of Regulation	Description	Explanation
19	Six Directors doesn't complete director Training Program.	According to regulation 100% of Director should complete the Director training Program by June 30, 2022

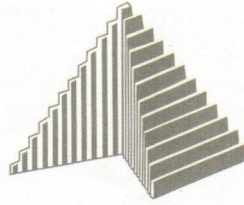


*Mansha Mohsin Dossani Masoom & Co.*

Rafaqat Mansha Mohsin Dossani Masoom & Co  
Chartered Accountants  
Engagement Partner: Mohsin Nadeem (FCA)  
UDIN:AR202210048NrSumBGAV

Place: Lahore  
Date: January 16, 2023,

**DATA TEXTILES LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30<sup>TH</sup> 2022**



## INDEPENDENT AUDITOR'S REPORT

### To the members of Data Textiles Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **DATA TEXTILES LIMITED** ('the Company'), which comprise the statement of financial position as at June 30, 2022, and the statement of profit or loss, and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

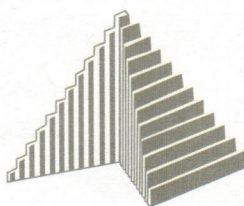
#### Basis for Opinion

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

#### Key Audit Matters

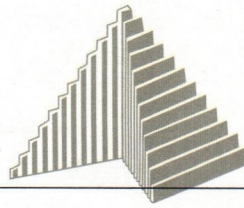
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we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

Following are the Key audit matters:



Key audit matter	How the matter was addressed in our audit
<p><b>Going Concern</b></p> <p>Refer to note 1.1 to the financial statements</p> <p>During the year ended June 30<sup>th</sup>, 2022 Company has incurred net loss Rs 1.146 Million and as of this date current liabilities have exceed its current assets Rs. 18.722 Million and accumulated losses stand at Rs. 156.897 Million.</p> <p>The management of Company made their assessment of going concern by preparing a cash flow forecast in which some key assumptions were applied.</p> <p>These key assumption included forecasts of sale volumes average selling prices, raw material costs, and necessary capital expenditure for products and the availability of banking and other financing facilities including financial support from directors.</p> <p>We identified the going concern assessment as key audit matter because there are event or conditions that may cast significant doubts on Company's ability to continue as going concern. A significant degree of management judgment is involved in making this assessment and in forecasting the future cash flows of the Company which are inherently uncertain.</p>	<p>Our audit procedures, amongst others, included the following;</p> <ul style="list-style-type: none"> <li>• Assessing and challenging , through involving over own specialist, the key assumption used by the management in cash flow forecast relating to projected growth rate, future selling prices and production volume sizes used and evaluating whether there were any indicators of management bias;</li> <li>• Comparing the cash flow forecast prepared in the prior year with the current year's performance of the Company to assess the reasonableness of prior year's cash flow forecast and making enquiries of management as to the reasons for any significant variation identified;</li> <li>• Assessing the availability of banking and other financing facilities during the forecast period by inspecting contracts or agreements signed with banks and other financial facilities up to the date of approval of financial statements and assessing their adequacy to meet Company's needs in the context of cash flows forecast.; and</li> <li>• Assessing the adequacy of disclosure made in the financial statements in accordance with the requirements of applicable accounting and reporting standards.</li> </ul>

*Made*



Key audit matter	How the matter was addressed in our audit
<p><b>Contingencies</b></p> <p>The Company is subject to a legal regulatory matters, many of which are beyond its control. Consequently, the management makes judgments about the incidence and quantum of such liabilities arising from litigation and regulatory claims which are subject to future outcome of legal or regulatory processes.</p> <p>There are number of legal and regulatory matters for which no provision has been established, as discussed in note 8 to the financial statements.</p> <p>There is an inherent risk that legal exposure are not identified and considered for financial reporting purposes on timely basis. Importantly the decision to recognize a provision and the basis of measurement are judgmental.</p>	<ul style="list-style-type: none"> <li>• We assessed and tested the design and operating effectiveness of the controls over the identification, evaluation, provisioning and reporting of legal and regulatory matters. We determined that we could rely on these controls for the purpose of our audit.</li> <li>• In view of significant judgments required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, and discussed with management to understand the legal position and the basis of material risk positions.</li> <li>• 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.</li> <li>• 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 calculation of the provision are subject to inherent uncertainty.</li> </ul>

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

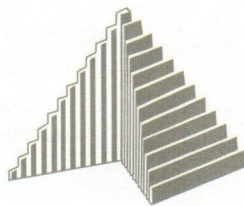
Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion 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.

