

ANNUAL REPORT 2017



DAR ES SALAAM
TEXTILE MILLS LIMITED

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COMPANY INFORMATION

Board of Directors	Mrs. Nilofar Mukhtar Mr. Faisal Mukhtar Mrs. Mahwesh Faisal Mukhtar Ms. Abida Mukhtar Mr. Muhammad Rafique Khan Mr. Muhammad Yousaf Mr. Ejaz Hussain	Chairperson & Director Chief Executive Officer
Audit Committee	Mr. Muhammad Rafique Khan Ms. Abida Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
HR & Remuneration Committee	Ms. Abida Mukhtar Mr. Muhammad Yousaf Mrs. Nilofar Mukhtar	Chairman Member Member
Chief Financial Officer Company Secretary	Mr. Shahid Amin Chaudhry	
Share Registrar	M/S Corplink (Pvt) Ltd Wing Arcade, 14-K, Commercial, Model Town, Lahore. Tel: 042-35839182, 042-35869037	
Auditors	M/s Hassan Naeem & Co. Chartered Accountants	
Bankers	National Bank of Pakistan The Bank of Punjab United Bank Limited Faysal Bank Limited Silk Bank Limited Summit Bank Limited	
Registered Office	176-N, Scotch Corner, Upper Mall Lahore. Phones: (042) 35878643-44 Fax : (042) 35878642	
Factory	10th Km Muridke-Sheikupura Road, Muridke.	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of Shareholders of Dar Es Salaam Textile Mills Limited will be held on Monday November 27, 2017 at 11.00 am. at the registered office of the company 176 N, Scotch Corner, Upper Mall, Lahore, to transact the following business:

- 1- To confirm the minutes of the last Annual General Meeting held on October 29, 2016.
- 2- To receive, consider and adapt the Income Statement and Balance Sheet for the year ended June 30,2017and the Directors' Report and Auditor's Report thereon.
- 3- To appoint auditors and to fix their remuneration. The auditors of the Company Messrs. UHY Hassan Naeem & Co, Chartered Accountants, retire and being eligible offer themselves for re-appointment for the financial year ending June 30, 2018
- 4- To consider and if deemed fit, pass the following "Special business" as an ordinary resolution with or without modifications

RESOLVED THAT the Chief Executive Officer of the Company be and is hereby authorized to initiate, evaluate and consider the various options for the structuring/settlement of the Company's debt towards the financial institutions by way of alternative business plans comprising of Sale or Lease of factory land, building, Plant & Machinery or such other mechanism that the Chief Executive Officer may deem fit and appropriate. The Chief Executive Officer shall present the final proposal/recommendation to the Board of Directors of the Company for review, consideration and approval.

RESOLED FURTHER THAT the above resolution shall be subject to the completion of necessary corporate and regulatory formalities where required under the provisions of the Companies Act, 2017.

RESOLVED FURTHER THAT The Chief Executive Officer is hereby authorized to undertake and complete all necessary corporate and regulatory formalities in respect of the above resolutions passed including but not limited to calling of an extraordinary general meeting of the shareholders for obtaining approval if so required. The Chief Executive Officer is further authorized to delegate his powers for the implementation of the above resolutions to any other employee or officer of the Company as may be deemed appropriate by him.

A statement under Section 134(3) of the Companies Act, 2017 pertaining to special business is being sent to the shareholders along with the notice of meeting.

- 5- To transact any business with the permission of the chair.

By the order of the Board

Date: November 6, 2017

Place: LAHORE

Shahid Amin Chaudry
Company Secretary

NOTES:

- 1- The share transfer books of the Company will remain closed from 2017-11-20 to 2017-11-27 (both days inclusive)
- 2- A member entitled to vote at the meeting may appoint any other members as his/her proxy. Proxies in order to be effective must be received at the registered office duly stamped, signed and witnessed not later than 48 hours before the meeting.
- 3- Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card with him/her to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC. Representatives of corporate members should bring with the usual documents required for such purpose.
- 4- Shareholders are requested to send the copies of their CNICs to meet the compliance with the requirements of insertion of CNIC number in Transfer Deed and Form-A in accordance with the Provisions of the first and third schedule of the Companies Act 2017.
- 5- Shareholders are also requested to promptly communicate any change in their addresses to our Company's Share Registrar M/s Corplink (Pvt) Limited, Wing Arcade, 1- K Commercial, Model Town, Lahore.

اطلاع برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ دارالسلام ٹیکسٹائل ملز لمیٹڈ کے حصہ داروں کا اٹھائیسواں سالانہ اجلاس عام بروز پیر 27 نومبر 2017 بوقت 11:00 بجے صبح کمپنی کے رجسٹرڈ آفس N-176 اسکائیج کارنر اپر مال، لاہور میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

- 1- گزشتہ سالانہ اجلاس عام منعقدہ 2016-10-29 کی کاروائی کی توثیق۔
- 2- سال ختمہ 30 جون 2017 کی بابت تصدیق شدہ حسابات اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، غور و خوض اور ان کی قبولیت۔
- 3- آڈیٹران کا تقرر برائے سال 30 جون 2018 اور ان کے صلہ خدمت کا تعین۔ ریٹائر ہونے والے آڈیٹرز یو ایچ وائی حسن نعیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنے آپ کو دوبارہ تقرری کے لئے پیش کرنے کے اہل ہیں۔
- 4- سٹیبل کاروبار اگر مناسب سمجھا جائے تو سٹیبل کاروبار کو ایک عام قرارداد کی طرح پاس کیا جائے۔

RESOLVED THAT کمپنی کے CEO کے پاس اختیارات ہیں کہ وہ کمپنی کے قرضوں کے حل کے لیے مختلف طریقے اپناتے۔ اس میں سے CEO ایک یا تمام برنس پلان کو جس میں بیچنا یا کرائے پر دینا زمین۔ امارت یا مشینری مناسب سمجھے وہ بورڈ کو پیش کر سکتا ہے۔ CEO حتمی تجاویز۔ سفارشات کو Board Of Directors کو جائزے۔ غور اور منظوری کے لیے پیش کیا جائے گا۔

RESOLVED FURTHER THAT اوپر دی گئی قرارداد پر تمام ضروری کارپوریٹ اور ریگولیٹری طریقہ کار بمطابق Companies Act 2017 کے تحت اپنایا جائے۔

RESOLVED FURTHER THAT کہ CEO کے پاس اختیارات ہیں کہ تمام ضروری کارپوریٹ اور ریگولیٹری طریقہ کار مندرجہ بالا Resolution کی روشنی میں مکمل کروائے۔

- 5- جس میں EOGM منعقد کروانا بھی شامل ہے۔ CEO کو مزید اختیارات ہیں کہ وہ اس Resolution پر عمل کرنے کے لیے اپنے اختیارات کمپنی کے کسی بھی ملازم یا افسر کو جسے وہ مناسب سمجھے تفویض کر سکتا ہے۔

Section 134(3) of Companies Act 2017 کے تحت ایک بیان تمام Shareholders کو میٹنگ کے نوٹس کے ساتھ بھجوا یا جائے گا۔

- 4- صاحب صدر کی اجازت کے ساتھ دیگر امور پر کارروائی۔

حسب الحکم بورڈ
شاہد امین کمپنی سیکرٹری

لاہور: 6 نومبر 2017

نوٹ:

- 1- کمپنی کے حصص کی منتقلی کی کتابیں مورخہ 2017-11-20 تا 27-11-17 (بشمول دونوں ایام) بند رہیں گی۔
- 2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر کسی بھی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیز کے موثر ہونے کے لئے ضروری ہے کہ وہ باقاعدہ مہر شدہ، دستخط شدہ اور گواہ شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے پہلے لازماً موصول ہو جائیں۔
- 3- سی ڈی سی اکاؤنٹ ہولڈر اپنی شناخت کے لئے اپنا کمپیوٹرائزڈ شناختی کارڈ ہمراہ لائیں۔ پراکسی کی صورت میں اپنے شناختی کارڈ کی تصدیق شدہ فوٹو کا پی منسلک کریں۔ کارپوریٹ ممبران کے نمائندے اپنی دستاویزات حسب معمول لے کر آئیں۔
- 4- حصہ داروں سے درخواست کی جاتی ہے کہ وہ اپنے شناختی کارڈ کی فوٹو کا پی کمپنی کے شیئرز رجسٹر کو بھجوائیں۔ کمپنی آرڈیننس 1984 کے شیڈول ایک اور تین کی دفعات کے مطابق ٹرانسفر ڈیڈ اور فارم۔ اے پر شناختی کارڈ کے نمبر کا اندراج ضروری ہے۔
- 5- حصہ داروں سے یہ بھی درخواست کی جاتی ہے کہ وہ اپنے پتے میں کسی بھی قسم کی تبدیلی سے فوراً کمپنی کے شیئرز رجسٹر اریٹرز کارپوریشن (پرائیویٹ) لمیٹڈ۔ ونگز آرکیڈ، 1- کے، کمرشل، ماڈل ٹاؤن، لاہور کو مطلع کریں۔

Vision Statement

To achieve the highest possible return on investment through a process of continuous improvement and while upholding the highest standards of integrity in all operations.

