



**Data Textiles  
Limited**



**NINE MONTHS  
REPORT  
2023**





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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.

## Directors' Report

The Directors are pleased to present the un-audited Financial Statements of the Company for the nine months period ending on **March 31, 2023**.

Data Textiles Limited (the Company) is a public listed company limited by shares, incorporated in Pakistan under the Companies Ordinance, 1984, which is listed on Pakistan Stock Exchange (PSX), having its registered office located at Office No. 505, 5th Floor, LSE Plaza, Khayaban-e-Aiwan-e-Iqbal, Lahore.

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. 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 then 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 and presented 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 honorable Court's order.

The said Scheme is under approval process with the honorable 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.

### **ACKNOWLEDGEMENTS**

We place on record our gratitude to our stakeholders for their confidence reposed in us and assure them that we are committed to do our best to harness the development path of our Company.



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

**April 26, 2023**  
Lahore

**Data Textiles Limited**  
**Statement of Financial Position**  
**As at March 31, 2023**

		<b>March 31, 2023</b>	<b>June 30, 2022</b>
	<b>Note</b>	Rs.	Rs.
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Share Capital		99,096,160	99,096,160
Unappropriated (Loss)		(163,087,331)	(156,897,550)
		<b>(63,991,171)</b>	<b>(57,801,390)</b>
<b>Non-Current Liabilities</b>			
Long Term Finance	4	39,222,297	39,222,297
		<b>39,222,297</b>	<b>39,222,297</b>
<b>Current Liabilities</b>			
Trade and Other Payable	5	26,662,887	20,444,078
Provision for Taxation		1,389,905	1,389,905
		<b>28,052,792</b>	<b>21,833,983</b>
Contingencies and Commitments	6		
<b>Total Equity and Liabilities</b>		<b>3,283,918</b>	<b>3,254,890</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment		127,525	143,497
		<b>127,525</b>	<b>143,497</b>
<b>Current Assets</b>			
Refund due from Government		3,111,393	3,111,393
Cash and Bank Balances		45,000	-
		<b>3,156,393</b>	<b>3,111,393</b>
<b>Total Assets</b>		<b>3,283,918</b>	<b>3,254,890</b>

The annexed notes 1 to 7 form and integral part of these financial statements.



**Chief Executive**



**Director**

**Data Textiles Limited**  
**Statement of Profit or Loss**  
**For the Period Ended on March 31, 2023**

	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Sales - Net	300,000	-	300,000	-
Cost of Sales	(255,000)	-	(255,000)	-
Gross Profit	45,000	-	45,000	-
<b>Administrative Expenses</b>	7 (6,234,781)	(325,000)	(3,419,478)	(89,617)
<b>Operating Loss</b>	(6,189,781)	(325,000)	(3,374,478)	(89,617)
Taxation	-	-	-	-
Loss after Taxation	(6,189,781)	(325,000)	(3,374,478)	(89,617)
Loss per Share	(0.625)	(0.033)	(0.341)	(0.009)

The annexed notes 1 to 7 form and integral part of these financial statements.



**Chief Executive**



**Director**



**Data Textiles Limited**  
**Statement of Comprehensive Income**  
**For the Period Ended on March 31, 2023**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Loss for the Period	(6,189,781)	(325,000)
other Comprehensive Income	-	-
Total comprehensive Income for the Period	<u>(6,189,781)</u>	<u>(325,000)</u>

The annexed notes 1 to 7 form and integral part of these financial statements.



**Chief Executive**



**Director**

**Data Textiles Limited**  
**Statement of Changes in Equity**  
**For the Period Ended on March 31, 2023**

	Share Capital Rs.	Unappropriated (Loss) Rs.	Total Rs.
Balance as at June 30, 2021	99,096,160	(155,751,519)	(56,655,359)
Total comprehensive Income for the Period		(325,000)	(325,000)
As at March 31, 2021	<b>99,096,160</b>	<b>(156,076,519)</b>	<b>(56,980,359)</b>
Balance as at June 30, 2022	99,096,160	(156,897,550)	(57,801,390)
Total comprehensive Income for the Period		(6,189,781)	(6,189,781)
As at March 31, 2023	<b>99,096,160</b>	<b>(163,087,331)</b>	<b>(63,991,171)</b>

The annexed notes 1 to 7 form and integral part of these financial statements.