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### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

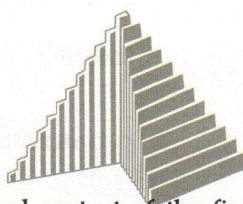
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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 date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

A member firm of



**RAFAQAT MANSHA  
MOHSIN DOSSANI  
MASOOM & CO.**

**Chartered Accountants**

- 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

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

The engagement partner on the audit resulting in this independent auditor's report is Mohsin Nadeem, FCA.

Place: Lahore  
Date: January 16, 2023

Rafaqat Mansha Mohsin Dossani Masoom & Co  
Chartered Accountants  
Engagement Partner: Mohsin Nadeem, FCA  
UDIN:AR202210048NrSumBGAV

**DATA TEXTILES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	99,096,160	99,096,160
Unappropriated (loss)		(156,897,550)	(155,751,519)
		(57,801,390)	(56,655,359)
<b>NON - CURRENT LIABILITIES</b>			
Long term finances	5	39,222,297	39,222,297
		39,222,297	39,222,297
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	20,444,078	19,544,078
Provision for taxation	7	1,389,905	1,389,905
		21,833,983	20,933,983
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,254,890</b>	<b>3,500,921</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

RMDM

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**DATA TEXTILES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	9	143,497	164,794
		<u>143,497</u>	<u>164,794</u>
<b>CURRENT ASSETS</b>			
Tax refund due from the Government	10	3,111,393	3,111,393
Cash and bank balances	11	-	224,734
		<u>3,111,393</u>	<u>3,336,127</u>
<b>TOTAL ASSETS</b>		<u><b>3,254,890</b></u>	<u><b>3,500,921</b></u>

The annexed notes 1 to 19 form an integral part of these financial statements.

RMDM

  
 CHIEF EXECUTIVE

  
 DIRECTOR

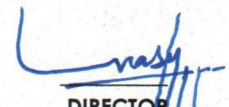
**DATA TEXTILES LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
Sales - Net		-	-
Cost of sales		-	-
<b>Gross (Loss)</b>		-	-
Administrative expenses	12	1,146,031	1,843,096
<b>Operating (Loss)</b>		<b>(1,146,031)</b>	<b>(1,843,096)</b>
<b>(Loss) before taxation</b>		<b>(1,146,031)</b>	<b>(1,843,096)</b>
Taxation	13	-	-
<b>(Loss) after taxation</b>		<b>(1,146,031)</b>	<b>(1,843,096)</b>
<b>Earning/(Loss) per share</b>	14	<b>(0.01)</b>	<b>(0.02)</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

RMDM

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

**DATA TEXTILES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>LOSS FOR THE YEAR</b>	(1,146,031)	(1,843,096)
Other comprehensive income	-	-
<b>Total comprehensive Income for the year</b>	<b><u>(1,146,031)</u></b>	<b><u>(1,843,096)</u></b>

The annexed notes 1 to 19 form an integral part of these financial statements.

RMDM

  
CHIEF EXECUTIVE

  
DIRECTOR

9/22

**DATA TEXTILES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2022**

PARTICULARS	SHARE CAPITAL (Rs.)	REVENUE RESERVES (Rs.)	TOTAL (Rs.)
<b>Balance as at June 30, 2020</b>	<b>99,096,160</b>	<b>(153,908,423)</b>	<b>(54,812,263)</b>
Total comprehensive Income	-	(1,843,096)	(1,843,096)
<b>Balance as at June 30, 2021</b>	<b>99,096,160</b>	<b>(155,751,519)</b>	<b>(56,655,359)</b>
Total comprehensive Income	-	(1,146,031)	(1,146,031)
<b>Balance as at June 30, 2022</b>	<b>99,096,160</b>	<b>(156,897,550)</b>	<b>(57,801,390)</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