Mission Statement

To be a result-oriented and profitable Company by consistently improving in terms of productivity, quality, technological expertise, diversity, presentation, reliability and customer acceptance.

To establish the company as a growing concern while ensuring optimum return on investment for shareholders.

To be a responsible employer and create an environment where a professional, highly-motivated management team can prosper.

To be a good corporate citizen who supports charitable causes and follows environmentally friendly policies.

Statement of Ethics and Business Practices

Continuous improvement in total quality performance by achieving high standards in our products and providing these to our customers without error, on time and every time. We are dedicated to supply the product of highest quality and standards, yet at a reasonable cost for our national and international customer's satisfaction. All of our commitments, actions and products must be recognized as an expression of quality. We are committed to improve our skills and know-how, competency, practical experience and training of employees by implementing quality system. We continuously improve the performance of quality standards through practical participation of our employees at all levels. Our mission is to meet National and International Standards, Customers' Satisfaction and Continuous Improvements in our standards through use of latest methods and employees satisfaction. We believe that a complete code of ethics is essential for the maintenance of integrity and professionalism in the day-to-day functioning of Dar Es Salaam Textile Mills Limited. We always place the Company's interest first through resource management namely human, financial and other infra structural facilities and to ensure reasonable return to all the shareholders. Conduct business as a responsible and law abiding corporate member of society to achieve its legitimate commercial objective and supports unconditionally the Compliance with best Practices of Corporate Governance for the betterment of corporate culture. We develop and observe cost effective practices in our activities and strive for excellence and quality. We encourage initiative and self-realization in employees through meaningful empowerment.

DIRECTOR'S REPORT

The Director's of Dar-es-Salaam Textile Mills Limited ("the Company") present the 27th annual report of the Company together with audited accounts and auditor's report thereon for the year ended June 30, 2017.

Overview and Performance

Due to the continued down turn being faced by the textile sector, the company was forced to shut down mill operations. Operations remained shut down during the period under review; the directors of the company are working on different possibilities to ensure that the mill becomes operational. The directors of your company have also decided not to take any remuneration from the company until the overall situation improves.

Description	June 30, 2017 Rupees	June 30, 2015 Rupees
Sale	-	-
Cost of Sales*	51,716,687	57,088,920
Gross Profit/ (Loss)	(51,716,687)	(57,088,920)
Finance Cost	(23,732,938)	(29,247,355)
Other income	3,689,957	12,000,000
Other operating expenses	(1,822,641)	(2,182,439)
Taxation	(8,811,412)	19,497,824
Loss after taxation	(89,154,124)	(62,026,931)

* comprising mainly of depreciation for the year

At present, the Company is in a vicious circle in view of pressures from outstanding debt repayment and resultantly its inability to raise further working capital lines from financial institutions to resume the operations. However, given the recent "Export Package" announced by the Government of Pakistan worth PKR 180 billion (\$1.72 billion) to enhance foreign trade owing to the GSP+ status granted to Pakistan, the management feels that it shall provide opportunities to the textile sector, provided necessary funding are available to match the requirements. In view of the above; the management of the Company is reviewing the options of alternate business strategies to get out of this impasse. This includes discussions with financial institutions for restructuring of its debt and making available fresh lines for working capital requirements. The management is also reviewing the options of rights issue and restructuring of its asset base by letting out or sale of part of plant & machinery in order to reduce debt burden and generation of working capital requirements, subject to necessary corporate and regulatory approvals where required.

Key Operating and Financial Data of last 6 Years

An overview of key operating and financial data for last 6 years is annexed in the Annual Report.

Evaluation of Company's Performance

The Board has developed a mechanism of regular performance evaluation. Every member of the Board ensures his active participation in all the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the Management, which are regularly monitored by the Board and its Committees.

Auditors' Report

The Auditors of the Company have highlighted certain observations in their Audit Report. These observations relate to (a) Trade liabilities of the Company which remained un-verified during the audit testing procedures and (b) Reconciliation of balances with the financial institutions. The Management of the Company is considering necessary provision against trade liabilities as part of its strategic evaluation for restructuring. A detailed analysis shall be carried out and necessary adjustments shall be accounted against such trade liabilities. Similarly the Management is carrying out detailed exercise to reconcile its balances with the financial institutions as part of its restructuring discussions. All such difference shall be adjusted in the financial statements of the Company.

Corporate Social Responsibility (CSR)

The Company gives high priority to its social responsibilities and is committed to the highest standards of corporate behaviour despite of the fact that it has increased its cost of doing business. The Company believes in having shared value and having healthy work place. Since the operations of the Company are halted for time being hence much monetary spending on CSR initiatives is very limited. The Company upon implementation of its alternate business plans aims to continue its CSR initiatives in the areas of healthcare, education, environment protection, water and sanitation, child welfare, infrastructure development and other social welfare activities.

Financial Statements

The Financial statements for the year ended June 30, 2017 were approved by the Board of Directors on November 1, 2017 and authorized for their issuance. Operating and financial data of last six years is annexed.

Code of corporate governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its listing regulations, relevant for the year ended June 30, 2017 have been adopted by the company and have been duly complied with Statement to this effect is annexed to the report. The Board is pleased to state that:

- a) **Annual financial statements**
The financial statements, prepared by the Company's management, present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
- b) **Books of Account**
The Company has maintained proper books of account as required by the Companies Ordinance, 1984 (now Companies Act, 2017)
- c) **Accounting Policies**
Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgements.
- d) **International Accounting Standards**
International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.

e) Internal Control System

The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The process of review will continue by the audit committee to monitor the effective implementation and future improvement in controls.

f) Going Concern

As mentioned in preceding paragraphs, that increasing competition due to globalization, international Chinese players entering the local market, decreased production and increased cost due to the floods impacting the Company's electricity supply, coupled with tighter credit policies of the financial institutions, the Company faced serious shortages in the working capital requirements which further hampered the operations and consequently, the debt repayment suffered delays and reached maturity. This resulted in classifying the long-term debt into current debt owing to the international accounting standards.

Currently the Company is undergoing various options of revamping its operations (as explained in preceding paragraphs) and is also under discussion with the financial institutions for debt restructuring and /or settlement. Similarly, the provision of the trade payables (as explained in the preceding paragraphs) will also improve the current ratio of the Company. In view of the above and substantial asset base available with the Company along with its restructuring and alternate business plans, the Management of the Company is confident that the Company shall continue to operate as a going concern.

In addition, there has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations of Pakistan Stock Exchange wherever applicable to the Company for the year ended June 30, 2017

Pattern of Shareholding

The Company is listed on Pakistan Stock Exchange Limited. The pattern of shareholding as at June 30, 2017 along with disclosure as required under the Code of Corporate Governance is included in this Annual Report.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children have not traded in the shares of the Company.

Changes in the Board of Directors

Mr. Ejaz Akbar resigned from the Board on June 29, 2017 and Mr. Ejaz Hussain was appointed by the Board to fill the casual vacancy occurred on June 30, 2017.

Management Committee

The Management Committee comprises of senior members who meet and discuss significant business plans, issues and progress updates of their respective functions. Significant matters to be put forth in the Board as per the Code of Corporate Governance are also discussed for onward approval.

Board Meeting and Attendance

During the year four meetings of the Board of Directors of the company were held attendance by each director is shown below

No.	Name	Attendance
1	Mrs Nilofar Mukhtar	4
2	Mr. Faisal Mukhtar	4
3	Mrs. Mahwesh Faisal Mukhtar	4
4	Ms. Abida Mukhtar	4
5	Mr. Ejaz Akbar	4
6	Mr. Muhammad Rafique Khan	4
7	Mr. Muhammad Yousaf	4

Audit Committee Meeting and Attendance

During the year four meetings of the audit committee of the company were held; attendance by each member is as under

No.	Name	Attendance
1	Mr. Muhammad Rafique Khan	4
2	Ms. Abida Mukhtar	4
3	Mrs Nilofar Mukhtar	3
4	Mr. Ejaz Akbar	1

* Member resigned as 1st November 2016

HR and Remuneration Committee

During the year, four meeting of HR and Remuneration Committee of the company was held; attendance by each member is as under.

No.	Name	Attendance
1	Ms. Abida Mukhtar	4
2	Mrs Nilofar Mukhtar	3
3	Mr. Muhammad Yousaf	3
4	Mr. Faisal Mukhtar	1
5	Mr. Muhammad Rafique Khan	1
6	Mrs. Mahwesh Faisal Mukhtar	1

* Member resigned as 1st November 2016

Auditors

The present auditors M/S. Hassan Naeem & Co Chartered Accountants retire and being eligible to offer themselves for re-appointment as auditors of the company for the year 2017-18. The audit committee has recommended the appointment of aforesaid auditors M/S. Hassan Naeem & Co. Chartered Accountants, as external auditor for the year ended June 30, 2018.

