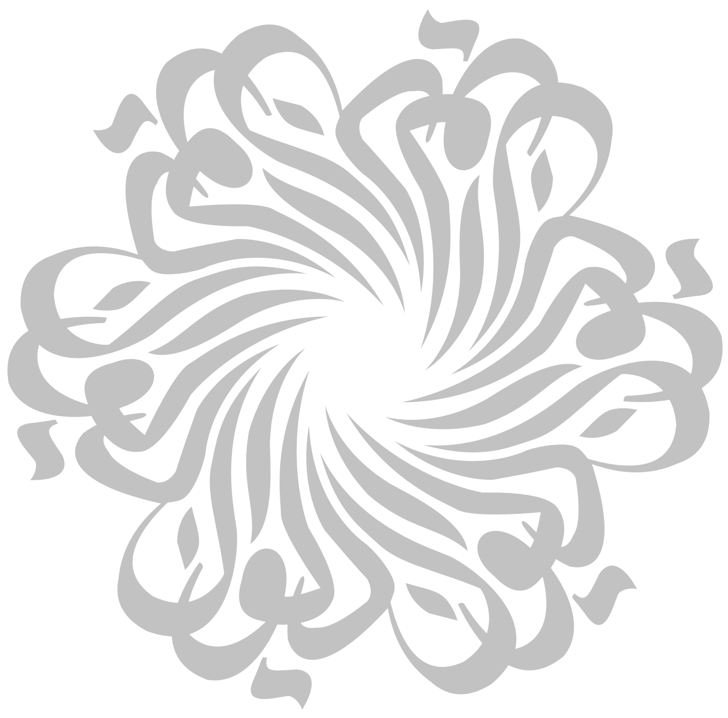

# *Vision Statement*

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

# *Mission Statement*

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

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

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

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

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

# CONTENTS

# COMPANY INFORMATION

| | | |
|---|---|---|
| BOARD OF DIRECTORS<br>Executive Director | : | Mr. Ishtiaq Ahmed - Chief Executive Officer |
| Non-Executive Directors | : | Mr. Haroon Iqbal Chairman, Board of Directors<br>Mr. Zafar Asim<br>Mr. Imran Ahmed Javed<br>Mr. Muhammad Naeemuddin Malik<br>Mr. Muhammad Baqar Jafferi |
| Independent Director | : | Mr. Aziz-ul-Haque |
| Audit Committee | : | Mr. Aziz-ul-Haque (Chairman)<br>Mr. Muhammad Naeemuddin Malik (Member)<br>Mr. Haroon Iqbal (Member) |
| Human Resources & Remuneration Committee | : | Mr. Aziz-ul-Haque - Chairman<br>Mr. Haroon Iqbal (Member)<br>Mr. Ishtiaq Ahmed (Member) |
| Auditors | : | Feroze Sharif Tariq & Company<br>Chartered Accountants<br>4/N/4 Block-6, P.E.C.H.S., |
| Company Secretary | : | Mr. Muhammad Hanif German |
| Chief Financial Officer | : | Mr. S.M. Raza |
| Tax Advisor | : | Sharif & Co. Advocates |
| Legal Advisor | : | A. K. Brohi & Co. Advocates |
| Bankers | : | Habib Bank Limited<br>Bank Islami Pakistan Limited<br>MCB Bank Limited<br>Bank Al Falah Limited<br>Askari Commercial Bank Limited |
| Registered Office | : | Finance & Trade Centre<br>Block-A, 8th Floor,<br>Shahrah-e-Faisal, Karachi |
| Shares Registrar & Transfer Agent | : | BMF Consultants Pakistan (Private) Limited<br>Anum Estate Building, Room No. 310 & 311,<br>3rd Floor, 49, Darul Aman Society,<br>Main Shahrah-e-Faisal, adjacent to Baloch Colony<br>Bridge, Karachi 75350, Pakistan. |
| Factory Office | : | G/11, S.I.T.E., Kotri, Sindh, Pakistan. |
| Website | : | www.yousufdewan.com |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty First Annual General Meeting of **Dewan Khalid Textile Mills Limited** (“***DKTML***” or “***the Company***”) will be held on **Thursday, October 25, 2018, at 12:30 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Wednesday, April 11, 2018;

2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2018, together with the Directors’ and Auditors’ Reports thereon;

3. To appoint the Statutory Auditors’ of the Company for the ensuing year, and to fix their remuneration;

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

*By order of the Board*

**Muhammad Hanif German**
***Company Secretary***

Karachi: October 01, 2018

**NOTES:**

1. The Share Transfer Books of the Company will remain closed for the period from October 18, 2018 to October 25, 2018 (both days inclusive).

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

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

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

   **a) For Attending Meeting:**

   i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting. ii) In case of corporate entity, the Board of Directors’ resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

   **b) For Appointing Proxies:**

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

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

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

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

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

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

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

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

# CHAIRMAN'S REVIEW

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the company's objectives. The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.
The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

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

During financial year ended June 30, 2018, five board meetings were held. The Board of Directors of the Company received agendas and supporting material in advance prior to the board and its committee meetings. The non- executive and independent directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.

**Haroon Iqbal**
Chairman Board of Directors

Date: September 28, 2018
Place: Karachi.

# DIRECTORS' REPORT

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

Dear Shareholder(s),

Assalam-o-Alykum!

The Board of Directors of your Company are pleased to present the Annual Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Auditors' Report thereon.

**Overview**
The Textile industry in Pakistan is the largest manufacturing sector and the second largest employment generating sector and has contributed around 60% in Foreign Exchange earnings. However due to ongoing adverse scenario and Government's apathy thereto, the Textile Mills are closing and textile exports are continuosly showing declining trend. During the year under review, textile spinning industry continued to face distressed and adverse set of circumstances which hampered the operations of several units, accordingly the company has also suspended its operations:

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

| | "Rupees" |
|---|---|
| SALES (NET) | -- |
| COST OF SALES | (93,676,471) |
| **GROSS LOSS** | **(93,676,471)** |
| OPERATING EXPENSES | (103,466,023) |
| **OPERATING LOSS** | **(197,142,494)** |
| FINANCE COST | (14,210,974) |
| OTHER INCOME | -- |
| **LOSS BEFORE TAXATION** | **(211,353,468)** |
| TAXATION | 26,308,311 |
| **LOSS AFTER TAXATION** | **(185,045,157)** |

Company's net sale for the year remained nil due to closure of operations as compared to Rs. 36.120 million of last year. Company has suffered gross loss of Rs. 93.676 million as compared to the gross loss of Rs. 98.752 million of previous year, whereas operating expenses of the company remained at Rs.103.466 million. The Company, for the time being, has suspended its manufacturing operations since August 2016 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

In 2011-12, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain banks having suits of Rs.275.008 million, did not accept the restructuring proposal.

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

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

As certain banks covering suits amounting to Rs 275.008 million has not yet accepted the restructuring proposal and also one of the banks had filed a winding up petition under section 305 of the Companies Ordinance, 1984. Banks' claim is highly exaggerated as it had charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and other applicable laws of Pakistan. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Accordingly, no provision of the said mark-up has been made in these financial statements.

The company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon as fully explained in note 6.1.2 to the financial statements. Moreover the markup outstanding up to the date of restructuring is Rs.137.368 million, which the company would be liable to pay in the event of default of terms of agreement. Since the revision in restructuring is in process therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

**Future Outlook**

The key challenges facing Pakistan's economy have continued to suppress economic activity and growth of the country. The textile industry has been hit hard due to the high cost of energy and high tariffs of both gas and electricity are making Pakistan's exports uncompetitive in the global market. However, some initiatives from the government are direly needed in order to make the textile industry sustainable, especially smooth supply of gas at affordable tarrif. Management is endeavoring to resume the production of the company as soon as the situation in near future improves.

**Corporate Social Responsibilities**

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

**Health, Safety and Environment**

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

**Human Resource**

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

**Compliance with Code of Corporate Governance**

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP). Following are the statements on Corporate and Financial Reporting Framework:

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

2. Proper books of accounts have been maintained.

3. Accounting policies have been consistently applied in the preparation of financial statements, except for certain changes whose impact have been appropriately disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from, if any, has been adequately disclosed.

5. The system of internal controls, which is in place, is sound in design and has been effectively implemented and monitored.

6. There has been no material departure from the best practices of the corporate governance
7. The Company has constituted an Audit Committee from amongst the non-executive members of its Board.
8. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.
9. There are no doubts upon the company's Going Concern except as disclosed in note 1.1 to the financial statements.
10. Information regarding the outstanding taxes and levies is given in the notes to the financial statements.
11. The value of investment made by the Provident fund as per its respective accounts is Rs. 17.739 million (2017: Rs. 18.224 million)
12. As required under the Code of Corporate Governance, the following information has been presented in this report:
    i) Pattern of Shareholding;
    ii) Shares held by associated undertaking and related persons;

**Board**
The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. The Board of Directors as of June 30, 2018 consisted of the following:

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

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

| **Names** | **No. of Meetings attended** |
|---|---|
| Dewan Muhammad Yousuf Farooqui | 2 |
| Mr. Haroon Iqbal | 5 |
| Mr. Aziz-ul-Haque | 5 |
| Mr.Muhammad Baqir Jafferi | 5 |
| Mr.Ishtiaq Ahmed | 5 |
| Mr.Muhammad Naeemuddin Malik | 5 |
| Mr.Zafar Asim | 3 |
| Mr.Imran Ahmed Javed | 5 |

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

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

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

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

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

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

| Names | No. of Meetings attended |
|---|---|
| Mr. Haroon Iqbal - Chairman | 1 |
| Mr. Ishtiaq Ahmed | 1 |
| Mr. Muhammad Baqar Jafferi | 1 |

**Earnings per Share**
Basic (Loss) per share during the period under report worked out to Rs (19.25) [2017: Rs. (13.07)]