RMDM



CHIEF EXECUTIVE



DIRECTOR

**DATA TEXTILES LIMITED**  
**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) before taxation		(1,146,032)	(1,843,097)
<b>Adjustments for non cash charges &amp; other items</b>			
Depreciation		21,297	25,001
Financial charges		-	-
Gain/(loss) on disposal of fixed assets		-	-
(Gain)/Loss on settlement with creditors & unclaimed divid		-	-
(Gain)/Loss on settlement with debtors		-	-
<b>Operating profit /(loss) before working capital changes</b>		<u>(1,124,735)</u>	<u>(1,818,096)</u>
<b>Working capital changes</b>			
<b>(Increase) /Decrease in current assets</b>			
Trade debts		-	-
Tax refund due from the Government		-	-
<b>Increase /(Decrease) in current liabilities</b>			
Trade and other payables		900,001	1,818,094
<b>Cash generated from /(utilized in) operation</b>		<u>(224,734)</u>	
<b>Financial charges paid</b>		-	-
<b>Income tax paid</b>		-	-
<b>Net cash flow from /(utilized in) operating activities</b>		<u>(224,734)</u>	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Security deposits		-	-
Proceeds from disposal of fixed assets		-	-
<b>Net Cash flow from /(utilized in ) investing activities</b>		-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipts/ (payments) of long term loans		-	-
<b>Net Cash flow from /(utilized in ) financing activities</b>		-	-
<b>Net Increase / (Decrease) in cash and cash equivalents</b>		(224,734)	-
<b>Cash and cash equivalents at the beginning of the year</b>		224,734	224,734
<b>Cash and cash equivalents at the end of the year</b>	14	<u>-</u>	<u>224,734</u>
<b>Cash &amp; cash equivalents are</b>			
Cash in hand		-	224,734
Cash at bank		-	-
		<u>-</u>	<u>224,734</u>

The annexed notes 1 to 19 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE**

RMDM

  
**DIRECTOR**



**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**1 THE COMPANY, OPERATIONS AND REGISTERED OFFICE**

DATA TEXTILES LIMITED was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Repealed with the enactment of Companies Act, 2017 on May 30, 2017) on March 20, 1988 as a public limited company and is listed on Lahore and Karachi stock exchange. The main activity of the company is manufacturing and sale of yarn. Its registered office is located at 19-J, CCA, Phase V, DHA Lahore, province of Punjab, Pakistan.

**1.1 Going concern Assumption**

During the year, the Company incurred loss amounting to Rs. 1.146 million (June 30, 2022: Rs. 1.843 million) and had reported accumulated losses amounting to Rs. 156.897 million (June 30, 2021: Rs. 155.751 million) at the year end against issued, subscribed and paid up capital of Rs. 99.096 million (June 30, 2021: 99.096 million) turning shareholder's equity to a negative balance of Rs. 57.801 million (June 30, 2021: Rs. 56.655 million). In addition, the Company's current liabilities exceeds its current assets by Rs. 18.722 million (June 30, 2021: Rs. 17.560 million) at the year end. These conditions along with adverse key financial ratios indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- a) Directors of the Company have agreed to financially support the company in the form of interest free loan.
- b) The management is taking steps towards reduction of fixed cost and rationalization of other expenses including right sizing of man power, resource conservation and close monitoring of fixed cost.
- c) We are also planning to trade in other profitable products and close the trading in loss making products. This will help us to have more profitability.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except to the extent that land, building and certain plant and machinery have been included at revalued amounts and staff retirement benefits has been recognized at present value and no provision has been made to bring the other assets in line with current values.

**2.2 Statement of compliance**

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

International Financial Reporting Standards (IFRS Standards) 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed."

**2.3 Standards, interpretation and amendment adopted during the year**

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

**2.3.1 Standards, interpretations and amendments to published approved accounting standards**

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**DATA TEXTILES LIMITED**  
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The accounting policies adopted are consistent with those of the previous financial year, except for the following new amendments

**New amendments**

The Company has adopted the following revised standards and amendments to IFRSs which became effective for the current year

IAS 1 Presentation of Financial Statements: Definition of Material — (Amendments)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material — (Amendments)

IFRS 3 Business Combinations: Definition of Business — (Amendments)

IFRS 9 Financial Instruments: Interest Rate Benchmark Reform — (Amendments)

IFRS 7 Financial Instruments Disclosures: Interest Rate Benchmark Reform— (Amendments)

IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform — (Amendments)

IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16

The adoption of above standards and amendments, will not have any material impact on the Company's financial statements.

**Standards, interpretation and amendments to approved accounting standards that are not yet effective**

The following revised 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:

<b>Standard or Interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
<b>IAS 1 Presentation of Financial Statements (Amendments)</b>	<b>January 1, 2023</b>
<b>IAS 8 Changes in Accounting</b>	<b>January 1, 2023</b>
<b>IAS 12 Income Taxes (Amendments)</b>	<b>January 1, 2023</b>

IAS 1 Classification of liabilities as current or non-current — (Amendments) 01 January 2023

IAS 8 Definition of accounting estimates — (Amendments) 01 January 2023

IFRS 10 & Sale or Contribution of Assets between an Investor and its Associate or Joint

IAS 28 Venture – (Amendment) Not yet finalized

IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction — (Amendments) 01 January 2023

IAS 1 and IFRS Disclosure of accounting policies — (Amendments) 01 January 2023

Practice

Statement 2

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.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2023.