Acknowledgement

Yours directors record with appreciation, the efforts of the company's managers, technicians, staff and workers who have vigorously to meet the target. Your directors also extend their appreciation to the company's banker, buyers and suppliers for their cooperation.

For and on behalf of the Board



FAISAL MUKHTAR
Chief Executive Officer

Lahore: November 1, 2017

ڈائریکٹر کی رپورٹ

دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹر جون 30، 2017 کے اختتامی سال کے لئے آپ کی کمپنی کے سالانہ آڈٹ کردہ مالیاتی بیانات کے ساتھ 28th سالانہ رپورٹ پیش کرنے میں خوشی رکھتے ہیں۔

اقتصادی اوٹ لک / کاروبار، خطرے، چیلنجز اور مستقبل کے اوٹ لک مالی سال 2016-17 نے مستحکم مارکیٹوں کو دنیا بھر میں معیشت کے طور پر دیکھا، خود کو اقتصادی سائیکل میں مختلف نقطہ نظروں پر دیکھا، اس کے ساتھ ساتھ بہت سارے جغرافیائی علاقوں میں پیسہ کمانے والی اہم تھی۔ عالمی سطح پر ترقی میں اضافہ ہوا ہے، جیسا کہ تیل کی کمی میں کمی سے زیادہ خراب منفی عوامل، یورپ میں مقدار میں کمی اور جنوب مشرقی ایشیا میں ترقی

عام طور پر، کپاس کے لئے اداس کی بین الاقوامی مطالبہ، عالمی اشیاء کی قیمتوں کو کم کرنے اور کپاس کی مقامی پیداوار کو کم کرنے، غیر ملکی برانڈز کے لئے صارف کی ترجیحات کو تبدیل کرنے اور کم قیمت چینی مصنوعات نے ٹیکسٹائل سیکٹر کے لئے ایک نیچے سرپل کو فروغ دیا جس میں مالی سال 2016-17 کے ذریعے مسلسل رہتا ہے۔ اس کے علاوہ، ملک کی سماجی سیاسی حیثیت میں کوئی تبدیلی نہیں آئی جس کے نتیجے میں غیر معمولی کاروباری ماحول پیدا ہوا۔ لہذا، آپ کی کمپنی کو کام کرنے والے دارالحکومت کی ضروریات کے لحاظ سے شدید دباؤ میں رہتا ہے اور جائزہ لینے کے تحت سال کے دوران قرضے کے اداروں سے قرض کی ادائیگی کے دباؤ میں اضافے کی وجہ سے نتیجے میں اس کے عمل کو دوبارہ شروع کرنے میں ناکام رہی۔ فی الحال آپریشن روک دیا گیا ہے اور روپے کا نقصان سال کے لئے 89.1 ملین (2017: 62.0 ملین) بنیادی طور پر دلچسپی، ٹیکس، استحصال اور اموریت کا نتیجہ ہے۔

تفصیل	جون 30، 2017	جون 30، 2016 (PKR)
فروخت	-	-
سیلز کی قیمت	51,716,687	57,088,920
مجموعی منافع / (نقصان)	(51,716,687)	(57,088,920)
فنانس لاگت	(23,732,938)	(29,247,355)
دیگر آمدنی	3,689,957	12,000,000
دیگر آپریٹنگ اخراجات	(1,822,641)	(2,182,439)
ٹیکس	(8,811,412)	19,497,824
ٹیکس کے بعد نقصان	(89,154,124)	(931 62,026)

* بنیادی طور پر سال کے لئے قیمتوں کا تعین

فی الحال، کمپنی قرض کی ادائیگی کے دباؤ کے سلسلے میں ایک شیطانی دائرے میں ہے اور اس کے نتیجے میں اس کے نتیجے میں مالیاتی ادارے سے مزید کام کرنے والی سرمایہ کاری کے لئے لائنز بڑھنے کے لئے آپریشن دوبارہ شروع کرنے میں ناکام ہیں۔ تاہم، پاکستان کے ذریعہ GSP + حیثیت سے غیر ملکی تجارت کو بڑھانے کے لئے پاکستان حکومت نے 180 بلین روپے (1.72 ارب ڈالر) پی آر آر کے حالیہ "برآمد پیکج" کو دی ہے، یہ خیال ہے کہ یہ ٹیکسٹائل سیکٹر کے مواقع فراہم کرے گا۔ لازمی فنڈز ضروریات کو پورا کرنے کے لئے دستیاب ہیں۔ اوپر کی نظر میں؛ کمپنی کی انتظامیہ اس بستی سے باہر نکلنے کے لئے متبادل کاروباری حکمت عملی کے اختیارات کا جائزہ لے رہی ہے۔ اس میں کام کرنے والے دارالحکومت کی ضروریات کے لئے مالیاتی اداروں کے ساتھ بات چیت کرنے کے لئے اس کے قرض کی بحالی اور دستیاب تازہ لائینیں شامل ہیں۔ انتظامیہ کو قرض کے بوجھ کو کم کرنے اور کام کرنے والے دارالحکومت کی ضروریات کی نسل کو کم کرنے کے لئے ضروری ضروری کارپوریٹ اور ریگولیٹری منظوری کے لئے ضروری ہے جہاں ضروری ہے کہ پلانٹ اور مشینری کے حصے کو فروخت یا فروخت کرنے کے لئے اس کے اثاثوں کی بنیاد کے حقوق کے مسئلے اور ریگولیٹری کے اختیارات کا جائزہ لیں۔

گزشتہ 6 سالوں کی اہم آپریٹنگ اور مالیاتی اعداد و شمار
گزشتہ 6 سالوں کے لئے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا ایک جائزہ سالانہ رپورٹ میں شامل ہے۔

کمپنی کی کارکردگی کا اندازہ

بورڈ نے باقاعدہ کارکردگی کی تشخیص کا ایک میکانزم تیار کیا ہے۔ بورڈ کے ہر رکن نے بورڈ کے تمام اجلاسوں میں ان کی فعال شرکت کو یقینی بناتا ہے۔ تفصیلی بات چیتیں اسٹریٹجک معاملات پر منعقد کی جاتی ہیں اور واضح ہدایات کو مدیریت فراہم کی جاتی ہیں، جو باقاعدگی سے بورڈ اور اس کی کمیٹیوں کی نگرانی کرتی ہیں۔

آڈیٹروں کی رپورٹ

کمپنی کے آڈیٹر نے اپنی آڈٹ رپورٹ میں کچھ مشاہدات پر روشنی ڈالی ہے۔ یہ مشاہدات (الف) کمپنی کی تجارتی ذمہ داریوں سے متعلق ہے جو آڈٹ ٹیسٹنگ کے طریقہ کار کے دوران غیر تصدیق شدہ رہتی ہے اور (ب) مالیاتی اداروں کے ساتھ توازن کا اتفاق۔ کمپنی کی انتظامیہ کو تجارتی ذمہ داریوں کے خلاف ضروری استحکام پر غور کرنا ہے تاکہ اس کی بحالی کے لئے اپنی اسٹریٹجک تشخیص کا حصہ ہو۔ ایک تفصیلی تجزیہ کی جائے گی اور اس طرح کے تجارتی ذمہ داریوں کے خلاف لازمی ایڈجسٹمنٹ کی جائے گی۔ اسی طرح مینجمنٹ اس کے توازن کے تنازعات کے حصول کے طور پر مالیاتی ادارے کے ساتھ اپنے توازن کو مسلط کرنے کے لئے تفصیلی مشق لے رہی ہے۔ اس طرح کے تمام فرق کو کمپنی کے مالی بیانات میں ایڈجسٹ کیا جائے گا۔

کارپوریٹ سماجی ذمہ داری (سی ایس آر)

کمپنی اس کی سماجی ذمہ داریوں کو اعلیٰ ترجیح دیتا ہے اور اس حقیقت کے باوجود کارپوریٹ رویے کے سب سے اعلیٰ معیار کے لئے انجام دیا جاتا ہے کہ اس نے کاروبار کرنے کی لاگت میں اضافہ کیا ہے۔ کمپنی کا خیال ہے کہ مشترکہ قدر اور صحت مند کام کی جگہ حاصل کرنے میں۔ چونکہ کمپنی کی کارروائی وقت کے لئے روکا جا رہا ہے لہذا سی ایس آر کی سرگرمیوں پر بہت زیادہ مالیاتی اخراجات بہت محدود ہے۔ اس متبادل کاروباری منصوبوں پر عمل درآمد کرنے سے متعلق کمپنی کا مقصد ہیلتھ کی دیکھ بھال، تعلیم، ماحولیاتی تحفظ، پانی اور حفظان صحت، بچوں کی فلاح و بہبود، بنیادی ڈھانچے کی ترقی اور دیگر سماجی فلاح و بہبود کی سرگرمیوں کے حصول میں اس کے آر ایس آر کے اقدامات کو جاری رکھنا ہے۔