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

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

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

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

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

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

*By and under Authority of the Board of Directors*

**Haroon Iqbal**
Chairman Board of Directors

**Imran Ahmed Javed**
Director

Karachi, September 28, 2018

# FINANCIAL HIGHLIGHTS

| | 2013 | 2014 | 2015 | 2016 | 2017 | **2018** |
|---|---|---|---|---|---|---|
| | | | (Rupees in Million) | | | |
| **Sale (Net)** | 1,426.14 | 1,246.05 | 716.61 | 348.86 | 36.12 | **-** |
| **Gross Profit / (Loss)** | 44.48 | 18.38 | (84.38) | (184.41) | (98.75) | **(93.68)** |
| **(Loss) / Profit befor Tax** | 5.87 | (40.94) | (120.40) | (248.26) | (138.19) | **(211.35)** |
| **(Loss) / Profit after Tax** | 1.37 | (64.69) | (100.24) | (282.64) | (123.39) | **(185.05)** |
| **Current Assets** | 606.00 | 559.00 | 498.00 | 281.00 | 244.40 | **124.73** |
| **Shareholder's Equity** | 489.00 | 409.00 | 337.00 | (1.53) | 193.89 | **14.45** |
| **Current Liabilities** | 593.00 | 597.00 | 647.00 | 625.00 | 651.00 | **657.47** |
| **Current ratio (Times)** | 1.02 | 0.94 | 0.77 | 0.45 | 0.38 | **0.19** |
| **(Loss) / Earning per Share (Rs)** | 0.24 | (11.38) | (17.49) | (42.76) | (13.07) | **(19.25)** |
| **Breakup value per share (Rs.)** | 86.15 | 72.04 | 59.22 | (0.23) | 20.54 | **1.53** |
| **Gross (Loss) / Profit Ratio (%)** | 3.13% | 1.48% | -11.78% | -52.86% | -273.40% | **0.00%** |
| **Net (Loss)/ profit Ratio (%)** | 0.10% | 5.20% | 13.99% | (81.02) | (341.60) | **-** |

** comparative figures of shareholders' equity and breakup value per share have been restated to reflect changes as per Companies Act, 2017.*

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

**For the Year Ended June 30, 2018**

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

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

| | | | |
|---|---|---|---|
| a) | Male | : | 7 |
| b) | Female | : | None |

2. The composition of board is as follows:

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

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

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

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

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

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

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

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

* Subsequent to June 30, 2018, The Chairman of the HR and Remuneration Committee has been changed and now independent director has been appointed as Chairman of the Committee.

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

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

| | | | |
|---|---|---|---|
| a) | Audit Committee | : | 4 quarterly meetings during the financial year ended June 30, 2018 |
| b) | HR and Remuneration Committee | : | 1 annual meeting held during the financialyearended June 30, 2018 |

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

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

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

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

**Haroon Iqbal**
Chairman Board of Directors

**Imran Ahmed Javed**
Director

Karachi, September 28, 2018

*FEROZE SHARIF TARIQ & CO.*

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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KARACHI 75400
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# INDEPENDENT AUDITORS' REVIEW REPORT
## TO THE MEMBERS OF DEWAN KHALID TEXTILE MILLS LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dewan Khalid Textile Mills Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

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

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

b) The chairman of Audit committee is not an independent director due to the reason reflect in para (a) above.
c) The chairman of HR and Remuneration Committee shall be an independent director, whereas independent director has not been appointed as the chairman of the committee.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.
Furthermore, we highlight that three directors of the company are serving as directors in more than five listed Companies as reflected in the note 3 in the statement of compliance.

Feroze Sharif Tariq Co.

Chartered Accountants
**(Muhammad Ghalib)**

Dated: September 28, 2018
Place : Karachi:

**FEROZE SHARIF TARIQ & CO.**

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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KARACHI 75400
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Facimile: (+9221) 4540891
Email: fstc.ca@gmail.com

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF DEWAN KHALID TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

**Adverse Opinion**

We have audited the annexed financial statements of Dewan Khalid Textile mills Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion Paragraph, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof don not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

**Basis for Adverse Opinion**

a) The financial statements of the company for the year ended June 30, 2018 as disclosed in note 1.1 to the financial Statements reflect loss after taxation of Rs. 185.045 (2017: Rs. 123.385) million and as of that date it has accumulated losses of Rs. 561.845 (2017: Rs. 421.464) million and its current liabilities exceeded its current assets by Rs. 532.746 (2017: Rs. 406.746) million without providing markups of Restructured and other liabilities and as refer in below para (b). The operations of the company were closed from August 2016 due to working capital constraints. Furthermore, the company defaulted in repayments of installments of restructured long term liabilities and short term finance facilities have expired and not been renewed by banks, hence as per the terms of the restructuring under clause 10.2 of the compromise agreement the entire restructured debt amounting to Rs. 104.008 million along with mark up of Rs. 137.368 million (eligible for waiver outstanding as of date of restructuring) have immediately become payable therefore provision for markup should be made in these financial statements. Moreover, certain lenders are in litigation with the company, the aggregate suit amount is Rs.275.008 million (the company have also not provide markup on the same Loan). Further, one of the lender have also filed winding up petition as disclosed in note 12.2 to the financial statements. These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.

b) In addition to above, since the proposal, has not been accepted so far and the lenders, instead of the accepting the restructuring Proposal, have preferred to filed suit against the company, therefore the provision of mark up should be made in the financial statements. Had the provisions for the mark up, as discussed in preceding paragraphs, been made in these financial statements, the loss after taxation would have been higher by Rs. 23.752 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 385.233 million.

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Key Audit Matters**

Except for the matter described in the Basis for Adverse Opinion section, we have determined, Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

| S.No. | Key Audit Matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | As stated in note 3.1 and 3.2 to the annexed financial statements, the fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time and investment in associated Company valued on equity method as required by IAS 28 for the preparation of these annexed financial statements.<br><br>The Companies Act, 2017 has also brought certain changes with regard to preparation and presentation of the annual financial statements of the Company.<br><br>As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements which are included in notes 3.7, 5, 11, 13.3, 14, 28.1, 29, 33 and 35 (ii) to the annexed financial statements.<br><br>In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Companies Act, 2017, we considered it as a key audit matter. | We reviewed and understood the requirements of the fourth schedule to the Companies Act, 2017. Our audit procedures included the following:<br><br>• Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.<br><br>• Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.<br><br>• Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made. |
| 2. | **Contingencies**<br>The Company is subject to material litigations involving different courts pertaining to GID Cess and Recovery of Loans by Financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations.<br><br>Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters.<br><br>The details of contingencies along with management's assessment and the related provisions are disclosed in note 12 to the financial statements. | In response to this matter, our audit procedures included:<br><br>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.<br><br>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.<br><br>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.<br><br>The disclosures of legal exposures and provisions were assessed for completeness and accuracy |

| 3. | Valuation of Trade Debts | How the matter was addressed in our audit |
|---|---|---|
| | Refer to note 17 to the financial Statements and accounting Policy in note 3.10 to the financial statements<br><br>The company has Significant balance of trade debts. Provision against doubt trade debts is based on management judgment to determine the appreciate level of Provision against balances which may not ultimately be recovered.<br><br>We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts. | Our audit Procedure to assess the valuation of trade debts amongst others, include the following:<br><br>Obtaining an understanding of the managements basis for the determination of the provision required at the year end and the receivables collection process;<br><br>For a sample trade debts, tasted and adequacy of the provision for the doubtful debts recorded against the trade debts why taking into account the aging of receivable at year end and cash receivable after year end as well as assessing the judgment made by the management in relation to the credit worthiness of the debtors.<br><br>Testing the accuracy of the data on assemble basis extract from the company accounting systems which is used the calculate the aging of trade receivable; and<br><br>Assessing the historical accuracy of provisions for doubtful debts recorded by examining the utilization or release of previously recorded provisions. |

**Responsibilities of Management and Board of Directors for the Financial Statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan and requirements of companies Act 2017 (XIX of 2017, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors are responsible for overseeing the company's financial reporting process.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

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

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

**Report on Other Legal and Regulatory Requirements**
Based on our audit except for the matter discussed in basis for adverse opinion section, we further report that in our opinion:

(a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and however the same are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Feroze Sharif Tariq & Co.

Dated: September 28, 2018
Place : Karachi:

Chartered Accountants

# STATEMENT OF FINANCIAL POSITION
## AS AT JUNE 30, 2018

| | Notes | June 30, 2018 | June 30, 2017 ( Restated ) | June 30, 2016 ( Restated ) |
|---|---|---|---|---|
| | | | ( Rupees ) | |
| **EQUITY AND LIABILITIES** | | | | |
| **CAPITAL & RESERVES** | | | | |
| **Authorized** | | | | |
| 15,000,000 (June 30, 2018: 15,000,000) ordinary shares of Rs. 10/- each | | **150,000,000** | 150,000,000 | 150,000,000 |
| Issued, subscribed and paid-up capital | 4 | **96,107,590** | 96,107,590 | 66,107,590 |
| Advance against issue of shares | | **--** | -- | 30,000,000 |
| Revenue reserves | | **(561,844,639)** | (421,464,564) | (331,845,946) |
| Revaluation surplus on property plant and equipment (Capital reserve) | 5 | **480,188,569** | 519,250,653 | 234,211,128 |
| | | **14,451,520** | 193,893,679 | (1,527,228) |
| Long Term Loan | 6 | **47,268,969** | 51,071,154 | 69,878,316 |
| **Deferred Liabilities** | | | | |
| Provision for staff gratuity | 7 | **17,295,063** | 17,295,063 | 16,069,913 |
| Deferred taxation | 8 | **148,947,781** | 173,692,957 | 90,921,350 |
| | | **166,242,844** | 190,988,020 | 106,991,263 |
| Trade and other payables | 9 | **184,061,195** | 185,994,446 | 198,721,114 |
| Mark-up accrued on loans | | **62,933,456** | 54,934,430 | 45,713,701 |
| Short term borrowings | 10 | **300,130,923** | 300,130,923 | 292,772,515 |
| Unclaimed dividend | | **334,741** | 334,741 | 334,741 |
| Current and over due portion of syndicated long term Loan | | **104,007,672** | 96,578,525 | 74,291,171 |
| Provision for income tax | 11 | **6,006,817** | 13,172,950 | 12,811,750 |
| | | **657,474,804** | 651,146,015 | 624,644,992 |
| **Contingencies and Commitments** | 12 | **--** | -- | -- |
| | | **885,438,137** | 1,087,098,868 | 799,987,343 |
| Property, plant and equipment | 13 | **757,818,299** | 839,808,014 | 492,185,303 |
| Long term investment | 14 | **--** | -- | -- |
| Long term deposits | | **2,891,075** | 2,891,075 | 26,449,435 |
| **CURRENT ASSETS** | | | | |
| Stores, spares and loose tools | 15 | **18,428,608** | 18,428,608 | 19,074,993 |
| Stock-in-Trade | 16 | **69,530,284** | 136,346,218 | 155,716,375 |
| Trade debts | 17 | **8,466,929** | 52,729,382 | 70,788,264 |
| Loans and advances | 18 | **427,508** | 1,815,752 | 6,763,268 |
| Statutory balances and other receivables | 19 | **10,185,522** | 17,141,532 | 10,711,107 |
| Income tax refunds and advances | | **16,165,214** | 16,120,954 | 16,035,556 |
| Cash and bank balances | 20 | **1,524,698** | 1,817,333 | 2,263,042 |
| | | **124,728,763** | 244,399,779 | 281,352,605 |
| | | **885,438,137** | 1,087,098,868 | 799,987,343 |