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

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

**Effective date (annual periods beginning on or after)**

**Standard or Interpretation**

IFRS 17 Insurance Contracts 01 January 2023

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

**2.4 Basis of preparation**

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values, except to the extent that land, building and certain plant and machinery have been included at revalued amounts, staff retirement benefits recognized at present value and financial assets has been measured and recorded at fair value.

**2.5 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presented currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupees.

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**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2.6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made.

Significant management estimates in these financial statements relate to the useful life and residual value of property, plant and equipment, provision for doubtful receivables, slow moving inventory, defined benefits plans, accrued liabilities, taxation etc. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

**3 THE PRINCIPAL ACCOUNTING POLICIES ADOPTED ARE SET OUT AS BELOW**

**3.1 Staff retirement benefits**

The company operates an unfunded gratuity scheme covering all eligible employees subject to completion of a prescribed qualifying period of service. The accounting policy has been changed in 2004 from self valuation to actuarial valuation in consonance with IAS 19' Employee Benefits. The provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and charge to profit and loss account. The most recent valuation was carried out by Nauman Associates as at June 30, 2006 using the Project Unit of Credit Method as required by International Accounting Standard 19 (Employee Benefits).

The principal actuarial assumptions used in the valuation are as follows:

	2022	2021
Discount rate	-	-
Expected rate of increase in salaries	-	-
Expected mortality rate	-	-
Actuarial valuation method	-	-
Average expected remaining life of the employees	-	-

**3.2 Property, plant and equipment**

**Own assets**

Property, plant and equipment are stated at historical cost or revalued amount less accumulated depreciation and impairment in value.

Cost of operating fixed assets consists of purchase price/ construction cost (after trade discounts and rebates, refundable taxes/duties) and relevant directly attributable cost for bringing the asset into its intended use. Pre-production and trial run operation results are capitalized.

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Depreciation is charged on diminishing balance method at the rates specified in Note. 9 so as to write off the cost of operating fixed assets over their useful lives. Full year depreciation is charged on assets in the year in which they are purchased/ transferred from leasehold assets. No depreciation is charged in the year of their disposal. Surplus on revaluation of fixed assets relating to incremental depreciation is directly charged to unappropriated profit and loss in accordance with section 235(2) read with SRO 45(1)/2003 dated January 13, 2003 issued by the Securities and Exchange Commission of Pakistan. Gain / (loss) on disposal of fixed assets, if any is taken to profit and loss account.

Repair & maintenance costs are charged to the profit and loss account in the year in which these are incurred. Major renewals and improvements are capitalized.

Gain or loss on disposal of assets are included in current income.

**Leasehold assets**

The leases, where all the risks and rewards incidental to ownership of the leased assets have been transferred to the company are classified as finance leases. Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets less accumulated depreciation and accumulated impairment losses, if any.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance leases. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to produce a constant periodic rate of interest on the balance outstanding. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of assets on reducing balance method at the same rates that are applicable to the owned assets. Depreciation of leased assets is charged to profit and loss account.

Full year depreciation, on additions in leased assets, is charged when an asset is acquired, while no depreciation, in the year in which the asset, is disposed off/ transferred to own assets.

**3.3 Capital work in progress**

Capital work in progress is stated at cost less any identified impairment loss and includes the expenditure on material, labour and appropriate overheads directly relating to the project. These costs are transferred to fixed assets as and when assets are available for intended use.

**3.4 Intangible assets and amortization**

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost and comprise the purchase price, non-refundable purchase taxes and any directly attributable expenditures.

After initial recognition, an intangible asset is carried at its cost less accumulated amortization. Amortization is charged to the income following the straight line basis for a maximum period of five years.

Subsequent expenditures on intangible assets after its purchase are recognized as an expense, when it is incurred unless the expenditure will enable the asset to generate future economic benefits in excess of its originally standard of performance.

**3.5 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

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**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3.6 Stocks, Stores and Spares**

Inventories are valued at lower of cost and net realizable value as per requirements of IAS-2. Cost of major stock items is determined as follows:

- Stores, spares and loose tools	At moving average cost.
- Raw Material	At annual average cost.
- Finished goods/ Work in process	Comprised of direct materials, labour and appropriate manufacturing overheads.
- Waste	At net realizable value.
- Material in transit.	Are stated at invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order

**3.7 Cash and cash equivalents**

For the purpose of cash flow statement, Cash and cash equivalents comprise of cash in hand, cheques in hand and balance with banks on current and deposit accounts.

**3.8 Taxation**

**Current**

Provision for taxation in the accounts is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any. Minimum tax at 1 percent of turnover, is applicable when there is no taxable income.