  
**Chief Executive**

  
**Director**

**Data Textiles Limited**  
**Statement of Cash Flow**  
**For the Period Ended on March 31, 2023**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cash Flow from Operating Income</b>		
Loss before Taxation	(6,189,781)	(325,000)
<b>Adjustment for non-cash Charges and Other Items</b>		
Depreciation	15,972	15,973
Operating Loss before Working Capital Changes	(6,173,809)	(309,027)
<b>Working Capital Changes</b>		
Trade and Other Payable	6,218,809	84,293
Income Taxes Paid	-	-
Financial Charges Paid	-	-
Net Cash Flow from Operations	45,000	(224,734)
Cash flow from Investing Activities	-	-
Cash flow from Financing Activities	-	-
Net Increase / (Decrease) in Cash	45,000	(224,734)
Cash and Cash Equivalent at the beginning of the Year	-	224,734
Cash and Cash Equivalent at the Closing of the Year	45,000	-

The annexed notes 1 to 7 form and integral part of these financial statements.

  
**Chief Executive**

  
**Director**

## 1 THE COMPANY, OPERATIONS AND REGISTERED OFFICE

Data Textiles Limited (the Company) is a public listed company limited by shares, incorporated in Pakistan under the Companies Ordinance, 1984, which is listed on Pakistan Stock Exchange (PSX), having its registered office located at Office No. 505, 5th Floor, LSE Plaza, Khayaban-e-Aiwan-e-Iqbal, Lahore. 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. 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 then 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.

### 1.1 Going concern Assumption

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 (certified copy of Court Order is attached). With this Order, Board of Directors have resumed their powers from the Official Liquidators and presented 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

Company is in the process to implement the "Revival Business Plan" as approved by the shareholders. However, if the Scheme is approved in the meantime. The

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.

## 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

##### 2.3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The accounting policies adopted are consistent with those of the previous financial year, except for the following new amendments effective for annual period beginning on 01 July 2020, as listed below. The Company has not early adopted any amendment that has been issued but is not yet effective.

##### 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 (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:

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

IFRS 3 Reference to conceptual framework — (Amendments) 01 January 2022  
IAS 16 Property, plant and equipment: Proceeds before intended use — (Amendments) 01 January 2022

IAS 37 Onerous contracts - costs of fulfilling a contract — (Amendments) 01 January 2022  
AIP IAS 41 Taxation in fair value measurements 01 January 2022  
AIP IFRS 9 Fees in the '10 per cent' test for derecognition of financial liabilities 01 January 2022  
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 2022.

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  
IFRS 1 First-time Adoption of IFRS 01 July 2004

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

The accounting policies adopted are consistent with those of the previous financial year, except for the following new amendments effective for annual period

**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:

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

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

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the 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.

## 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. 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

## 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).

### 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.

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.

### 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 to make a sale.

### 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.

### 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 identified.

### 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.

**Data Textiles Limited**  
**Notes to the Financial Statements**  
**For the Period Ended on March 31, 2023**

	<b>March 31, 2023</b>	<b>June 30, 2022</b>
	<b>Rs.</b>	<b>Rs.</b>
4 Long Term Finance		
Long term loans		
- Loan from related parties-unsecured	39,222,297	39,222,297

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.

5 Trade and Other Payable		
Accrued Liabilities	7,891,972	1,673,163
Tax deducted at Source	4,645,205	4,645,205
Other Payable	14,125,710	14,125,710
	<b>26,662,887</b>	<b>20,444,078</b>

**6 Contingencies and Commitments**

The issue of taxation in respect of workers' welfare fund and gratuity is pending for adjudication. 6.1 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.

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 6.2 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, and hence no provision has been made in the accounts.

**7 Administrative Expenses**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
	<b>Rs.</b>	<b>Rs.</b>
Audit Fee	50,000	100,000
Depreciation	15,972	15,973
Other Expenses	6,168,809	209,027
	<b>6,234,781</b>	<b>325,000</b>

**8 DATE OF AUTHORIZATION FOR ISSUE**

The financial statements have been authorized for issue on April 26, 2023 by the board of directors of the company.



Chief Executive



Director





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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

505 | 5<sup>th</sup> Floor | LSE Plaza | Khayaban-e-  
Aiwan-Iqbal Road | Lahore.