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

***Note:** Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.*

| | | |
|---|---|---|
| **Haroon Iqbal** | **S.M. Raza** | **Imran Ahmed Javed** |
| Chairman Board of Directors | Chief Financial Officer | Director |

# STATEMENT OF PROFIT OR LOSS
## FOR THE YEAR ENDED JUNE 30, 2018

| | Notes | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees ) | |
| **Sales - net** | **21** | **--** | 36,119,997 |
| **Cost of sales** | **22** | **(93,676,471)** | (134,871,640) |
| **Gross ( loss)** | | **(93,676,471)** | (98,751,643) |
| **Operating Expenses** | | | |
| Distribution cost and selling expenses | **23** | **--** | (1,989,000) |
| Administrative and general expenses | **24** | **(103,466,023)** | (22,225,891) |
| | | **(103,466,023)** | (24,214,891) |
| **Operating (loss)** | | **(197,142,494)** | (122,966,534) |
| Finance cost | **25** | **(14,210,974)** | (15,448,870) |
| Other Income | **26** | **--** | 220,993 |
| | | **(14,210,974)** | (15,227,877) |
| **Loss before taxation** | | **(211,353,468)** | (138,194,411) |
| **Taxation** | | | |
| - Current | | **--** | (361,200) |
| - Prior | | **7,166,133** | -- |
| - Deferred | | **19,142,178** | 15,170,468 |
| | | **26,308,311** | 14,809,268 |
| **Loss after taxation** | | **(185,045,157)** | (123,385,143) |
| **Loss per share - basic and diluted** | **27** | **(19.25)** | (13.07) |

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

***Note:*** *Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.*

| | | |
|---|---|---|
| **Haroon Iqbal** | **S.M. Raza** | **Imran Ahmed Javed** |
| Chairman Board of Directors | Chief Financial Officer | Director |

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

| | June 30, 2018 | June 30, 2017 |
|---|---|---|
| | (Rupees ) | |
| **(Loss) for the period** | **(185,045,157)** | (123,385,143) |
| Other comprehensive income: | | |
| Revaluation during the year | -- | 416,748,125 |
| Related deferred tax | -- | (110,190,296) |
| | -- | 306,557,829 |
| Effect of change in tax rates on balance of revaluation on property, plant and equipment | 5,602,998 | 12,248,221 |
| **Total comprehensive (loss)** | **(179,442,159)** | **195,420,907** |

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

***Note:*** *Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.*

**Haroon Iqbal**
Chairman Board of Directors

**S.M. Raza**
Chief Financial Officer

**Imran Ahmed Javed**
Director

# STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 2018

| | Notes | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees ) | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| (Loss) before Taxation | | **(211,353,468)** | (138,194,411) |
| **Adjustment for Non-Cash and Other Items:** | | | |
| Depreciation | | **82,254,715** | 69,040,375 |
| Gain on disposal of Fixed assets | | **--** | (220,993) |
| Provision for gratuity | | **--** | 1,225,150 |
| Provision for doubtful debts | | **24,685,328** | 7,265,348 |
| Provision for obsolescence of stocks | | **66,817,311** | -- |
| Finance Cost | | **14,210,974** | 15,448,870 |
| | | **187,968,328** | 92,758,750 |
| | | **(23,385,140)** | (45,435,661) |
| **Working Capital Charges** | | | |
| **(Increase) / Decrease in Current Assets** | | | |
| Stores, spares and loose tools | | **--** | 646,386 |
| Stock-in-trade | | **(1,377)** | 19,370,157 |
| Trade debts | | **19,577,125** | 10,793,534 |
| Loans and advances | | **1,388,244** | 4,947,516 |
| Trade deposits, prepayments & statutory balances | | **6,956,010** | (6,430,425) |
| **Increase / (Decrease) in Current Liabilities** | | | |
| Trade creditors, payables and other borrowings | | **(1,933,251)** | (12,726,668) |
| | | **25,986,751** | 16,600,500 |
| Taxes paid | | **(44,260)** | (85,399) |
| | | **(44,260)** | (85,399) |
| **Net Cash Inflow/ (Outflow) from Operating Activities** | | **2,557,351** | (28,920,560) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Long term deposit | | **--** | 23,558,360 |
| Sale proceeds of fixed assets | | **--** | 306,032 |
| Fixed capital expenditure | | **(265,000)** | - |
| **Net Cash Inflow/ (Outflow) from Investing Activities** | | **(265,000)** | 23,864,392 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Finance cost paid | | **(2,584,986)** | (2,747,949) |
| **Net Cash Inflow/ (Outflow) from Financing Activities** | | **(2,584,986)** | (2,747,949) |
| **Net Increase /(Decrease) in Cash and Cash Equivalents** | | **(292,635)** | (7,804,117) |
| Cash and cash equivalents at the beginning of the period | | **(298,313,590)** | (290,509,473) |
| Cash and cash equivalents at the end of the period | **31** | **(298,606,225)** | (298,313,590) |

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

***Note:*** *Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.*

| | | |
|---|---|---|
| **Haroon Iqbal** | **S.M. Raza** | **Imran Ahmed Javed** |
| Chairman Board of Directors | Chief Financial Officer | Director |

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED JUNE 30, 2018

| | Issued, subscribed and paid-up capital | Advance against issue of shares | Revenue Reserves | | Capital Reserves | | Total |
|---|---|---|---|---|---|---|---|
| | | | General Reserve | Accumulated Loss | Unrealized gain/(loss) due to change in fair value of investment | Revaluation Surplus on property, plant & equipment | |
| | ----------------------------------- (Rupees) ----------------------------------- | | | | | | |
| **Balance as on July 01, 2016 - as reported** | 66,107,590 | 30,000,000 | 135,000,000 | (417,780,576) | 20,336,305 | -- | (166,336,681) |
| Effect of change in accounting policy (note 3.1) | | | | (49,065,370) | (20,336,305) | -- | (69,401,675) |
| Effect of change in accounting policy (note 3.2) | | | | | | 234,211,128 | 234,211,128 |
| **Balance as on July 01, 2016 - as restated** | 66,107,590 | 30,000,000 | 135,000,000 | (466,845,946) | - | 234,211,128 | (1,527,228) |
| Share issued during the period | 30,000,000 | (30,000,000) | | | | | |
| Other comprehensive income for the period: | | | | | | | -- |
| Loss for the period | -- | -- | -- | (123,385,143) | -- | -- | (123,385,143) |
| Other comprehensive income for the period | -- | -- | -- | | -- | 318,806,050 | 318,806,050 |
| | -- | -- | -- | (123,385,143) | -- | 318,806,050 | 195,420,907 |
| Transfer to accumulated loss in respect of | | | | | | | -- |
| incremental depreciation - net of tax | -- | -- | -- | 33,766,525 | -- | (33,766,525) | -- |
| **Balance as on June 30, 2017 - restated** | **96,107,590** | **--** | **135,000,000** | **(556,464,564)** | **--** | **519,250,653** | **193,893,679** |
| **Balance as on July 01, 2017 - restated** | **96,107,590** | **--** | **135,000,000** | **(556,464,564)** | **--** | **519,250,653** | **193,893,679** |
| Other comprehensive loss for the period: | | | | | | | |
| Loss for the period | -- | -- | -- | (185,045,157) | -- | -- | **(185,045,157)** |
| Other comprehensive income for the period | -- | -- | -- | -- | -- | 5,602,998 | **5,602,998** |
| | -- | -- | -- | (185,045,157) | -- | 5,602,998 | (179,442,159) |
| Transfer to accumulated loss in respect of | | | | | | | **--** |
| incremental depreciation - net of tax | -- | -- | -- | 44,665,082 | -- | (44,665,082) | **--** |
| **Balance as on June 30, 2018** | **96,107,590** | **--** | **135,000,000** | **(696,844,639)** | **--** | **480,188,569** | **14,451,520** |

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

***Note:*** *Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.*

| Haroon Iqbal | S.M. Raza | Imran Ahmed Javed |
|---|---|---|
| Chairman Board of Directors | Chief Financial Officer | Director |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 2018

**1 Corporate Information**

Dewan Khalid Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on April 03, 1978, under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and its shares are listed in Pakistan Stock Exchange Limited. The registered office of the company is located at Finance & Trade Center, Block A, 8th Floor, Shahrah-e-Faisal, Karachi, Pakistan; while its manufacturing facilities are located at G-11, S.I.T.E., Kotri, Sindh, Pakistan. The Principal activity of the Company is trading, manufacturing and sale of yarn, however operations are suspended since August, 2016.

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

**1.1 Going Concern Assumption**

The financial statements of the company for the year ended 2018 reflect that company has sustained a net loss after taxation of Rs.185.045 million (2017: Rs.123.385 million) and as of that date company has negative reserves of Rs. 561.845 million which have eroded its equity. Further the company's short term borrowing facilities have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company due to lesser market demand and adverse factors being faced by the overall textile industry in the country. As a result the Company, for the time being, has suspended its manufacturing operations since August 2016. Accordingly, the entire restructured liabilities along with markup eligible for waiver (as disclosed in note 10.1 to the financial statements) have become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 25.1 to the financial statements, for which the management concludes that provisioning of mark up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

**2.2 Basis of measurement**

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

**2.3 Standards, interpretations and amendments applicable to financial statements**

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

**2.3.1 New standards, interpretations and amendments**

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

- lAS 7 - Statement of Cash Flows- Disclosure Initiative - (Amendment)
- lAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any effect on the financial statements.