**Deferred**

Deferred tax is recognized using the liability method, on major temporary differences at the balance sheet date calculated at the prevailing rates, between the tax bases of assets and liabilities and their carrying costs for the purposes of financial reporting. Deferred tax liabilities recognized for all taxable temporary differences and the deferred tax assets as required by IAS 12 (Income tax) are recognized to the extent that such differences will reverse in the due future and taxable income will be available for deducting temporary difference.

The carrying amount of deferred tax assets is reviewed on the balance sheet date and is reduced to the extent that it is no longer probable, that the sufficient taxable profit will be available to allow in all or part of it for the deferred tax asset.

**3.9 Loans and advances**

Loans and advances are recognized initially at cost and subsequently measured at amortized cost.

**3.10 Impairment**

The carrying amount of the company's assets are reviewed at each balance sheet date to determine, whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

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**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3.11 Related party transactions**

Transactions and contracts with related parties (if any) are carried out at arm's length prices determined in accordance with comparable uncontrolled price method.

**3.12 Financial assets and liabilities**

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss, on derecognition of the financial assets and financial liabilities, is taken to profit and loss account currently.

Financial instruments carried on the balance sheet date include trade debts, loans and advances, deposits, prepayments, taxes due, cash and bank balances, trade and other payables, borrowings and accruals. The particular recognition method adopted is disclosed in the individual policy statements associated with each item.

Financial assets and liabilities are offset when the company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

**3.13 Long and short term borrowings**

Loans and borrowings are initially recorded at the proceeds received and subsequently at amortized cost. Finance costs are accounted for on accrual basis and are either added to the carrying amount of the instrument or included in the current liabilities to the extent of the amount remaining unpaid. Exchange gain and losses (if any) arising in respect of loan or borrowings in foreign currency are added to the carrying amount of the instrument.

**3.14 Borrowing cost**

All mark-up, interest and other charges are charged to current income, at accruals.

**3.15 Foreign currency transaction**

Transaction in foreign currencies are recorded in the books at the rate of exchange prevailing on the date of transaction. Assets and liabilities in foreign currencies are stated in rupees at the rate of exchange ruling on the balance sheet date except those which are covered under State Bank of Pakistan's exchange risk coverage scheme, which are translated at Covered rate. All exchange differences are included in the profit and loss account. However exchange differences on foreign currency loans are capitalized as a part of cost of plant and machinery acquired out of proceeds of such loans.

**3.16 Revenue recognition**

Revenue from local sales is recognized on dispatch of goods to customers. Sale of services is recognized when the services are rendered and the right of receivable is established.

**3.17 Expense Recognition**

Expenses are recognized on accrual basis, or otherwise as stated.

**3.18 Trade debts**

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on review of all outstanding amounts at year end. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off when

**3.19 Provisions**

A provision is recognized when the company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying benefits will be required to settle the obligation of which reliable estimate can be made.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>4 SHARE CAPITAL</b>			
<b>Authorized</b>			
12,000,000 (2021: 12,000,000) ordinary shares of Rs. 10 each		<u>120,000,000</u>	<u>120,000,000</u>
<b>Issued, subscribed and paid-up</b>			
9,909,616 (2021: 9,909,616) ordinary shares of Rs. 10 each fully paid for cash consideration		<u>99,096,160</u>	<u>99,096,160</u>
<b>4.1 Shares held by associates</b>		<b>Number of Shares</b>	<b>Number of Shares</b>
<b>Data Enterprises (Pvt.) Ltd</b>			
Percentage of equity held 32.09% ( 2021: 32.09% )		<u>3,180,000</u>	<u>3,180,000</u>
<b>5 LONG TERM FINANCING</b>			
<b>Long term loans</b>			
- Loan from related parties-unsecured	5.1	39,222,297	39,222,297
		<u>39,222,297</u>	<u>39,222,297</u>

**5.1 Loan from director**

This loan is unsecured and has a limit of Rs. 40 Million. No repayment schedule has been determined and repayment depends upon the liquidity of the company.