مالیاتی گوشوارے

30 جون، 2017 کو ختم ہونے والے سال کے مالیاتی بیانات بورڈ آف ڈائریکٹرز نے 2 نومبر، 2017 کو منظوری دی اور ان کے اجراء کے لئے اختیار کی۔ گزشتہ چھ سالوں کے آپریٹنگ اور مالیاتی اعداد و شمار شامل ہیں۔

کارپوریٹ گورنمنٹ کا کوڈ

30 جون، 2017 کو ختم ہونے والی سال کے لئے متعلقہ کمپنی کی اسٹاک ایکسچینج میں کارپوریٹ گورننس کی ضروریات کی ضروریات، کمپنی کی طرف سے منظور کردیئے گئے ہیں اور اس کے مطابق اس کا اثر بیان کیا گیا ہے۔ بورڈ یہ بتاتا ہے کہ:

(الف) سالانہ مالی بیانات

مالیاتی بیانات، کمپنی کے انتظام کے ذریعہ تیار ہیں، اس کے معاملات کا معاملہ کافی زیادہ ہے، اس کے آپریشن کے نتائج، نقد بہاؤ اور تبدیلیوں میں تبدیلی۔

(ب) اکاؤنٹس کی کتابیں

کمپنی نے کمپنیوں آرڈیننس، 1984 (اب کمپنیاں ایکٹ، 2017) کی ضرورت کے مطابق اکاؤنٹ کی مناسب کتابیں برقرار رکھی ہیں۔

ج) اکاؤنٹنگ پالیسیاں

مناسب اکاؤنٹنگ پالیسیوں کو مسلسل مالی بیانات کی تیاری میں لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور پر جوش فیصلوں پر مبنی ہے۔

د) بین الاقوامی اکاؤنٹنگ معیارات

بین الاقوامی مالیاتی رپورٹنگ معیار، جیسا کہ پاکستان میں قابل اطلاق ہے، مالیاتی بیانات کی تیاری میں پیروی کی گئی ہے۔

ای) اندرونی کنٹرول سسٹم

اندرونی کنٹرول کا نظام ڈیزائن میں آواز ہے اور مؤثر طور پر لاگو کیا گیا ہے اور مسلسل نگرانی کی جا رہی ہے۔ جائزہ لینے کے عمل کو آڈٹ کمیٹی کے ذریعہ مؤثر عملدرآمد اور کنٹرول میں مستقبل کی بہتری کی نگرانی کے لئے جاری رکھے گئے۔

ف) تشویش پر جا رہے ہیں

جیسا کہ پہلے پیراگراف میں ذکر کیا جاتا ہے، عالمی سطح پر داخل ہونے والی بین الاقوامی چینی کھلاڑیوں نے، اس کی وجہ سے مالیاتی اداروں کے سخت کریڈٹ پالیسیوں کے ساتھ مل کر سیلاب کی وجہ سے کمپنی کی بجلی کی فراہمی کو متاثر کرنے والے سیلاب کی وجہ سے بڑھتی ہوئی قیمت میں کمی کی، کمپنی کی سنجیدگی کا سامنا کرنا پڑا۔ کام کرنے والے دارالحکومت کی ضروریات میں کمی جس نے آپریشن کو روکنے اور اس کے نتیجے میں، قرض کی ادائیگی کی تاخیر کا سامنا کرنا پڑا اور پختگی تک پہنچ گئی۔ اس کے نتیجے میں بین الاقوامی اکاؤنٹنگ معیاروں کی وجہ سے موجودہ قرض میں طویل مدتی قرض کی درجہ بندی کرنا ہے۔

فی الحال کمپنی اس کی کارروائیوں کی بحالی کے مختلف اختیارات (جیسے کہ پچھلے پیراگراف میں بیان کی گئی ہے) کی وضاحت کر رہی ہے اور قرض کی بحالی اور / یا تصفیہ کے لئے مالیاتی اداروں کے ساتھ بحث بھی کی جاتی ہے۔ اسی طرح تجارتی تنخواہ کی فراہمی (جیسا کہ پچھلے پیراگراف میں بیان کی گئی ہے) کمپنی کے موجودہ تناسب میں بھی بہتر ہوگا۔ کمپنی کے ساتھ موجود اس سے اوپر اور کافی اثاثہ بیس کے نقطہ نظر کے مطابق اس کی بحالی اور متبادل کاروباری منصوبوں کے ساتھ، کمپنی کا انتظام اس بات پر یقین رکھتا ہے کہ کمپنی کو جاری تشویش کے طور پر کام جاری رکھے گی۔

اس کے علاوہ، کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کی فہرست سازی کے قوانین میں جہاں بھی 30 جون، 2017 تک ختم ہونے والی کمپنی کے لئے قابل اطلاق ہے

شیئر ہولڈنگ کا پیٹرن

کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ پر درج کی گئی ہے۔ 30 جون، 2017 کو شیئر ہولڈنگ کی شکل کارپوریٹ گورننس کے تحت مطلوب افشاء کے ساتھ ساتھ اس سالانہ رپورٹ میں شامل کیا گیا ہے۔ کمپنی کے سیکریٹری، سی ای او، کمپنی کے سیکرٹری، اندرونی آڈٹ کے سربراہ اور ان کے میاں اور چھوٹے بچوں نے کمپنی کے حصص میں تجارت نہیں کی ہے۔

ڈائریکٹر بورڈ میں تبدیلیاں

اعجاز اکبر نے جون 2، 2017 کو بورڈ سے استعفی دے دیا اور اعجاز اعجاز بورڈ کو بورڈ کے ذریعہ مقرر کیا گیا تھا جو 30 جون 2017 کو آرام دہ اور پرسکون خالی جگہ پھیل گئی تھی۔

مینجمنٹ کمیٹی

مینجمنٹ کمیٹی اس سینئر ممبروں پر مشتمل ہے جو اہم کاروباری منصوبوں، مسائل اور ان کے متعلقہ افعال کے پیش رفت کو پورا کرنے اور تبادلہ خیال کرتے ہیں۔ کارپوریٹ گورننس کے مطابق بورڈ میں پیش کئے جانے والے اہم معاملات کو آگے منظوری کے لئے بھی تبادلہ خیال کیا جاتا ہے۔

بورڈ اجلاس اور حاضری
کمپنی کے ڈائریکٹر بورڈ کے چار اجلاسوں کے دوران حاضری منعقد کی گئی تھی ہر ڈائریکٹر کی
طرف سے ذیل میں دکھایا گیا ہے

سیریل نمبر	نام	حاضری
۱	مسز نیلوفر مختار	4
۲	مسٹر فیصل مختار	4
۳	مسز مہوش فیصل مختار	4
۴	محترمہ عابدہ مختار	4
۵	مسٹر اعجاز اکبر	4
۶	مسٹر محمد رفیق خان	4
۷	مسٹر محمد یوسف	4

آڈٹ کمیشن اجلاس اور حاضری

سال کے دوران کمپنی کے آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے؛ ہر رکن کی حاضری ذیل میں ہے

سیریل نمبر	نام	حاضری
۱	مسٹر محمد رفیق خان	4
۲	محترمہ عابدہ مختار	4
۳	مسز نیلوفر مختار	3
۴	مسٹر اعجاز اکبر	1

ایچ آر اور ریونیوشن کمیٹی

سال کے دوران، کمپنی کے ایچ آر اور ریمانگریشن کمیٹی کے چار اجلاس منعقد کیا گیا تھا؛ ہر رکن
کی حاضری ذیل میں ہے۔

سیریل نمبر	نام	حاضری
۱	محترمہ عابدہ مختار	4
۲	مسز نیلوفر مختار	3
۳	مسٹر محمد یوسف	3
۴	مسٹر فیصل مختار	1
۵	مسٹر محمد رفیق خان	1
۶	مسز مہوش فیصل مختار	1

آڈیٹر

موجودہ آڈیٹر ایم / ایس. حسن نعیم اور شریک چارٹرڈ اکاؤنٹنٹس ریٹائرڈ اور سال 2017-18 کے لئے
کمپنی کے آڈیٹر کے طور پر دوبارہ ملاقات کے لئے خود کو پیش کرنے کے اہل ہیں۔ آڈٹ کمیٹی نے
پہلے سے ہی آڈیٹر برائے ایم / ایس کی تقرری کی سفارش کی ہے۔ حسن نعیم اور کمپنی چارٹرڈ
اکاؤنٹنٹس، جیسا کہ 30 جون 2018 تک ختم ہونے والے سال کے لئے بیرونی آڈیٹر۔

اعتراف

آپ کے ڈائریکٹروں نے تعریف کے ساتھ ریکارڈ، کمپنی کے مینیجرز کی کوششوں، تکنیکی ماہرین،
عملے اور کارکنوں کو جو ہدف پورا کرنے میں زور دیا ہے۔ آپ کے منتظمین نے ان کے تعاون کے
لئے کمپنی کے بینکر، خریداروں اور سپلائرز کو اپنی تعریف بھی پیش کی ہے۔

**STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3)
OF THE COMPANIES ACT, 2017**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on November 27, 2017.