**2.3.2 Amendments to approved accounting standards and interpretations which are effective during the year ended 30 June 2018**

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (note 13), treatment of surplus on revaluation of fixed assets (note 5), management assessment of sufficiency of tax provision in the financial statements (note 11), change in threshold for identification of executives (note 28), additional disclosure requirements for related parties (note 29) etc.

The other amendments to published standards and interpretations that were mandatory for the Company's financial year ended 30 June 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

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

The following 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)** |
|---|---|
| IFRS 2 - Share Based Payments- Classification and Measurement of Share Based Payment Transactions (Amendments) | 1 January 2018 |
| IFRS 9- Financial Instruments | 1 July 2018 |
| IFRS 9- Prepayment Features with Negative Compensation- (Amendments) | 1 January 2018 |
| IFRS 10- Consolidated Financial Statements and lAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment) | Not yet finalized |

| **Standard or interpretation** | **Effective date (annual periods beginning on or after)** |
|---|---|
| IFRS 15- Revenue from Contracts with Customers | 1 July 2018 |

| | |
|---|---|
| IFRS 16- Leases | 1 January 2019 |
| IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts- (Amendments) | 1 January 2018 |
| lAS 40- Investment Property: Transfers of Investment Property (Amendments) | 1 January 2018 |
| lAS 19- Plan Amendment, Curtailment or Settlement (Amendments) | 1 January 2019 |
| lAS 28- Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| IFRIC 22- Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| IFRIC 23- Uncertainty over Income Tax Treatments | 1 January 2019 |

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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

| **Standard** | **IASB Effective date (annual periods beginning on or after)** |
|---|---|
| IFRS 14- Regulatory Deferral Accounts | 1 January 2016 |
| IFRS 17- Insurance Contracts | 1 January 2021 |

**2.4 Functional and presentation currency**

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

**2.5 Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are as follows:

**2.5.1 Operating fixed assets, revaluation and depreciation**

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

**2.5.2 Trade debts**

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

**2.5.3 Income tax**

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

**2.5.4 Stock in trade**

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

**2.5.5 Stores and spares**

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

**3 Summary of Significant Accounting Policies**

Except for the changes as described in note 3.1 and 3.2 below, The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

**3.1 Change in accounting policy for Investment in Associate**

Company has changed its accounting policy for investments in associated company, which were previously classified as available for sale with changes in fair values taken to other comprehensive income, the same are now being classified using equity basis of accounting as follows:

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

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the carrying amount of investments would have been Rs.28.406 million (2017:Rs.131.379 million), shareholders' equity would have been higher by same amounts and other comprehensive loss would have been higher by Rs.102.973 million (2017: lower by Rs.61.977 million).

**3.2 Change in accounting policy for revaluation surplus on property, plant and equipment**

Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance 1984. Further, the revaluation of property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance 1984.

However, in the Companies Act 2017 the above mentioned specific accounting and presentation requirements of surplus on revaluation of property, plant and equipment have not been carried forward. This change has impacted the accounting policy of the company related to surplus on revaluation of property, plant and equipment, and now the Company is following the accounting treatment and presentation of surplus on revaluation of property, plant and equipment, prescribed in IAS-16 'Property, plant and equipment' as follows:

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

The change in accounting policy has been applied retrospectively, and comparative figures have been restated. Had the policy not been changed, the shareholders' equity would have been lower by Rs.491.355 million (2017:Rs.519.251 million and as of July 01, 2016: Rs.234.211 million), the comprehensive income for comparative period would have been lower by Rs.306.558 million.

**3.3 Post Employment Benefits**

***Defined Benefit Plan***

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

***Defined Contribution Plan***

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

**3.4 Trade and Other Payables**

Trade and other payables are stated at their costs.

**3.5 Taxation**

**Current Year**

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

**Deferred**

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

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

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

**3.6 Property, Plant and Equipment**

**- Owned**

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

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

**- Leased**

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

**- Depreciation**

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

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

**- Repairs, renewals and maintenance**

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

**Intangible assets**

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

**Leases**

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

**3.7 Investment in Associate**

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

**3.8 Stores, Spares and Loose Tools**

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the weighted average cost. Items in transit are stated at cost accumulated up to the date of the balance sheet.
Provision is made for any slow moving and obsolete items.

**3.9 Stock-in-Trade**

**These are valued as follows :**

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

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

**3.10 Trade Debts & Other Receivables**

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

**3.11 Foreign Currency Translation**

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

**3.12 Revenue Recognition**

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

**3.13 Borrowing Cost**

Borrowing Costs are recognized initially in fair value net of transaction costs incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

**3.14 Provisions**

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

**3.15 Financial Instruments**

**Recognition**

All 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 are taken to profit and loss account to which it arises.

**Off Setting**

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

**Derivatives**

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positives and liabilities when fair value is negative.

**3.16 Cash and Cash Equivalents**

Cash and Cash Equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finances facilities availed by the company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

**3.17 Impairment of Assets**

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down and that impairment losses are recognized in the profit and loss account.

**3.18 Related Party Transactions**

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

**3.19 Loans, Advances and Other Receivables**

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/ residual cost.

**3.20 Short Term and Long Term Loans**

Short Term and Long Term Loans are recognized initially at cost and subsequently measured at amortized cost.

**3.21 Dividend and appropriation to reserves**

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

| | 2018 | 2017 |
|---|---|---|
| | (Rupees ) | |
| **4 Issued, Subscribed and Paid-up Capital** | | |
| 5,728,300 ( 2017: 5,728,300) Ordinary Shares of Rs. 10/- each fully paid in cash | **55,283,000** | 57,283,000 |
| 3,882,459 ( 2017: 3,882,459) Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares | **38,824,590** | 38,824,590 |
| | **96,107,590** | 96,107,590 |

**4.1** The shareholders are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the company. All shares rank equally in respect to the company's residual assets.

**4.2** The pattern of shareholding, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, is attached at the end of this report.

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

| **5 Surplus on revaluation of property plant and equipment** | | |
|---|---|---|
| Balance at beginning | **519,250,653** | 234,211,128 |
| Surplus arising on revaluation of Property, Plant and Equipments during the year | **-** | 416,748,125 |
| Related deferred tax | **-** | (110,190,296) |
| Effect of change in tax rates | **5,602,998** | 12,248,221 |
| **Transferred to accumulated loss:** | | |
| - Surplus relating to incremental depreciation - net of deferred tax | **(44,665,082)** | (33,766,525) |
| | **480,188,569** | 519,250,653 |

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

***Land***

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

***Building***

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

***Plant and Machinery***

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

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

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

| | | Notes | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees ) | |
| **6** | **Long term loans** | | | |
| | Syndicated Long Term Loan - Secured | **6.1** | **-** | 7,429,147 |
| | Sponsor loan | **6.2** | **47,268,969** | 43,642,007 |
| | | | **47,268,969** | 51,071,154 |

| | | 2018 | 2017 |
|---|---|---|---|
| **6.1** | **Syndicated Long Term Loan - Secured** | | |
| | Syndicated Long Term Loan | **104,007,672** | 104,007,672 |
| | Payments during the period | **-** | - |
| | . | **104,007,672** | 104,007,672 |
| | Current portion of syndicated Long term loan | **7,429,118** | 29,716,469 |
| | Over due portion of syndicated Long term loan | **96,578,554** | 66,862,056 |
| | | **-** | 7,429,147 |

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

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

| | | 2018 | 2017 |
|---|---|---|---|
| **6.2** | **Sponsor loan** | | |
| | Sponsor Loan- Unsecured | **55,452,217** | 55,452,217 |
| | Unwinding interest | **3,626,962** | 3,480,192 |
| | Present value adjustment | **(11,810,210)** | (15,290,402) |
| | Present Value of Sponsor loan | **47,268,969** | 43,642,007 |

**6.2.1** This represents unsecured interest free loan payable to sponsor against liabilities of a bank assumed by the sponsor. The Sponsor loan has been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of 8.01% per annum. This interest free loan is payable on 30th June 2020.

| | | 2018 | 2017 |
|---|---|---|---|
| **7** | **Provision for Staff Gratuity** | | |
| | Balance at beginning | **17,295,063** | 16,069,913 |
| | Payments during the year | **--** | - |
| | | **17,295,063** | 16,069,913 |
| | Charge for the year | **--** | 1,225,150 |
| | | **17,295,063** | 17,295,063 |
| **8** | **Deferred Taxation** | | |
| | Credit balance arising due to: | | |
| | - accelerated tax depreciation | **24,515,998** | 24,142,268 |
| | - revaluation on property plant & equipment | **148,947,781** | 173,692,957 |
| | Debit balance arising due to | | - |
| | - staff gratuity | **(5,188,519)** | (5,361,469) |
| | - carried over losses and provisions | **(226,921,505)** | (160,989,657) |
| | | **(58,646,245)** | 31,484,099 |
| | Deferred tax asset not recognized | **(207,594,026)** | (142,208,858) |
| | | **148,947,781** | 173,692,957 |

| | | Notes | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees ) | |
| 9 | **Trade and Other Payables** | | | |
| | Creditors | 9.1 | **128,984,893** | 130,625,406 |
| | Accrued Expenses | | **53,647,202** | 53,965,856 |
| | Provident Fund | 9.2 | **365,608** | 339,692 |
| | Sale tax payable | | **1,063,492** | 1,063,492 |
| | | | **184,061,195** | 185,994,446 |

**9.1** This includes Rs. 120.550 million ( 2017: Rs. 122 million ) payable to associated undertaking.

**9.2 General Disclosures**

Provident fund related disclosures are based on un-audited accounts of fund:

| | | 2018 | 2017 |
|---|---|---|---|
| Size of the fund | | **19,357,781** | 19,550,125 |
| Cost of investments | | **17,248,014** | 17,883,866 |
| Fair value of investments | | **17,738,622** | 18,223,558 |
| Percentage of investments | | **89%** | 91% |

**9.3 The breakup of fair value**

| | | 2018 | 2017 |
|---|---|---|---|
| Term Deposit Receipts | **13%** | **2,500,000** | - |
| Bank balance | **78%** | **15,113,822** | 17,833,866 |
| Total | | **17,613,822** | 17,833,866 |

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

| | | Notes | 2018 | 2017 |
|---|---|---|---|---|
| 10 | **Short Term Borrowings - Secured** | | | |
| | Short term Running Finance | 10.1 & 10.2 | **257,162,900** | 257,162,900 |
| | Short term Loan | 10.3 | **35,483,023** | 35,483,023 |
| | Sponsor Loan | 10.5 | **7,485,000** | 7,485,000 |
| | | | **300,130,923** | 300,130,923 |

**10.1** The company has facilities for short term running finances under mark-up arrangements amounting to Rs. 140 million (2017: Rs. 140 million) from banks. The facility carries mark-up at the rate of 1 month KIBOR + 2.5%p.a (2017: 1 month KIBOR + 2.5%p.a). These facilities are secured against hypothecation charge on stocks-in-trade and trade debts. These facilities are generally for twelve months renewable at the end of the period. The mark-up on running finance facilities is payable on a quarterly basis. This financing arrangement have expired and not been renewed by the bank.