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**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	Note	2022 Rupees	2021 Rupees
<b>6 TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		1,673,163	1,673,163
Tax deduction at source		4,645,205	4,645,205
Other payable		14,125,710	13,225,710
		<b>20,444,078</b>	<b>19,544,078</b>
<b>7 PROVISION FOR TAXATION</b>			
Opening balance		1,389,905	1,389,905
<b>Add:</b> Provision for the year		-	-
<b>Less:</b> Adjusted during the year		-	-
		<b>1,389,905</b>	<b>1,389,905</b>
<b>8 CONTINGENCIES AND COMMITMENTS</b>			
<b>8.1</b> The issue of taxation in respect of workers' welfare fund and gratuity is pending for adjudication. The issue was initially decided by the Commissioner of Income Tax in favour of the Company. However, the department being dissatisfied with the decision of the Commissioner filed a second appeal to the Income Tax Appellate Tribunal. Pending the matter for adjudication, no provision has been made in these accounts of disputed amount of Rs. 561,362.			
<b>8.2</b> The Additional Collector Customs, Sales Tax and Federal Excise, Multan, raised a Sales tax demand of Rs. 7,774,420 along with additional tax under the law and penalty @ 3% and @30% of the sales tax amount, due to claim of unpaid input tax on purchase of cotton lint. The Company filed first appeal to the Collector Customs, Sales tax and Federal Excise and could not succeed and filed second appeal to Appellate Tribunal of Customs, Sales Tax and Federal Excise, Lahore and confident that the case shall be decided in its favour, hence no provision has been made in these accounts			
<b>8.3</b> The Securities & Exchange Commission of Pakistan has filed a winding up petition against the Company owing to the fact that Company was unable to hold its 2 consecutive AGMs and that Company operations are suspended since last many years. The petition is pending in Honourable Lahore High Court. The directors and management of Company has taken serious steps towards holding of AGMs and are further committed for revival of Company thus they are of strong view that the case will be dismissed without any further consequences.			
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	9.1	143,498	164,794

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**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**9.1 OPERATING FIXED ASSETS**

	Rupees				Total
	Owned assets				
	Furniture and fittings	Vehicles	Office equipment	Tubewell	
<b>Year ended June 30, 2021</b>					
Opening net book value	36,283	60,216	93,297	-	189,796
Additions	-	-	-	-	-
Surplus on revaluation of fixes assets	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Depreciation charged for the year	3,628	12,043	9,330	-	25,001
Closing net book value	32,654	48,173	83,967	-	164,794
<b>At June 30, 2021</b>					
Cost	757,930	1,745,260	1,676,058	-	4,179,248
Accumulated depreciation	725,276	1,697,087	1,592,091	-	4,014,453
Net book value	32,654	48,173	83,967	-	164,794
<b>Year ended June 30, 2022</b>					
Opening net book value	32,654	48,173	83,967	-	164,794
Additions	-	-	-	-	-
Surplus on revaluation of fixes assets	-	-	-	-	-
Disposal during the year	-	-	-	-	-
Depreciation charged for year	3,265	9,635	8,397	-	21,297
Closing net book value	29,389	38,538	75,570	-	143,498
<b>At June 30, 2022</b>					
Cost	757,930	1,745,260	1,676,058	-	4,179,248
Accumulated depreciation	728,541	1,706,722	1,600,488	-	4,035,749
Net book value	29,389	38,538	75,570	-	143,498

Depreciation on operating fixed assets is charge at the following rates:	%
Building on free hold land	10
Plant and machinery	10
Furniture and fittings	10
Vehicles	20
Office equipment	10
Electric Installations	10
Tubewell	10

**9.2** The depreciation for the year has been allocated as follows:

	2022	2021
Cost of goods sold	-	-
Administrative expenses	21,297	25,001
	<u>21,297</u>	<u>25,001</u>

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**DATA TEXTILES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>10 TAX DUE FROM GOVERNMENT</b>			
Tax due from Government		3,111,393	3,111,393
		<b>3,111,393</b>	<b>3,111,393</b>
<b>11 CASH AND BANK BALANCES</b>			
In hand		-	224,734
At banks- current account		-	-
		<b>-</b>	<b>224,734</b>
<b>12 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances & benefits		65,182	927,560
Telephone, postage & telegram		10,351	13,692
Rent, Rates & Taxes		60,000	180,000
Printing & Stationery		9,343	72,071
Entertainment		9,358	13,972
Legal & professional charges		200,000	345,000
Fee & subscription		70,500	165,800
Auditors remuneration	12.1	700,000	100,000
Depreciation	9.2	21,297	25,001
		<b>1,146,031</b>	<b>1,843,096</b>
<b>12.1 Auditors Remuneration</b>			
Audit fee		125,000	75,000
Tax fee		25,000	25,000
Other Statutory Services		550,000	-
		<b>700,000</b>	<b>100,000</b>
<b>13 TAXATION</b>			
Current year		-	-
Prior years		-	-
<b>DEFERRED</b>			
Current year		-	-
Prior years		-	-
		<b>-</b>	<b>-</b>

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**DATA TEXTILES LIMITED**  
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**FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees
<b>14 EARNING/(LOSS) PER SHARE</b>			
<b>Basic</b>			
Net loss after tax attributable to ordinary shareholders		(1,146,031)	(1,843,096)
Number of shares issued and subscribed at the end of the year		99,096,160	99,096,160
Basic Earning/(loss) per share		(0.01)	(0.02)

**Diluted**

There is no dilutive effect on the basic EPS of the company for the years ended June 30, 2022.