Domestically, the depressed international demand for cotton, weakened global commodity prices and reduced local output of cotton, changing consumer preferences for foreign brands and low priced Chinese products triggered a downward spiral for the textile sector which remained pervasive through recent past years. Moreover, the socio-political situation of the Country faced immense pressures (locally and internationally) which resulted in volatile business environment especially export oriented industries. Hence, the company remained under severe pressure in terms of working capital requirements and increasing debt repayment pressures from the lending institutions. Currently the operations are halted and the loss is mainly accumulating owing to interest, tax, depreciation and amortization.

The Company is in a vicious circle in view of pressures from outstanding debt repayment and resultantly in ability to raise further working capital lines from the financial institutions to resume the operations. In view of the above the Management of the Company is reviewing the option of alternate business strategies to get out of this impasse. This includes discussions with financial institutions for restructuring of its debt and making available fresh lines for working capital requirements. The Management is also reviewing the option of rights issue and restructuring of its asset base by letting out or sale of part of plant & machinery in order to reduce debt burden and generation of working capital requirements.

The Board of Directors of the Company has recommended to initiate, evaluate and consider the various options for the structuring/settlement of the Company's debt towards the financial institutions by way of alternative business plans comprising of Sale or Lease of factory land, building, Plant & Machinery or such other mechanism that may be deemed appropriate. In this respect the Chief Executive Officer is being authorized to present the final proposal/recommendation to the Board of Directors of the Company for review, consideration and approval.

It may be noted that this approval is only for the initiation, evaluation and recommendation to the Board of Directors of the Company for formal approval. Any approval of disposing of sizable undertaking or segment as part of the alternative business plan shall be subject to necessary corporate and regulatory approvals where required under the provisions of the Companies Act, 2017.

INSPECTION OF DOCUMENTS

Information pertaining to Company's Memorandum and Articles of Association, Companies Ordinance, 1984 (repealed), Companies Act, 2017, Recent and past Annual and Quarterly Financial Statements of the Company, Latest Pattern of Shareholding and any other related information/document of the Company may be inspected during the business hours on any working day at the Registered Office of the Company from the date of publication of this notice till the conclusion of the Annual General Meeting.

INTEREST OF DIRECTORS AND THEIR RELATIVES

The Directors of the Company and their relatives (if any) are interested to the extent of their shareholdings in the Company.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CGC) contained in Regulation No. 5.1.9 of the listing regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CGC in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes.

Category	Names
Executive Directors	Mr. Faisal Mukhtar
	Mr. Ejaz Hussain
Independent Directors	Mr. Muhammad Rafique Khan
Non-Executive Directors	Mr. Muhammad Yousaf
	Ms. Abida Mukhtar
	Mrs. Mahwesh Faisal Mukhtar
	Mrs. Nilofar Mukhtar

The independent directors meet the criteria of independence under clause 5.19.1(b) of the Code of Corporate Governance.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company (excluding the listed subsidiaries of holding companies where applicable)
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy of a director occurred during the financial year 2016-2017 that was filled within the prescribed period of 90 days
5. 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.
6. 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 dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairperson who is a Non-Executive director. The Board has met at least once in every quarter to review operations. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The directors have been provided with copies of Listing Regulations, Memorandum and Articles of Association of the Company and Code of Corporate Governance. An orientation course was held during the year by one Director and Board has made plans for orientation courses of other Directors in the coming year
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of their employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of 3 (three) members. All are non-executive directors.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The Terms of Reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee. It comprises of 3 (three) members. The majority members are from non-executive directors. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has set-up effective internal audit function exists which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any other partner 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 Institute of chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed Period" prior to the announcement of interim/final and results, business decisions, which may materially affect the market price of the company's securities was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

For and on behalf of the Board


FAISAL MUKHTAR
Chief Executive Officer

Lahore: November 1, 2017

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors ("the Board") of Dar Es Salaam Textile Mills Limited ("the Company") for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.


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

As a part of our audit of 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 controls 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 Code requires the Company to place before the Audit Committee, and upon recommendation of Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

Lahore: November 1, 2017


UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan, FCA

KEY OPERATING FINANCIAL DATA

Rs. in 000	2017	2016	2015	2014	2013	2012
Sales	-	-	32,585	1,363,715	1,707,872	1,339,935
Export Sales	-	-	-	-	409,844	-
Gross Profit / (loss)	(51,717)	(57,088)	(81,759)	(120,100)	118,266	14,317
Profit /(Loss) Before Taxation	(80,342)	(81,524)	(80,697)	(123,246)	(36,681)	(97,807)
Profit /(Loss) After Taxation	(89,154)	(62,026)	(65,891)	(110,228)	(37,509)	(114,709)
Shareholders' Equity + Revaluation Surplus	90,580	119,990	168,645	234,536	248,031	285,539
Fixed Assets Net	611,917	665,228	723,583	792,217	794,122	861,346
Total Assets	677,476	746,550	798,827	898,673	1,113,545	1,189,515
Total Liabilities	634,086	626,558	630,586	664,136	865,514	903,974
Current Assets	55,623	79,671	73,594	104,806	318,081	326,827
Current Liabilities	586,896	607,689	578,442	553,637	619,153	629,064
Profitability						
Gross Profit/(Loss)	0.00%	0.00%	(250.91)	(8.81)	5.58	1.07
Profit /(Loss) Before Taxation	0.00%	0.00%	(247.65)	(9.04)	(2.15)	(7.30)
Profit /(Loss) After Tax	0.00%	0.00%	(202.21)	(8.08)	(2.20)	(8.56)
Return to Equity						
Return on Equity Before Tax	(88.70)	(67.94)	(47.85)	(52.55)	(14.79)	(34.25)
Return to Equity after Tax	(98.43)	(51.69)	(39.07)	(47.00)	(15.12)	(40.17)
Earning per Share	(11.14)	(7.75)	(8.24)	(13.78)	(4.69)	(14.34)
Liquidity/Leverage						
Current Ratio	(9.48)	(13.11)	(12.72)	(18.93)	(51.37)	(51.95)
Break up Value per Share	11.32	15.00	21.08	29.32	31.00	35.69
Total Liabilities to Equity	7.00	5.22	3.74	2.83	3.49	3.17

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

FORM 341. Incorporation Number **L-01895**2. Name of the Company **DAR-ES-SALAAM TEXTILE MILLS LTD.**3. Pattern of holding of the shares held by the shareholders as at **30-06-2017**

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
144	1	100	6,992
957	101	500	466,987
61	501	1,000	59,156
54	1,001	5,000	141,191
19	5,001	10,000	150,676
6	10,001	15,000	75,700
5	15,001	20,000	92,000
1	20,001	25,000	24,391
3	25,001	30,000	77,500
1	35,001	40,000	36,500
1	40,001	45,000	44,750
1	110,001	115,000	112,291
1	145,001	150,000	150,000
1	165,001	170,000	168,568
1	240,001	245,000	241,750
1	255,001	260,000	259,287
1	300,001	305,000	302,500
1	515,001	520,000	516,750
1	820,001	825,000	824,125
1	1,290,001	1,295,000	1,290,960
1	1,420,001	1,425,000	1,420,697
1	1,535,001	1,540,000	1,537,229
1263			8,000,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	4,153,532	51.9192
5.2 Associated Companies, undertakings and related parties.	-	-
5.3 NIT and ICP	4,200	0.0525

5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	649	0.0081
5.5 Insurance Companies	-	-
5.6 Modarabas and Mutual Funds	259,287	3.2411
5.7 Share holders holding 10% or more	5,384,761	67.3095
5.8 General Public		
a. Local	3,523,991	44.0499
b. Foreign	0	-
5.9 Others (to be specified)		
1- Joint Stock Companies	32,594	0.4074
2- Pension Funds	24,391	0.3049
3- Trust	1,356	0.0170

6. Signature of
Company Secretary

7. Name of Signatory

8. Designation

9. NIC Number

10 Date

30	06	2017
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**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2017**

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

- -

Mutual Funds (Name Wise Detail)

1	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	259,287	3.2411
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Directors and their Spouse and Minor Children (Name Wise Detail):

1	MRS. NILOFAR MUKHTAR	868,875	10.8609
2	MRS. MAHWESH FAISAL MUKHTAR	302,500	3.7813
3	MR. FAISAL MUKHTAR	1,662,447	20.7806
4	MS. ABIDA MUKHTAR	1,316,210	16.4526
5	MR. EJAZ HUSSAIN	2,500	0.0313
6	MR. MUHAMMAD YOUSUF	500	0.0063
7	MR. MUHAMMAD RAFIQ KHAN	500	0.0063

Executives:

- -

Public Sector Companies & Corporations:

- -

Banks, Development Finance Institutions, Non Banking Finance

25,040 0.3130

Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:

Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

1	MR. FAISAL MUKHTAR	1,662,447	20.7806
2	MS. ABIDA MUKHTAR	1,316,210	16.4526
3	AHMED SAUD KHAN MANJ (CDC)	1,537,229	19.2154
4	MRS. NILOFAR MUKHTAR	868,875	10.8609
5	CH. AHMED MUKHTAR	685,318	8.5665

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	MR. EJAZ HUSSAIN	0	2,500

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of Dar Es Salaam Textile Mills Limited ("the Company") as at June 30, 2017 and the related statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984.