**10.2** The facility for short term loan under mark up arrangement obtained from bank against available limit of Rs.100 million (2017: Rs. 100 million) at markup rate of KIBOR + 3% (2017: KIBOR + 3%) payable quarterly in arrears. The facility is secured by way of hypothecation of stock in trade, book debts and other current assets of the company. This financing arrangement have expired and not been renewed by the bank for six years.

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

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

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

| | | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees ) | |
| **11** | **Provision for Taxation** | | |
| | Balance at the beginning | **13,172,950** | 12,811,750 |
| | Add: Provision for the year | **-** | 361,200 |
| | | **13,172,950** | 13,172,950 |
| | Payment / adjustment during the year | **7,166,133** | - |
| | | **6,006,817** | 13,172,950 |

Income tax returns of the company have been filed up to tax year 2017 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001. On account of closure of operation, no tax provision has been made in these financial statements, the comparison of tax provision as per accounts viz a viz tax assessments for last three years is as follows:

| | **Provision** | **Deemed Assessment** |
|---|---|---|
| Tax Year 2017 | **361,200** | 361,200 |
| Tax Year 2016 | **--** | -- |
| Tax Year 2015 | **7,166,133** | -- |

Tax year 2014 has been selected for audit u/s 177 of the Income Tax Ordinance, 2001, the proceedings of which are in process.

**11.1 Relationship between income tax expense and accounting profit**

| | | |
|---|---|---|
| Accounting Loss as per accounts | **(211,353,468)** | (138,194,411) |
| Applicable tax rate | **30%** | 31% |
| Tax payable / refundable on accounting profit / (loss) | **(63,406,040)** | (42,840,267) |
| Tax effect of timing difference on depreciation | **21,701,005** | 17,856,760 |
| Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account | **8,930,562** | 4,084,438 |
| Effect of Loss carried / (brought) forward | **32,774,473** | 20,899,069 |
| Tax payable under normal rules | **-** | - |
| Minimum tax payable under Income Tax Ordinance, 2001 | **-** | 361,200 |

**12 Contingencies and Commitments**

**12.1** The restructuring Proposal has been accepted by the banks/ financial institutions, except as mentioned in note 12.2, and decreed by Honorable High court of Sindh, Karachi in terms of the Compromise Agreement dated December 23, 2011 as fully Explained in note 6 and 10 to the financial statements.

**12.2** Some of the banks covering suit amounting to Rs 275.008 million has not yet accepted the restructuring proposal and had also one of the bank has filed a winding up petition under section 305 of the Companies Ordinance, 1984. Bank's claim is highly exaggerated as it had charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and other applicable laws of Pakistan. The management of the Company is quite hopeful that the bank will also accept restructuring proposal in near future.

**12.3** As per the terms of the restructuring (refer to no. 6.1.1) the markup outstanding up to the date of Restructuring is Rs. 137.368 million, which the company would be liable to pay in the event of default of the term of agreement. The Company has defaulted in repayment of liability, however has approached the lenders for further restructuring as detailed in note 6.1.2 to the financial statements. Since the restructuring is in advanced stage therefore management is confident that this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

12.4 In 2014-15, the Government of Pakistan has promulgated the Gas Infrastructure Development Cess Ordinance 2014 against which the Company has filed suit in the Honorable Sindh High Court and the Honorable Sindh High Court had issued stay against the recovery of GIDC. Last year the Honorable Court decided the case in favor of company and directed to refund / adjust in bills the amounts already collected, against which the Sui Southern Gas Company Limited has filed appeal in Honorable Court. The management is confident that the case will be decided in favour of the Company hence no provision in this respect is made in these Financial Statements.

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

| | Notes | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees ) | |
| **13 Property, Plant and equipment** | | | |
| Operating Assets | 13.1 | **757,818,299** | 839,808,014 |
| | | **757,818,299** | 839,808,014 |

## 13.1 Operating Assets

**June 30, 2018**

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

**June 30, 2017**

| | Cost / Revaluation | | | | | Depreciation | | | | Written Down |
|---|---|---|---|---|---|---|---|---|---|---|
| Particulars | As at July 2016 | Additions | (Deletions) | As at JUNE 2017 | Rate % | As at July 2016 | Adjustments / Transfer | For the period | As at June 2017 | Value as at June 2017 |
| **OWNED** | RUPEES | | | | | RUPEES | | | | |
| Lease Hold Land | 73,000,000 | 61,295,556 | -- | 134,295,556 | 0 | 3,476,190 | -- | 2,131,675 | 5,607,866 | 128,687,690 |
| Factory Building | 128,498,673 | 81,833,704 | -- | 210,332,377 | 10 | 65,949,309 | -- | 10,346,622 | 76,295,931 | 134,036,446 |
| Non Factory Building | 24,157,690 | 15,274,824 | -- | 39,432,514 | 10 | 12,983,189 | -- | 1,881,191 | 14,864,380 | 24,568,134 |
| Labour Quarters | 69,230,316 | 45,837,625 | -- | 115,067,941 | 25 | 53,575,430 | -- | 9,643,425 | 63,218,855 | 51,849,086 |
| Plant and Machinery | 839,891,391 | 209,127,506 | -- | 1,049,018,897 | 10 | 523,222,101 | -- | 42,123,304 | 565,345,405 | 483,673,492 |
| Electric Installation | 5,760,815 | -- | -- | 5,760,815 | 15 | 5,721,174 | -- | 5,946 | 5,727,120 | 33,695 |
| Power House | 27,658,382 | 3,378,910 | -- | 31,037,292 | 10 | 21,861,550 | -- | 748,629 | 22,610,179 | 8,427,113 |
| Factory and Office Equipmts | 5,976,146 | -- | -- | 5,976,146 | 10 | 4,149,876 | -- | 182,627 | 4,332,503 | 1,643,643 |
| Vehicles | 30,844,620 | -- | (646,500) | 30,198,120 | 20 | 28,581,241 | (561,461) | 452,676 | 28,472,456 | 1,725,664 |
| Furniture and Fixture | 6,284,082 | | -- | 6,284,082 | 10 | 5,300,396 | | 98,369 | 5,398,765 | 885,317 |
| **Intangible Assets** | -- | | | | | -- | | - | | |
| Software Development | 5,825,000 | | -- | 5,825,000 | 25 | 121,354 | -- | 1,425,911 | 1,547,265 | 4,277,735 |
| **June 30' 2017** | **1,217,127,115** | **416,748,125** | **(646,500)** | **1,633,228,740** | | **724,941,811** | **(561,461)** | **69,040,375** | **793,420,726** | **839,808,014** |

**13.2 Allocation of Depreciation**

| | 2018 | 2017 |
|---|---|---|
| | (Rupees ) | |
| Cost of Sales | **80,364,800** | 67,063,419 |
| Administrative and General Expenses | **433,665** | 551,045 |
| | **80,798,465** | 67,614,464 |

**13.3** Immovable property (i.e. leasehold land and factory building, non-factory building and labour quarters thereon) is situated at S.I.T.E. Kotri, District Jamshoro having accumulated area of 25 acres.

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

| | 2018 | 2017 |
|---|---|---|
| Lease hold land | **1,520,712** | 1,546,931 |
| Factory building on lease hold land | **24,653,898** | 27,393,220 |
| Non - factory building | **2,903,926** | 3,226,584 |
| Labour Quarters | **446** | 595 |
| Plant & machinery | **100,470,609** | 111,634,010 |
| | **129,549,591** | 143,801,340 |

**14 Long Term Investment**

**Investment in associate**

| | 2018 | 2017 |
|---|---|---|
| Dewan Salman Fibre Limited | -- | -- |

**14.1** Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship, member of yousuf dewan companies and its ownership interest of 28.47% in investee company.