**15 TRANSACTION WITH ASSOCIATED UNDERTAKING**

Services rendered / received

NIL

NIL

**16 REMUNERATION OF DIRECTORS AND EXECUTIVES**

Annual basic salary of none of the executive employees of the company exceeded Rs. 500,000. Nil (2021: Rs. NIL) and of Chief Executives (NIL) (2021: Rs. NIL).

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**17 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**  
**FINANCIAL RISK MANAGEMENT**

The Company has exposure to the followings risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

**COMPANY RISK MANGEMENT OBJECTIVES AND POLICIES**

The Company risk management policies are established to identify and analyse the risks 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, through it's training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors and compliance with Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**17.1 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arise principally from trade receivables, loans and advances and trade deposits. Out of the total financial assets of Rs. NIL /-, (2021: Rs. 224,734 /-) financial assets which are subject to credit risk amount to Rs. Nil/- (2021:Rs Nil /-).

To manage exposure to credit risk in respect of trade receivables. Management maintains procedures covering the application for credit approvals, granting and renewal of counter parties limit taking into account the customer's financial position, past track record, credit rating and other factors. As a part of these processes, exposures of credit risk are regularly monitored, assessed and customer are persuaded for prompt recovery. In addition to this the company has established an allowances for impairment that is estimate of expected losses in respect of trade debts. This allowance is based on the management assessment of specific loss component that relate to significant exposures. Sales to customers are also made against advance payment to further prudently manage the credit risk.

The Company limits its exposure to credit risk by following the policies and procedures of approval and continuous monitoring of loan and advances extended to staff and suppliers and maintain bank account only with counterparty that have high degree of credit rating. Advance tax is adjustable or recoverable from FBR which is a State authority and have high credit rating. Given these high credit ratings, management do not expect that any of these counterparty fail to meet its obligations.

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

	2022 Rupees	2021 Rupees
Trade debtors	-	-
Loan's and advances	-	-
Trade deposits	-	-
Cash and Bank balances	-	224,734
	<u>-</u>	<u>224,734</u>

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	2022 Rupees	2021 Rupees
The trade debts as at the balance sheet date are classified by Geographical area as follows:		
Foreign	-	-
Domestic	-	-
	-	-

#### Impairment Losses

The aging of trade debts at the reporting date was:

	2022		2021	
	Gross debts	Impaired	Gross debts	Impaired
Not past due	-	-	-	-
Past due 0-30 days	-	-	-	-
Past due 30-60 days	-	-	-	-
Past due 60-90 days	-	-	-	-
Over 90 days	-	-	-	-
	-	-	-	-

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2022 Rupees	2021 Rupees
Balance at the beginning of the year	-	-
Provision made during the year	-	-
Written off during the year	-	-
Balance at the end of the year	-	-

Based on past experience and practice, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due to 60 days do not require any impairment allowance and no impairment loss is necessary in respect of remaining portion of past due over 90 days other than amount provided. Trade debts are essentially due from corporate entities and farmers and the Company is actively pursuing for prompt recovery of debts and does not expect these counter parties to fail to meet their obligations.

The allowance accounts in respect of trade receivables, loans and advances are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible, at that point the amount considered irrecoverable is written off against the financial asset directly. an amount of Bad debts of Rs. Nil/- has been written off against the provision and the remaining Bad debts amount Rs. Nil/- has been written off directly in P & L against debtor.

#### 17.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2022		2021	
	Carrying amount	Contractual Cash flows	Carrying amount	Contractual Cash flows
Loans and other borrowings - Unsecured	39,222,297	-	39,222,297	-
Trade and other payables - Unsecured	20,444,078	20,444,078	19,544,078	19,544,078
	<b>59,666,375</b>	<b>20,444,078</b>	<b>58,766,375</b>	<b>19,544,078</b>

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The Company is not materially exposed to liquidity risk as substantially all obligations, commitments of the company are of short term and routine in nature ( Accrued expense) and are restricted to the extent of available liquidity except the long term unsecured interest free loan obtained from the directors redeemable on the option of the Company. As a part of liquidity risk management policy Company follows effective cash flow, planning, controlling and management procedures to ensure availability of funds through effective working capital management and to appropriate measures for new requirements.

### **17.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market exposures within acceptable parameters, while optimizina the return on risk.