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) Creditors, accrued and other liabilities amounting to Rs. 170.08 million could not be verified in the absence of direct confirmations.
- (b) Direct confirmation against bank liability of Rs. 26.94 million (including mark-up of Rs. 7.29 million) remained unconfirmed in the absence of direct confirmation. As per confirmation received from the banks the principal amount is less recorded and mark up is excess recorded by Rs. 7.99 million and Rs. 34.99 million respectively.
- (c) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984.
- (d) In our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (b):
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

- ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (e) In our opinion, except for the effects, if any, of the matters referred to in paragraphs (a) to (b) above, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the loss, its cash flows and changes in equity for the year then ended; and
- (f) In our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion, we draw attention to note 2.2 in the financial statements, which indicates that the Company incurred loss before tax of Rs. 80.34 million (2016: Rs. 81.52 million) during the year ended June 30, 2017 resulting into accumulated loss of Rs. 441.57 million (2016: Rs. 379.58million) and negative equity of Rs. 361.57 million (2016: RS. 299.58 million). Also as of that date, the Company's current liabilities exceeded its current assets by Rs. 531.27 million (2016: Rs. 528.02 million). These conditions, along with other matters as set forth in note 2.2, indicate the existence of a material uncertainty which may cast significant doubts over the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

Lahore: November 1, 2017


UHY Hassan Naeem & Co.
Chartered Accountants
Ibne Hassan, FCA

Dar Es Salaam Textile Mills Limited

Statement of Financial Position

As at June 30, 2017

	Note	2017 Rupees	2016 Rupees
Non-current assets			
Fixed assets	5	611,916,621	665,228,755
Long term deposits	6	1,649,458	1,649,458
Deferred tax asset	16	8,287,544	-
		621,853,623	666,878,213
Current assets			
Stores and spares	7	2,938,850	4,751,302
Stock-in-trade	8	-	10,189
Advances, deposits, prepayments and other receivables	9	24,131,206	22,333,782
Tax refunds due from Government	10	28,252,460	52,016,715
Cash and bank balances	11	300,648	559,368
		55,623,164	79,671,356
Current liabilities			
Trade and other payables	12	179,361,553	180,096,580
Short term borrowings	13	148,775,352	172,674,481
Current portion of long term loan	14	149,133,020	158,539,547
Mark-up accrued	15	109,625,912	96,378,948
		586,895,837	607,689,556
Working capital employed		(531,272,673)	(528,018,200)
		90,580,950	138,860,013
Non-current liabilities			
Deferred tax liability	16	-	18,869,034
		-	18,869,034
Contingencies and commitments	17	-	-
Net capital employed		90,580,950	119,990,979
Represented by:			
Share capital and reserves			
Share Capital	18	80,000,000	80,000,000
Accumulated losses		(441,570,624)	(379,579,652)
Loan from sponsors	19	47,540,360	-
		(314,030,264)	(299,579,652)
Surplus on revaluation of fixed assets - net of tax	20	404,611,214	419,570,631
		90,580,950	119,990,979

The annexed notes 1 to 36 form an integral part of these financial statements.


 Faisal Mukhtar
 Chief Executive Officer


 Abida Mukhtar
 Director

Dar Es Salaam Textile Mills Limited
Condensed Statement of Comprehensive Income
For the year ended June 30, 2017

	<i>Note</i>	2017 Rupees	2016 Rupees
Sales		-	-
Cost of sales	21	51,716,687	57,088,920
Gross loss		(51,716,687)	(57,088,920)
Operating expenses:			
Administrative expenses	22	6,760,403	5,006,041
Operating loss		(58,477,090)	(62,094,961)
Finance Cost	23	(23,732,938)	(29,247,355)
Other income	24	3,689,957	12,000,000
Other operating expenses	25	(1,822,641)	(2,182,439)
Loss before taxation		(80,342,712)	(81,524,755)
Taxation	26	(8,811,412)	19,497,824
Loss after taxation		(89,154,124)	(62,026,931)
Other comprehensive income for the year			
<i><u>Items that will never be reclassified to comprehensive income</u></i>			
Incremental depreciation for the year	20	27,163,152	29,765,952
		27,163,152	29,765,952
Total comprehensive loss for the year		(61,990,972)	(32,260,979)
Loss per share - basic and diluted	27	(11.14)	(7.75)

The annexed notes 1 to 36 form an integral part of these financial statements.


 Faisal Mukhtar
 Chief Executive Officer


 Abida Mukhtar
 Director

Lahore: November 1, 2017

Dar Es Salaam Textile Mills Limited

Statement of Cash Flows

For the year ended June 30, 2017

	Note	2017 Rupees	2016 Rupees
Cash flow from operating activities			
Loss before taxation		(80,342,712)	(81,524,755)
Adjustments for:			
Depreciation	5.1.1	52,772,130	58,254,000
Amortization	5.2	82,051	100,386
Interest expense	23	23,474,218	29,247,355
Reversal of accrued markup	24	(697,910)	-
Loss on disposal of vehicles	24	7,953	-
Obsolete spares written off	25	1,822,641	2,182,439
		(2,881,629)	8,259,425
Working capital changes			
Advances, deposits, prepayments and other receivables		(1,797,424)	(8,289,425)
Trade and other payables		(735,027)	-
		(2,532,451)	(8,289,425)
Cash used in operations		(5,414,080)	(30,000)
Finance cost paid		(9,529,344)	-
		(9,529,344)	-
Net cash used in operating activities		(14,943,424)	(30,000)
Cash flow from investing activities			
Proceeds from sale of fixed assets		450,000	-
Net cash inflow from investing activities		450,000	-
Cash flow from financing activities			
Loan from directors and sponsors		47,540,360	-
Repayment of short term loan		(23,899,129)	-
Repayment of long term loan		(9,406,527)	-
Net cash outflow from financing activities		14,234,704	-
Net decrease in cash and cash equivalents		(258,720)	(30,000)
Cash and cash equivalents at beginning of the year		559,368	589,368
Cash and cash equivalents at the end of the year	11	300,648	559,368

The annexed notes 1 to 36 form an integral part of these financial statements.


Faisal Mukhtar
Chief Executive Officer


Abida Mukhtar
Director

Lahore: November 1, 2017

Dar Es Salaam Textile Mills Limited

Statement of Changes in Equity

For the year ended June 30, 2017

	Share capital	Accumulated losses	Loan from directors and	Total
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2015	80,000,000	(347,318,673)	-	(267,318,673)
Total comprehensive loss for the year	-	(32,260,979)	-	(32,260,979)
Balance as at June 30, 2016	80,000,000	(379,579,652)	-	(299,579,652)
Balance as at July 01, 2016	80,000,000	(379,579,652)	-	(299,579,652)
Total comprehensive loss for the year	-	(61,990,972)	47,540,360	(14,450,612)
Balance as at June 30, 2017	80,000,000	(441,570,624)	47,540,360	(314,030,264)

The annexed notes 1 to 36 form an integral part of these financial statements.


Faisal Mukhtar
Chief Executive Officer


Abida Mukhtar
Director

Lahore: November 1, 2017

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Dar Es Salaam Textile Mills Limited

Notes to the Financial Statements

For the year ended June 30, 2017

1 Reporting entity

Dar Es Salaam Textile Mills Limited ("the Company") was incorporated in Pakistan on September 28, 1989 as public unlisted company under the Companies Ordinance, 1984 and was subsequently listed on the Karachi and Lahore Stock Exchanges in 1991. The registered office of the Company is situated at 176-N-Scotch Corner, Upper Mall, Lahore. The principal activity of the Company is manufacturing and sale of yarn.

2 Basis of preparation

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or the directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Going concern assumption

The Company has been facing operational issues for the last couple of years including shut down of electricity and shortage of gas supplies due to which the Company has incurred loss before tax of Rs. 80.34 million (2016: Rs.81.52 million) and has accumulated losses amounting to Rs. 441.57 million (2016: 379.57 million) at the year end. In addition to this, the Company's current liabilities exceeded its current assets by Rs. 531.27 million (2016: Rs.528.02 million) at reporting date. The Company has not been able to meet its various obligations for long term loans and short term borrowings.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose and bringing its liabilities to serviceable level and availability of adequate working capital through support from sponsors. The Company is confident that it will continue to be supported by the sponsors, the lenders and also be able to reschedule remaining of its existing over-due borrowings as well. In this regard during the year sponsors injected 47.54 million in the company. Management expects that:

- the Company will continue to get support of sponsors;
- the Company will continue to get support of its lenders and will be able to obtain relaxation in
- the Company will be able to generate adequate liquidity through new short term borrowings and will be successful in utilizing such funds to start its operations and achieve its budgeted targets for production of yarn.