**14.2 Investment in Dewan Salman Fibre Limited - at equity method**

| | 2018 | 2017 |
|---|---|---|
| Number of shares held | **32,279,849** | 32,279,849 |
| Cost of investment (Rupees) | **40,000,000** | 40,000,000 |
| Fair value of investment (Rupees) | **28,406,267** | 131,378,985 |
| Ownership interest | **8.81%** | 8.81% |

**14.3** Summarised financial information of associated company

| | 2018 | 2017 |
|---|---|---|
| Total assets | **10,023,571,000** | 10,973,763,000 |
| Total liabilities | **20,188,204,000** | 20,002,313,000 |
| Net assets | **(10,164,633,000)** | (9,028,550,000) |
| Company's share of net assets | **(895,504,167)** | (795,415,255) |
| Revenue | **--** | -- |
| Loss for the year | **(1,182,607,000)** | (650,034,000) |

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

**15 Stores, Spares & Loose Tools**

| | 2018 | 2017 |
|---|---|---|
| Stores and Spares | **16,731,177** | 16,731,177 |
| Packing Material | **1,697,431** | 1,697,431 |
| | **18,428,608** | 18,428,608 |

**16 Stock-in-Trade**

| | 2018 | 2017 |
|---|---|---|
| Raw Materials | **32,431,351** | 32,431,351 |
| Finished Goods | **103,916,244** | 103,914,867 |
| | **136,347,595** | 136,346,218 |
| Provision for slow moving and obsolescence | **(66,817,311)** | -- |
| | **69,530,284** | 136,346,218 |

**16.1** Stocks valuing Rs. 47.410 million (2017: Rs.47.410 million) was pledged with the banks against the restructured finance facilities obtained by the Company.

| | | Notes | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees ) | |
| **17** | **Trade Debts - Considered Good** | | | |
| | Local Receivables - Unsecured | | **8,466,929** | 52,729,382 |
| | Considered doubtful | | **49,075,887** | 24,390,559 |
| | | | **57,542,816** | 77,119,941 |
| | Provision for doubtful debts | **17.1** | **(49,075,887)** | (24,390,559) |
| | | | **8,466,929** | 52,729,382 |
| | **17.1** Provision for doubtful debts | | | |
| | Opening balance | | **24,390,559** | 17,125,211 |
| | Provision during the year | | **24,685,328** | 7,265,348 |
| | | | **49,075,887** | 24,390,559 |
| | **17.2** The aging of Debtors at the reporting date was: | | | |
| | Up to one month | | **-** | - |
| | 1 to 6 months | | **-** | - |
| | More than 6 months | | **8,466,929** | 52,729,382 |
| | | | **8,466,929** | 52,729,382 |
| **18** | **Loans and Advances - Unsecured, Considered Good** | | | |
| | Advance against Supplies | | **215,500** | 1,562,344 |
| | Loans and Advances to employees | | **212,008** | 253,408 |
| | | | **427,508** | 1,815,752 |
| **19** | **Statutory Balances and Other Receivables - Considered good** | | | |
| | Sales Tax Receivable | | **10,185,522** | 10,185,522 |
| | Other receivable | | **--** | 6,956,010 |
| | | | **10,185,522** | 17,141,532 |
| **20** | **Cash and Bank Balances** | | | |
| | Cash in Hand | | **58,912** | 204,565 |
| | Cash at Banks - Current Accounts | | **1,465,786** | 1,612,768 |
| | | | **1,524,698** | 1,817,333 |
| **21** | **Sales - Net** | | | |
| | Yarn - Local | | **-** | 35,465,184 |
| | Waste | | **-** | 1,097,560 |
| | Gross Sales | | **--** | 36,562,744 |
| | Less: Sales Tax | | **--** | (442,747) |
| | | | **--** | 36,119,997 |
| **22** | **Cost of Sales** | | | |
| | Raw Material Consumed | **22.1** | **-** | 11,902,580 |
| | Packing Material Consumed | | **-** | 327,323 |
| | Stores and Spares Consumed | | **-** | 956,507 |
| | Fuel, Power & Water Consumed | | **967,274** | 9,323,446 |
| | Salaries, Wages and Other Benefits | **22.2** | **11,105,569** | 22,564,574 |
| | Insurance | | **611,121** | 1,312,314 |
| | Vehicle Expenses | | **83,480** | 118,422 |
| | Repairs and Maintenance | | **240,732** | 120,994 |
| | Rent, Rates and Taxes | | **304,872** | 26,661 |
| | Depreciation | **13.1** | **80,364,800** | 67,063,419 |
| | | | **93,677,848** | 113,716,240 |
| | Work-in-Process - Opening | | **-** | 1,189,755 |
| | Work-in-Process - Closing | | **-** | - |
| | Cost of Goods Manufactured | | **93,677,848** | 114,905,995 |
| | Finished Goods - Opening | | **103,914,867** | 122,685,087 |
| | Purchase of yarn | | **-** | 1,195,425 |
| | Finished Goods - Closing | | **(103,916,244)** | (103,914,867) |
| | | | **93,676,471** | 134,871,640 |

| | | Notes | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees ) | |
| **22.1** | **Raw Material Consumed** | | | |
| | Opening Stock | | **32,431,351** | 31,841,533 |
| | Purchases - Net | | **--** | 12,492,398 |
| | | | **32,431,351** | 44,333,931 |
| | Closing Stock | | **(32,431,351)** | (32,431,351) |
| | Raw Material Consumed | | **--** | 11,902,580 |

**22.2** Salaries, wages and other benefits include Rs.0.208 million (2017: Rs. 1.701 million) relating to staff retirement benefits.

## 23 Distribution Costs and Selling Expenses

| | Notes | 2018 | 2017 |
|---|---|---|---|
| Salaries, Allowances and Other Benefits | 23.1 | **--** | 1,989,000 |
| | | **--** | 1,989,000 |

**23.1** Salaries, wages and other benefits include Rs. Nil (2017: Rs. 0.101 million) relating to staff retirement benefits.

## 24 Administrative and General Expenses

| | Notes | 2018 | 2017 |
|---|---|---|---|
| Salaries, Allowances and Other Benefits | 24.1 | **6,756,619** | 9,234,544 |
| Travelling, Conveyance and Entertainment | | **145,324** | 194,494 |
| Printing and Stationery | | **380,924** | 401,116 |
| Communication | | **150,058** | 168,577 |
| Vehicles Expenses | | **1,026,884** | 1,123,610 |
| Legal and Professional Charges | | **175,000** | 91,050 |
| Fees and Subscription | | **455,927** | 295,598 |
| Depreciation | 13.1 | **433,665** | 551,045 |
| Amortization of software | | **1,456,250** | 1,425,911 |
| Auditors Remuneration | 24.2 | **500,000** | 500,000 |
| Others | | **482,733** | 974,598 |
| Provision for doubtful debts | | **24,685,328** | 7,265,348 |
| Provision for slow moving and obsolescence of stocks | | **66,817,311** | - |
| | | **103,466,023** | 22,225,891 |

**24.1** Salaries, allowances and other benefits include Rs. 0.208 million (2017: Rs. 0.312 million) relating to staff retirement benefits.

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

## 25 Finance Cost

| | 2018 | 2017 |
|---|---|---|
| Mark-up on Long term Borrowings | **7,965,931** | 9,335,113 |
| Mark-up on Short Term Borrowings | **2,307,509** | 2,247,984 |
| Bank Charges and Commission | **310,572** | 385,581 |
| Unwinding interest | **3,626,962** | 3,480,192 |
| | **14,210,974** | 15,448,870 |

25.1 The company has not provided the markup on long term and short term borrowings from certain banks for the year amounting to Rs. 23.752 million (Up to 2017: Rs. 361.481 million) on the contention of the Company as disclosed in note 12.2 to the Financial Statements. However had the provision been made in the financial statements markup for the year would have been higher by Rs.23.752 million and accrued markup and accumulated loss would have been increased by Rs. 385.233 million.

## 26 Other Income

| | 2018 | 2017 |
|---|---|---|
| Gain on sale of fixed assets | -- | 220,993 |
| | -- | 220,993 |

| | | Notes | 2018 | 2017 |
|---|---|---|---|---|
| | | | (Rupees ) | |

**27 Earning / (Loss) Per Share - Basic**

| | | | |
|---|---|---|---|
| (Loss) after Taxation | Rupees | **(185,045,157)** | (123,385,143) |
| Weighted Average Number of Ordinary Shares | Nos | **9,610,759** | 9,438,156 |
| (Loss) Per Share - Basic | Rupees | **(19.25)** | 13.07 |

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

**28 Remuneration of Chief Executive, Director and Executives**

| | Chief Executive | | Directors | | Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | (Rupees) | | | | | | | |
| Managerial remuneration | -- | -- | -- | -- | -- | 1,758,387 | -- | 1,758,387 |
| Bonus / Commission | -- | -- | -- | -- | -- | -- | -- | -- |
| Staff retirement gratuity | -- | -- | -- | -- | -- | -- | -- | -- |
| Provident fund | -- | -- | -- | -- | -- | -- | -- | -- |
| House rent allowance | -- | -- | -- | -- | -- | 791,274 | -- | 791,274 |
| Utilities | -- | -- | -- | -- | -- | 176,139 | -- | 176,139 |
| Conveyance | -- | -- | -- | -- | -- | -- | -- | -- |
| Others | -- | -- | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | 2,725,800 | -- | 2,725,800 |
| Number of persons | -- | -- | -- | -- | -- | 1 | -- | 1 |

**28.1** Comparative figures of remuneration to executives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

**29 Related Parties Transactions**

Related parties includes associated group companies, directors, executives, key management personals and staff retirement funds. The remuneration of chief executive, directors, executive and key management personal in terms of their employment is disclosed in note 28 to the financial statements.

During the year aggregate transactions made by the company with the related parties were purchases of Rs. Nil (2017: Rs.1.511 million), provident fund contribution of Rs. 0.832 million (2017: Rs.1.778 million)

Purchases in last year were from Dewan Textile Mills Limited, who is associated company on the basis of common directorship, their percentage of shareholding in the company is 0.03%.