#### **17.3.1 Foreign currency risk management**

Foreign currency risk arises mainly where receivable and payables exist due to the transactions with foreign undertaking. Financial assets and financial liabilities of the company are not exposed to currency risk as a company has not entered into any transaction with any foreign undertakings.

#### **17.3.2 Interest rate risk management:**

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company has no significant long term interest bearing financial assets and liabilities whose fair value or cash flows will fluctuate because of changes in market interest rates. As there is no interest bearing financial asset and liability therefore disclosure requirement of effective rate of interest not attracted.

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### 17.3.3 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The company manage its capital structure by effective cash flow management to ensure availability of funds and by monitoring return on net assets and make adjustments thereto in the light of changes in economic conditions. Consistent with others in the industry, the company manage its capital risk by monitoring its debt levels and liquid assets and keeping in view future requirements and expectations of the shareholders. Debt is calculating as total borrowings. Total capital comprises shareholders equity as shown in the balance sheet under share capital and reserves. In order to maintain or adjust the capital structure, the company may also adjust the amount of dividends paid to shareholders or issue new shares.

### 17.3.4 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices ( other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

### 17.4 Fair value of financial assets and financial liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

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

### 17.5 Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

- Level 1; Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices). The Company has no items to report in this level.
- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

### 17.6 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

The accounting policies for financial instruments have been applied for line items as below:

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As at June 30, 2022

**Assets as per statement of financial position**

Trade debts  
Loans and advances  
Cash and Bank

Loans and Receivables	Held to maturity	Total 30-Jun-22
Rupees		
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>

**Liabilities as per statement of financial position**

Loan from director  
Trade & Other payables

**Financial Liabilities measured at amortized Rupees**

**Total 30-Jun-22 Rupees**

39,222,297	39,222,297
<u>20,444,078</u>	<u>20,444,078</u>
<u>59,666,375</u>	<u>59,666,375</u>

As at June 30, 2021

**Assets as per statement of financial position**

Trade debts  
Loans and advances  
Security deposit  
Cash and Bank

Loans and Receivables	Held to maturity	Total 30-Jun-21
Rupees		
-	-	-
-	-	-
-	-	-
224,734	-	224,734
<u>224,734</u>	<u>-</u>	<u>224,734</u>

**Liabilities as per statement of financial position**

Loan from director  
Trade & Other payables

Financial Liabilities measured at amortized Rupees	Total June 30, 2021 Rupees
39,222,297	39,222,297
<u>19,544,078</u>	<u>19,544,078</u>
<u>58,766,375</u>	<u>58,766,375</u>

**18 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Loan from director

2022	Cash flow	2021
.....Rupees.....		
<u>39,222,297</u>	<u>-</u>	<u>39,222,297</u>

**19 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements have been authorized for issue on \_\_\_\_\_ by the board of directors of the company.

The annexed notes 1 to 19 form an integral part of these financial statements.

RMDM

  
CHIEF EXECUTIVE

  
DIRECTOR





Data Textiles  
Limited

## Data Textiles Limited

### Annual General Meeting -2023

#### FORM OF PROXY

Folio No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

I / We \_\_\_\_\_, the undersigned being member(s) of Data Textiles Limited hereby appoint \_\_\_\_\_, as my / our proxy to attend, act and vote for me/ us on my/ our behalf at Annual General Meetings of the members of the Company to be held at Office No. 505, 5<sup>th</sup> Floor, LSE Building, Aiwan-e-Iqbal, Lahore on Friday, Feb 18, 2023 at 10:00 A.M. and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of February, 2023.

Sign by the said Member

Signed/Witnessed by/in the presence of:

1. Signature: _____	2. Signature: _____
Name: _____	Name: _____
Address: _____	Address: _____
CNIC/Passport No. _____	CNIC/Passport No. _____

The forms of proxy/authorizations from the overseas based or incarcerated individuals/investors must be witnessed by the Pakistani Embassies/High Commissions located in the concerned country or by the Superintendent as per the Pakistan Prison Rules, 1978.

Information required		For Member (Shareholder)	For Proxy	For alternate Proxy (*)
			(If member)	
Number of shares held				
Folio No.				
CDC Account No.	Participant I.D.			
	Account No.			

(\*) Upon failing of appointed Proxy.

**Affix  
Revenue  
Stamp of Rs.  
50/-**



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**If Undelivered Please Return to:**

## **Data Textiles Limited**

Office No. 505, 5<sup>th</sup> Floor, LSE Building, Aiwan-e-Iqbal, Lahore, Pakistan

Phone: +92 42 3636000 Fax: +92 42 3636001



Data Textiles  
Limited