The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

2.3 Financial liabilities

The Company could not make timely repayments of principal and interest / mark-up related to long term debts as referred to in Note 30. Further, as at the reporting date, the Company could not comply with certain financial and other covenants imposed by the lenders. As per the agreed terms of long term debts the lenders have unconditional right to call the loans if timely repayments are not made or covenants are not complied with. International Accounting Standard on Presentation of financial statements (IAS - 1) requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it should classify the liability as current.

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention except revaluation of certain fixed assets. All the transactions have been accounted for on accrual basis except cash flow statement.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The area involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are

a. Property, plant and equipment

The management of the Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available. The rates of depreciation are specified in note 5.1.

b. Taxation

The Company takes into account the current income tax law and decisions taken by appellate authorities while estimating its tax liabilities.

c. Provisions

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

d. Revaluation of fixed assets

Revaluation of fixed assets is carried out by independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

e. Contingencies

The Company has disclosed its contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

f. Provision for doubtful debts, advances and other receivables

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

g. Stores, spare parts, loose tools and stock in trade

The Company reviews the stores, spare parts, loose tools and stock in trade for possible impairment on an annual basis. Any change in the estimates in future years might effect the carrying amounts of the respective items of stores, spare parts, loose tools and stock in trade with a corresponding affect on the provision.

2.6 Functional Currency

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

3 New standards, amendments to approved accounting standards and new interpretation.**3.1 Standards and amendments to approved accounting standards which became effective during the year ended June 30, 2017:**

There were certain new standards and amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or having significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3.2 Amendments to approved accounting standards that are effective for the company's accounting periods beginning after July 1, 2017:

There are certain new amendments to the approved accounting standards that are mandatory for the company's accounting period beginning after July 1, 2017 but are considered not to be relevant or are not expected to have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

4 Significant accounting policies**4.1 Borrowings**

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis and included in mark-up payable.

All mark-ups, interest and other charges on long term and short term borrowings are charged to profit in the period in which they are incurred.

Exchange gain or loss arising in respect of foreign currency is covered under provision of SBP FE. Circular No. 25 dated 20th June 1998.

4.2 Staff retirement benefits**Defined contribution plan**

The Company has an approved contributory Provident Fund Scheme for its employees. The Company and the employees both make monthly equal contribution as per Provident Fund Rules. The Company implemented Funded Gratuity Scheme for all the employees in place of Provident Fund effective July 01, 2008. However, executives are continued to remain in contributory

4.3 Trade and other payables

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

4.4 Provisions

Provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of resource embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of

4.5 Contingencies and commitments

Contingencies and commitments are recognized only when they become due.

4.6 Fixed assets**Operating fixed assets**

Property, plant and equipment (except freehold land, buildings on freehold land and plant & machinery) are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land, buildings on freehold land and plant & machinery are stated at revalued amounts less accumulated depreciation and impairment losses, if any.

Surplus on revaluation of property, plant and equipment is credited to the surplus on revaluation account. To the extent of the incremental depreciation charged on the revalued assets the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to inappropriate profit.

Cost of assets includes purchase price and other incidental expenses incurred up to the date of operation.

Depreciation is calculated on reducing balance method at the rates specified in note 5.1 to the financial statements. Depreciation on additions is charged from the date when the asset is available for use and on deletions up to the date when the assets is derecognized.

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment/reversal of previous impairment. If such indication exists, the recoverable amount is estimated and loss/reversal of previous loss are recognized. Impairment loss or its reversal, if any, is charged to the income. Where an impairment loss is recognized the depreciation charge is adjusted in the future periods to allocate the asset's revised

Maintenance and normal repairs are charged to income as and when incurred while major repairs and improvements are capitalized. Gain or loss on disposal of assets is included in the current year

Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss.

Intangible assets

Intangible assets are stated at cost and amortized over a period of useful life of the assets.

4.7 Finance lease

Assets subject to finance lease are stated at fair value of the leased assets at inception of the lease or, if lower at the present value of minimum lease payments. Depreciation is charged at the rates and basis applicable to owned assets.

The outstanding obligations under finance lease less finance charges allocated to future periods are shown as liability. The finance charges are calculated at the rates implicit in the leases and were charged to profit and loss account for the year.

4.8 Stores and spares

These are valued at lower of cost and net realizable value. The cost is calculated according to moving average method. Stores in transit are valued at invoice value including other charges, if any, incurred thereon.

4.9 Stock-in-trade

Stock-in-trade is valued at the lower of weighted average cost and estimated net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated costs of completion and selling expenses.

4.10 Trade debts

Receivables are carried at original invoiced amount less an estimated provision for doubtful receivables based on review of outstanding amount at the year-end. Known bad debts are written off against profit and loss account.

4.11 Revenue recognition

Revenue is recognized on the dispatch of goods to the customers.

Return on deposits is accrued on a time basis by reference to the principal outstanding and the applicable rate of return.

4.12 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalized. All other borrowing costs are charged against income as and when

4.13 Taxation

Current

The charge for the current taxation for the year is based on taxable income at the current rate of taxation after taking into account tax credits, tax rebates and other allowances available for set off, if any in accordance with the provisions of Income Tax Ordinance 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. Carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

4.14 Foreign currencies

Transactions in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the dates of transactions. Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date. Exchange gains and losses are included in profit and loss account currently.

4.15 Cash and cash equivalent

Cash and cash equivalents comprise of cash in hand and current or deposit accounts held with banks. Running finance facilities, if any, 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.

4.16 Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a part to the contractual provision of the instrument. The particular measurement methods adopted are disclosed in the individual policy statement associated with each item. Any gain or loss on subsequent measurement is charged to income.

4.17 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.18 Related party transactions

All transactions with related parties and associated undertakings are entered into arm's length prices determined in accordance with comparable uncontrolled pricing method as approved by the Board of Directors.

4.19 Dividend and reserves

Dividend is recognized as a liability in the year in which it is declared.

Similarly an appropriation to reserves is recognized in the year in which it is appropriated.

5 Fixed assets	<i>Note</i>	2017 Rupees	2016 Rupees
Property, plant and equipment	5.1	611,549,444	664,779,527
Intangibles	5.2	367,177	449,228
		611,916,621	665,228,755

5.1 Property, plant and equipment

Particulars	Owned assets						Total	
	Freehold land	Building on freehold land	Plant and machinery	Furniture and fittings	Office equipment	Computer		Vehicles
Cost								
Balance as at July 01, 2015	43,733,830	251,226,264	1,168,958,870	4,382,653	19,894,182	4,215,150	966,000	1,493,376,949
Additions	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Balance at June 30, 2016	43,733,830	251,226,264	1,168,958,870	4,382,653	19,894,182	4,215,150	966,000	1,493,376,949
Balance as at July 01, 2016	43,733,830	251,226,264	1,168,958,870	4,382,653	19,894,182	4,215,150	966,000	1,493,376,949
Additions	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	(966,000)	(966,000)
Balance at June 30, 2017	43,733,830	251,226,264	1,168,958,870	4,382,653	19,894,182	4,215,150	-	1,492,410,949
Depreciation								
Balance as at July 01, 2015	-	99,151,190	649,764,985	2,932,570	15,195,057	2,943,201	356,419	770,343,422
For the year	-	7,431,899	49,372,408	101,009	1,004,958	232,319	111,407	58,254,000
Disposal	-	-	-	-	-	-	-	-
Balance at June 30, 2016	-	106,583,089	699,137,393	3,033,579	16,200,015	3,175,520	467,826	828,597,422
Balance as at July 01, 2016	-	106,583,089	699,137,393	3,033,579	16,200,015	3,175,520	467,826	828,597,422
For the year	-	7,068,702	44,655,288	87,188	821,403	99,328	40,221	52,772,130
Disposal	-	-	-	-	-	-	(508,047)	(508,047)
Balance at June 30, 2017	-	113,651,791	743,792,681	3,120,767	17,021,418	3,274,848	-	880,861,505
Carrying value 2016	43,733,830	144,643,175	469,821,477	1,349,074	3,694,167	1,039,630	498,174	664,779,527
Carrying value 2017	43,733,830	137,574,473	425,166,189	1,261,886	2,872,764	940,302	-	611,549,444
Rate of depreciation (%)		5%	10%	10%	20%	10%	20%	

5.1.1	Depreciation for the year has been allocated as under:		2017	2016
		Note	Rupees	Rupees
	Cost of sales	21	51,716,687	57,088,920
	Administrative expenses	22	1,055,443	1,165,080
			<u>52,772,130</u>	<u>58,254,000</u>

5.1.2 The machinery imported in years from 2002 to 2004 resulted in waive off of custom duty amounting to Rs. 20.277 million under SRO 554 (I)/98 dated June 12, 1998 in respect of bonded warehouse. The resulting audit under Section 26 of Customs Act, 1969 is pending till reporting date.