**30 Plant Capacity and Production**

| Particulars | 2018 | 2017 |
|---|---|---|
| Actual production at actual average count (Kgs) | - | 116,392 |
| Actual production converted to 20 count (Kgs) | - | 198,338 |
| Attainable capacity converted to 20 count (Kgs) (Annual) | **10,298,087** | 10,298,087 |
| Number of spindles installed | **25,536** | 25,536 |
| Average Number of spindles worked during the year | - | 477 |
| Number of shifts worked during the year | - | 60 |

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

| | Notes | 2018 | 2017 |
|---|---|---|---|
| | | (Rupees ) | |
| **31 Cash and Cash Equivalents** | | | |
| Cash and Bank Balances | **20** | **1,524,698** | 1,817,333 |
| Short term Borrowings | **10** | **(300,130,923)** | (300,130,923) |
| | | **(298,606,225)** | (298,313,590) |

**32 Financial Instruments and Related Disclosures**

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

- Credit risk
- Liquidity risk
- Market risk

**Risk management framework**

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

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

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

**32.1 Credit risk**

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

**The maximum exposure to credit risk at the June 30, 2018 are:**

| | | |
|---|---|---|
| Long term Investments | **--** | -- |
| Trade Debts - Considered Good | **8,466,929** | 52,729,382 |
| Loans and Advances - Unsecured, Considered good | **427,508** | 1,815,752 |
| Trade Deposits, Prepayments and Statutory Balances - Considered good | **10,185,522** | 6,956,010 |
| Cash and Bank Balances | **1,524,698** | 1,817,333 |
| | **20,604,657** | 63,318,477 |

**32.2 Liquidity risk**

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

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

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

| | 2017 | | | | |
|---|---|---|---|---|---|
| | Carrying Amount | Contractual Cash Flow | Six Months or Less | Six to twelve Months | One year |
| | (Rupees) | | | | |
| **Financial Liabilities** | | | | | |
| Syndicated Long Term Loans | 147,649,679 | 174,169,573 | 59,358,678 | 59,358,678 | 55,452,217 |
| Trade & other payables | 186,329,188 | 186,329,188 | 186,329,188 | -- | -- |
| Short term Borrowings | 300,130,923 | 328,643,361 | 328,643,361 | -- | -- |
| Mark-up accrued on Loans | 54,934,430 | 54,934,430 | 54,934,430 | -- | -- |
| **Total** | **689,044,220** | **744,076,552** | **629,265,657** | **59,358,678** | **55,452,217** |

### 32.3 Market risk

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

### 32.4 Currency risk

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

### 32.5 Interest rate risk

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

| | Carrying Amounts | |
|---|---|---|
| | **2018** | 2017 |
| | **(Rupees )** | |
| **Fixed rate instruments** | | |
| **Variable rate instruments** | | |
| Financial assets | **-** | - |
| Financial liabilities | **(396,653,595)** | ( 396,653,595 ) |
| | **(396,653,595)** | ( 396,653,595 ) |

### 32.6 Risk management policies

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

**32.7 Capital risk management**

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

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

| | **2018** | 2017 |
|---|---|---|
| | **(Rupees )** | |
| Total Borrowings | **451,407,564** | 436,942,003 |
| Less Cash and Bank Balances | **(1,524,698)** | (2,263,042) |
| Net debt | **449,882,866** | 434,678,961 |
| Total equity | **14,451,520** | 193,893,679 |
| Total Capital | **464,334,386** | 628,572,640 |
| Gearing ratio | **96.89%** | 69.15% |

**32.8 Fair value of financial instruments**

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

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

**33 Number of Employees**

| | **2018** | 2017 |
|---|---|---|
| Total number of employees at the end of year | **46** | 54 |
| Factory Employees at the end of the year | **39** | 40 |
| Average number of employees | **53** | 70 |
| Average number of factory employees | **44** | 42 |

**34 Date of Authorization to Issue**

These financial statements were authorized for issue on September 28, 2018 by the Board of Directors of the Company.

**35 General**

i) Figures have been rounded off to nearest rupee.

ii) Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. Significant reclassifications and restatements have been mentioned in note 3.1 and 3.2 to the financial statements and reclassification of unclaimed dividend of Rs.0.335 million from trade and other payable to face of the statement of financial position.

***Note:*** *Chief Executive of the Company is presently not available in Pakistan, therefore these financial statements have been signed by two directors duly authorized in this behalf.*

| **Haroon Iqbal** | **S.M. Raza** | **Imran Ahmed Javed** |
|---|---|---|
| Chairman Board of Directors | Chief Financial Officer | Director |

# PATTERN OF SHAREHOLDING THE CODE OF CORPORATE GOVERNANCE AS ON 30TH JUNE 2018

| Srl # | Categories of Shareholders | Number of Shareholders | Number of Shares held | % of Shareholding |
|---|---|---|---|---|
| 1. | **Associated Companies** | 1 | 451,185 | 4.69% |
| 2. | **NIT and ICP** | 5 | 251,891 | 2.62% |
| 3. | **Directors, CEO, their Spouses & Minor Children** | 7 | 3,500 | 0.04% |
| 4. | **Executives** | - | - | 0.00% |
| 5. | **Public Sector Companies & Corporations** | 6 | 2,436 | 0.03% |
| 6. | **Banks, Development Finance lnstitutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds** | - | - | 0.00% |
| 7. | **Individuals** | 702 | 8,901,747 | 92.62% |
| | **TOTAL** | **721** | **9,610,759** | **100.00%** |

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

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

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

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

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

# THE COMPANIES ORDINANCE, 1984

**FORM 34**

(Section 236(1) and 464)

## PATTERN OF SHAREHOLDING

1. Incorporation Number **006194**
2. Name of the Company **DEWAN KHALID TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **30 06 2018**
4.

| Number of Shareholders | Shareholdings | | | | Total Shares held |
|---|---|---|---|---|---|
| 343 | 1 | - | 100 | Shares | 7,520 |
| 183 | 101 | - | 500 | Shares | 51,156 |
| 53 | 501 | - | 1,000 | Shares | 44,701 |
| 83 | 1,001 | - | 5,000 | Shares | 202,244 |
| 14 | 5,001 | - | 10,000 | Shares | 101,276 |
| 8 | 10,001 | - | 15,000 | Shares | 114,405 |
| 7 | 15,001 | - | 20,000 | Shares | 118,096 |
| 3 | 20,001 | - | 25,000 | Shares | 68,174 |
| 2 | 25,001 | - | 30,000 | Shares | 55,052 |
| 1 | 30,001 | - | 35,000 | Shares | 34,722 |
| 2 | 35,001 | - | 40,000 | Shares | 80,000 |
| 1 | 40,001 | - | 45,000 | Shares | 40,500 |
| 1 | 45,001 | - | 50,000 | Shares | 48,750 |
| 1 | 50,001 | - | 60,000 | Shares | 60,000 |
| 2 | 60,001 | - | 70,000 | Shares | 131,532 |
| 1 | 70,001 | - | 80,000 | Shares | 74,706 |
| 1 | 80,001 | - | 100,000 | Shares | 81,587 |
| 1 | 100,001 | - | 110,000 | Shares | 105,500 |
| 1 | 110,001 | - | 120,000 | Shares | 111,492 |
| 1 | 120,001 | - | 150,000 | Shares | 116,631 |
| 1 | 150,001 | - | 175,000 | Shares | 166,182 |
| 1 | 175,001 | - | 200,000 | Shares | 200,000 |
| 1 | 200,001 | - | 225,000 | Shares | 224,486 |
| 1 | 225,001 | - | 270,000 | Shares | 261,212 |
| 1 | 270,001 | - | 280,000 | Shares | 272,868 |
| 1 | 280,001 | - | 305,000 | Shares | 301,912 |
| 2 | 305,001 | - | 325,000 | Shares | 643,236 |
| 1 | 325,001 | - | 400,000 | Shares | 339,015 |
| 1 | 400,001 | - | 500,000 | Shares | 451,185 |
| 1 | 500,001 | | 2,000,000 | Shares | 1,545,597 |
| 1 | 2,000,001 | - | 4,000,000 | Shares | 3,557,022 |
| **721** | **TOTAL** | | | | **9,610,759** |

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

### آمدنی فی شیئر:

زیرجائزہ مدت کے دوران مبلغ 19.25 روپے(2017: مبلغ (13.07)) فی شیئر خسارہ پایا گیا۔

### آڈیٹرز کی تقرری:

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

### شیئر ہولڈنگ کا پیٹرن:

کمپنیز ایکٹ، 2018ء، لسٹنگ ریگولیشن اور کوڈ آف کارپوریٹ گورننس کے تحت مقررہ شیئر ہولڈنگ کی معلومات مرتب کی گئی ہیں جو کہ اس رپورٹ کے ساتھ منسلک ہیں۔

### اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

### اظہار تشکر اور دعائیہ کلمات:

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

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

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

بورڈ آف ڈائریکٹرز کی جانب سے

**ہارون اقبال**
چیئرمین بورڈ آف ڈائریکٹر

**عمران احمد جاوید**
ڈائریکٹر

کراچی؛
تاریخ: 28 ستمبر 2018

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

| نام: | میٹنگ میں شرکت کنندہ کی تعداد |
|---|---|
| دیوان محمد یوسف فاروقی | 2 |
| جناب ہارون اقبال | 5 |
| جناب عزیز الحق | 5 |
| جناب محمد باقر جعفری | 5 |
| جناب اشتیاق احمد | 5 |
| جناب محمد نعیم الدین ملک | 5 |
| جناب ظفر عاصم | 3 |
| عمران احمد جاوید | 5 |

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

## آڈٹ کمیٹی:

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

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

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

## ہیومن ریسورس اور اجرتی کمیٹی:

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

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

| نام: | میٹنگ میں شرکت کنندہ کی تعداد |
|---|---|
| جناب ہارون اقبال ۔چیئرمین | 1 |
| جناب اشتیاق احمد | 1 |
| جناب محمد باقر جعفری | 1 |

## کوڈ آف کارپوریٹ گورننس پر عملدرآمد:

آپ کی کمپنی کے ڈائریکٹرز نے سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تمام قوانین پر عملدرآمد یقینی بنایا ہے۔اس سے متعلق کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر مندرجہ ذیل بیانات ہیں:

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

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

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

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

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

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

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

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

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

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

۱۱۔ پروویڈنٹ فنڈ کی سرمایہ کاری کی ویلیوان کے متعلقہ اکاؤنٹس کے مطابق مبلغ 17.739 ملین ہے۔(2017: مبلغ 18.224 ملین روپے)۔

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

(۱) شیئر ہولڈنگ کی تفصیلات

(۲) متعلقین اور منسلک کمپنیز کے شیئرز کی تفصیلات

## بورڈ:

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

30 جون 2018ء کو بورڈ آف ڈائریکٹرز کی تفصیلات مندرجہ ذیل ہیں:

| ڈائریکٹرز | | تعداد |
|---|---|---|
| الف) | مرد | 7 |
| ب) | خواتین | کوئی نہیں |
| ساخت | | تعداد |
| الف) | آزاد ڈائریکٹر | 1 |
| ب) | دیگر غیر انتظامی ڈائریکٹر | 5 |
| ج) | انتظامی ڈائریکٹر | 1 |

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

کچھ بینکوں نے جن کے مقدمات کی رقم مبلغ 275.008 ملین روپے ہے، اپنے قرضہ جات کی وصولی کے مقدمات داخل کئے ہیں لیکن اب تک ری اسٹرکچرنگ کو قبول نہیں کیا ہے جبکہ ایک بینک نے نے اختتام کی درخواستیں زیردفعہ 305 کمپنیز آرڈیننس 1984ء کے تحت بھی دائر کی ہے۔ کمپنی نے کلیمز کو متنازع قرار دیا ہے اور کیسز کا سامنا کیا ہے۔ بینک کے کلیم میں مارک اپ زیادہ چارج کیا گیا ہے اس کے علاوہ دیگر ریٹ بھی مارک اپ کے مقابلے میں زیادہ ہیں۔ اس کے علاوہ دیگر چارجز بھی اسٹیٹ بینک آف پاکستان اور پاکستان میں نافذ العمل دیگر قوانین کے خلاف ہے۔ انتظامیہ پرامید ہے کہ ان کا فیصلہ کمپنی کے حق میں ہوگا اور ان بے بنیاد مقدمات کو متعلقہ عدالتیں خارج کردینگی۔

کمپنی نے اپنے قرضہ جات کو دوبارہ مرتب کرنے کے لئے اپنے قرض خواہوں سے رابطہ کیا ہے جو کہ زیرغور ہے۔ انتظامیہ پُر امید ہے کہ مالیاتی حسابات کے نوٹ 6.1.2 میں مکمل طور پر وضاحت کردہ طریقہ کار کے تحت جلد از جلد اسے مکمل کردیا جائے گا اس کے علاوہ دوبارہ ترتیب کردہ تاریخ تک مبلغ 137.368 ملین روپے واجب الادا مارک اپ پر لازم ہونگے اور کمپنی معاہدہ کی شرائط میں کوتاہی کی صورت میں یہ ادائیگی کرنے کی ذمہ دار ہوگی۔ چونکہ دوبارہ ترتیب کا عمل زیرغور ہے لہذا انتظامیہ کو یقین ہے کہ یہ رقم واجب الادا نہیں ہوگی۔ اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

## مستقبل پر ایک نظر:

پاکستان کی معیشت اقتصادی طور پر کئی ایک چیلنجز سے دوچار ہے جو کہ اقتصادی سرگرمیوں اور ملکی ترقی کو متاثر کررہی ہے۔ ٹیکسٹائل کی صنعت توانائی، گیس، بجلی کے چارجز میں اضافہ کی وجہ سے مشکلات کا شکار ہے اسی لئے پاکستان کی برآمدات عالمی مارکیٹ میں مقابلہ کرنے سے قاصر ہے۔ اس سلسلے میں حکومت کی جانب سے براہ راست اقدامات کی ضرورت ہے تاکہ ٹیکسٹائل کی صنعت کو جاری وساری رکھا جاسکے بالخصوص قابل برداشت گیس کی قیمتوں اور اس کی رسد کو موثر بنانے کیلئے اقدامات کرنے ہونگے۔ انتظامیہ کمپنی کی پیداواری سرگرمیوں کو بحال کرنے کی ہر ممکن کوشش کررہی ہے جس کا دارومدار مستقبل کے معاشی حالات پر ہے۔

## کارپوریٹ معاشرتی ذمہ داریاں:

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

## صحت، حفاظت اور ماحول:

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

## انسانی ذرائع (ہیومن ریسورس):

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

# ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2018ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات بمع آڈیٹرز رپورٹ پیش کر رہے ہیں۔

## جائزہ:

پاکستان میں ٹیکسٹائل کی صنعت ایک وسیع پیداواری اور دوسرا بڑا روزگار فراہم کرنے والا اہم شعبہ ہے اور اس کا تقریباً 60 فیصد حصہ زرمبادلہ کی آمدن میں شامل ہے، مگر جاری نامساعد حالات اور حکومت کی جانب سے عدم تعاون کے سبب ٹیکسٹائل ملز بند ہو رہی ہیں اور ٹیکسٹائل کی برآمدات بھی مستقل طور پر زوال پذیر ہیں۔ زیر جائزہ سال کے دوران ٹیکسٹائل اسپننگ کی صنعت مستقل دباؤ کا شکار رہی اور درپیش مخالف حالات نے مختلف یونٹس کے امور میں رخنا کا باعث رہی۔

## مالیاتی نتائج اور کارکردگی: (پیداوار معطل)

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

| | (روپے) |
|---|---|
| فروخت (صافی) | -- |
| فروخت کی لاگت | (93,676,471) |
| خام خسارہ | **(93,676,471)** |
| آپریٹنگ اخراجات | (103,466,023) |
| آپریٹنگ خسارہ | **(197,142,494)** |
| مالیاتی لاگت | (14,210,974) |
| قبل از ٹیکس خسارہ | **(211,353,468)** |
| محصولات | 26,308,311 |
| بعد از ٹیکس خسارہ | **(185,045,157)** |

اس سال کمپنی کی صافی فروخت پیداوار معطل ہونے کی وجہ سے صفر رہی جو کہ گزشتہ سال مبلغ 36.120 ملین روپے تھی۔ کمپنی کو مبلغ 93.676 ملین روپے کا خسارہ برداشت کرنا پڑا ہے جس کا موازنہ گزشتہ سال کے کل خسارہ 98.751 ملین روپے سے کیا جا سکتا ہے جبکہ کمپنی کے آپریٹنگ کے اخراجات مبلغ 103.466 ملین روپے روپے رہے۔ کمپنی نے وقتی طور پر اگست 2016ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات، مارکیٹ میں طلب کی کمی اور کام چلانے کے لئے سرمایہ میں کمی کی وجہ سے ہے۔

سال 12-2011 میں کمپنی نے اپنے قرض خواہوں کے ساتھ مصالحتی معاہدہ کے ذریعہ تصفیہ کر لیا تھا جس کے تحت محترم ہائی کورٹ آف سندھ کراچی نے ڈکری پاس کی تھی، کمپنی کے مختصر مدتی اور طویل مدتی قرضوں کو طویل مدتی قرضہ جات کی شکل میں دوبارہ مرتب کیا گیا، جبکہ کچھ قرض خواہوں جن کے مقدمات کی رقم مبلغ 275.008 ملین روپے تھی، انہوں نے اس وقت اس کی ری اسٹرکچنگ کو قبول نہیں کیا تھا۔

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

### 5- تاحال سی این آئی سی فراہم نہ کرنے والے شیئر ہولڈرز کو نوٹس

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

### 6- شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

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

### 7- مالی گوشواروں وغیرہ کی الیکٹرونکلی ترسیل

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

# دیوان خالد ٹیکسٹائل ملز لمیٹڈ
# سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان خالد ٹیکسٹائل ملز لمیٹڈ (ڈی کے ٹی ایم ایل یا کمپنی) کا اکتالیسواں (41) سالانہ اجلاس عام جمعرات 25 اکتوبر 2018ء کو 12:30 p.m. دیوان سیمنٹ لمیٹڈ، فیکٹری سائٹ واقع دیہہ ڈھنڈو، دھابیجی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کے لیے منعقد کیا جائے گا، اجلاس کا تلاوت کلام سے آغاز کیا جائے گا۔

## عمومی امور

1- کمپنی کے غیر معمولی اجلاس عام منعقدہ بدھ 11 اپریل 2018ء کی کارروائی کی توثیق۔

2- 30 جون 2018ء کو مکمل ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالی گوشواروں مع ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی غور وخوض اور منظوری۔

3- آئندہ سال کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔

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

بحکم بورڈ

محمد حنیف جرمن
کمپنی سیکریٹری

کراچی۔
01 اکتوبر 2018ء

**نوٹ:**

1- کمپنی کی منتقلی حصص کی کتب 18 اکتوبر 2018ء تا 25 اکتوبر 2018ء (دونوں دن شامل) بند رہیں گی۔

2- ممبران سے درخواست ہے کہ وہ اپنے پتے میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئر رجسٹرار ٹرانسفر ایجنٹ بی ایم ایف کنسلٹنٹس پاکستان (پرائیویٹ) لمیٹڈ واقع انعم اسٹیٹ بلڈنگ کمرہ نمبر 311-310 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کریں۔

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

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

الف) برائے اجلاس میں شرکت

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

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

ب) پروکسی کی تقرری

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

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

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

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

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

**DEWAN KHALID TEXTILE MILLS LIMITED**

**41TH ANNUAL GENERAL MEETING**

# FORM OF PROXY

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

I/we ______________________________

of ______________________________ being a member (s) of

**DEWAN KHALID TEXTILE MILLS LIMITED** and holder of ______________

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

hereby appoint ______________________________

of ______________________________

or failing him ______________________________

of ______________________________

who is also member of DEWAN KHALID TEXTILE MILLS LIMITED vide Registered Folio No./CDC Participant's ID and Account No. ______________ as my/our proxy to vote for me/us and on my/our behalf at the 41th Annual General Meeting of the Company to be held on **Thursday, October 25th, 2018 at 12:30 p.m**. and any adjournment thereof.

Signed this ______________ day of ______________ 2018.

Affix
Revenue
Stamp
Rs. 5/-

**Signature** ______________

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

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

# پراکسی فارم

## ۴۱واں سالانہ اجلاس عام

**اہم اعلان**

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

میں/ہم ______________________________ کا (مکمل پتہ)

______________________________ بحیثیت ممبر

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

سی ڈی سی آئی ڈی اور کھاتہ نمبر ______________ میں

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

______________________________ جو بذات خود بھی

دیوان خالد ٹیکسٹائل ملز لمیٹڈ ______________________________

سی ڈی سی آئی ڈی اور کھاتہ نمبر ______________________________

**جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۴۱واں سالانہ اجلاس عام جو کہ بروز جمعرات، ۲۵ اکتوبر ۲۰۱۸ کو 12:30 p.m. ہے، میری/ ہماری جانب سے ووٹ دے۔**

بطور گواہ میں/ہم نے بروز ______________ بتاریخ ______________ ۲۰۱۸ کو میرے/ہمارے ہاتھ سے مہر لگائی۔

| Affix<br>Revenue<br>Stamp<br>Rs. 5/- |
|---|

دستخط ______________________________

| | |
|---|---|
| گواہ: ______________ | گواہ: ______________ |
| نام: ______________ | نام: ______________ |
| مکمل پتہ: ______________ | مکمل پتہ: ______________ |
| ______________ | ______________ |

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