5.1.3 If the freehold land, building and plant and machinery were measured using the cost model, the carrying amount would be as follows:

Particulars	Cost	Accumulated depreciation	Net book value
2017			
Freehold land	2,346,030	-	2,346,030
Building on freehold land	68,979,500	47,903,886	21,075,614
Plant and machinery	468,278,699	367,047,960	101,230,739
	<u>539,604,229</u>	<u>414,951,846</u>	<u>124,652,383</u>
2016			
Freehold land	2,346,030	-	2,346,030
Building on freehold land	68,979,500	46,794,643	22,184,857
Plant and machinery	468,278,699	355,800,100	112,478,599
	<u>539,604,229</u>	<u>402,594,743</u>	<u>137,009,486</u>

5.1.4 **Disposal of Vehicles**

Particulars	Cost	Net Book Value	Sale Proceeds	Gain /(Loss) on proceeds	Name of purchaser
Suzuki Ravi	767,400	363,802	375,000	11,198	Servaid Pharmacy
Honda CD	59,300	28,112	24,000	(4,112)	Irfan Haider
Honda CD	59,300	28,112	24,000	(4,112)	Irfan Haider
Yamaha	80,000	37,927	27,000	(10,927)	Irfan Haider
2017	<u>966,000</u>	<u>457,953</u>	<u>450,000</u>	<u>(7,953)</u>	
2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

			2017	2016
		Note	Rupees	Rupees
5.2	Intangibles - computer software			
	Cost		<u>1,874,241</u>	<u>1,874,241</u>
	Amortization			
	Opening balance		1,425,013	1,324,627
	For the year	22	82,051	100,386
	Closing balance		<u>1,507,064</u>	<u>1,425,013</u>
			<u>367,177</u>	<u>449,228</u>

5.2.1 Amortization for the year has been charged to administrative expenses.

6	Long term deposits		2017	2016
			Rupees	Rupees
	Security deposits against utilities		<u>1,649,458</u>	<u>1,649,458</u>

7 Stores and spares		2017 Rupees	2016 Rupees
Stores		595,053	595,053
Spares		3,592,268	5,774,707
Packing material		905,036	905,036
		<u>5,092,357</u>	<u>7,274,796</u>
Less: Provision for obsolete items		(341,055)	(341,055)
Obsolete spares written off		(1,812,452)	(2,182,439)
		<u>2,938,850</u>	<u>4,751,302</u>
7.1 Stores and spares does not include any item that has been purchased for the purpose of capital expenditure.			
8 Stock-in-trade		2017 Rupees	2016 Rupees
Finished goods		-	10,189
9 Advances, deposits, prepayments and other receivables		2017 Rupees	2016 Rupees
Advances to employees- <i>secured - considered good</i>		361,910	361,910
Advances- <i>unsecured - considered good</i>			
- Suppliers		341,840	341,840
- Expenses		102,197	102,197
Prepayments		720,362	720,362
Short term security deposits		3,349,324	3,349,324
Receivable against operating lease		19,255,573	17,458,149
		<u>24,131,206</u>	<u>22,333,782</u>
10 Tax refunds due from Government	Note	2017 Rupees	2016 Rupees
Income tax deducted at source	10.1	19,291,079	43,055,334
Sales tax - net		8,961,381	8,961,381
		<u>28,252,460</u>	<u>52,016,715</u>
10.1 Income tax deducted at source			
Opening balance		43,055,334	43,055,334
Adjustment		(23,764,255)	-
		<u>19,291,079</u>	<u>43,055,334</u>
11 Cash and bank balances		2017 Rupees	2016 Rupees
Cash in hand		125,701	125,701
Cash at banks- <i>current accounts</i>		174,947	433,667
		<u>300,648</u>	<u>559,368</u>

12 Trade and other payables		2017 Rupees	2016 Rupees
Creditors		136,432,790	130,050,735
Accrued liabilities		16,101,182	16,418,264
Tax deducted at source		7,356,844	7,356,844
Advances from customers		757,829	757,829
Unclaimed dividend		1,159,777	1,159,777
Others		17,553,131	24,353,131
		<u>179,361,553</u>	<u>180,096,580</u>

13 Short term borrowings	Note	2017 Rupees	2016 Rupees
Short term borrowings	13.1	<u>148,775,352</u>	<u>172,674,481</u>

13.1 These facilities have been obtained from various commercial banks for working capital requirements and are secured by charge over current assets of the company, pledge of stocks and personal guarantees of directors of the company, at reporting date balance of stock-in-trade does not support these pledge amounts.

These finances carry mark-up at rates ranging from one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum (2016: one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum), payable quarterly.

Faisal Bank Limited filed a suit against the company for the recovery of principal and mark-up amounting to Rs. 26.94 million. The Banking Court decreed the suit for the claimed amount, without considering the illegalities on part of the Bank. The judgement suffers for legal as well as factual lacunas and the court has decreed the amount which the bank is not legally entitled too. Company has appealed the verdict in the High Court of Lahore and believes there is good chances that the referred decree will not sustain in the appeal and a favourable decision for the company is expected at appellate forum.

he aggregate available short term funded facilities amounts to Rs. 163.61 million (2016: 188.56 million). Total balance at reporting date Rs.148.77 million pertains to a facilities expired before reporting date.

14 Long term loan - secured	Note	2017 Rupees	2016 Rupees
Demand finance from commercial banks:			
- Bank of Punjab	14.1	14,900,000	14,900,000
- United Bank Limited (NIDF-V)	14.2	14,959,062	14,959,062
- United Bank Limited (NIDF-VI)	14.3	20,000,000	20,000,000
- National Bank of Pakistan	14.4	78,749,958	78,749,958
- Silk Bank Limited (FIM swap)	14.5	-	9,406,527
- National Bank of Pakistan (CF swap)	14.6	15,976,000	15,976,000
- National Bank of Pakistan (Frozen mark-up)	14.7	4,548,000	4,548,000
		<u>149,133,020</u>	<u>158,539,547</u>
Less: Current portion	14.8	<u>(149,133,020)</u>	<u>(158,539,547)</u>
		<u>-</u>	<u>-</u>

14.1 This represents demand finance of Rs. 60.00 million sanctioned by Bank of Punjab for swapping of demand finance from United Bank Limited. It carries mark up at the rate of average 6 Month KIBOR plus 350 basis points with floor rate of 12%. As per rescheduled term the loan is repayable in 1.5 years commencing from February 07, 2013 in quarterly instalments of Rs. 3 million each.

14.2 This represents demand finance (NIDF-V) of Rs. 16.830 million sanctioned by United Bank Limited on December 18, 2009 for restructuring financial requirements. As per rescheduled terms, it carries mark up at the rate of 6 month KIBOR plus 200 basis points with no floor and cap. The loan is repayable from June 18, 2012 in 15 equal quarterly instalments of Rs. 1.868 million each.

- 14.3 This represents demand finance (NIDF-VI) of Rs. 22.50 million converted from FE-25 NICF-Pledge for restructuring of financial requirements by United Bank Limited on June 03, 2013. It carries mark up at the rate of 3 Month KIBOR plus 150 basis points. The loan is repayable in equal quarterly instalments coinciding with existing NIDF-V loan.
- 14.4 This represents demand finance of Rs. 90.00 million sanctioned by the National Bank of Pakistan for re-profiling of the Company's balance sheet/swapping of short term debts of Standard Chartered Bank (Pakistan) Limited and United Bank Limited. It carries mark up at the rate of 6 months KIBOR plus 150 basis points. The loan is repayable in 6 years including 2 years of grace period from December 03, 2012 in 08 equal bi-annual instalments of Rs. 11.250 million each.
- 14.5 This represents the outstanding balance of FIM converted into term loan by the Silk Bank Limited on November 12, 2012. The converted term loan carries mark-up at the rate of 3 months KIBOR plus 3.50. The loan was paid during the year.
- 14.6 These represent the outstanding balances of cash finance pledge facility and outstanding mark-up thereon after restructuring of the said facilities by the National Bank of Pakistan as on April 08, 2013. The converted cash finance facility carries mark up at the rate of 1 month KIBOR plus 200 basis points. The loans was repayable in equal quarterly instalments till December 31, 2013.
- 14.7 These represent the outstanding balances of frozen markup demand finance pledge facility by the National Bank of Pakistan as on April 08, 2013, secured against first charge on the fixed asset of the company. The loan was repayable in quarterly installments till December 31, 2013.
- 14.8 Current portion include an amount of Rs.149.133 million payable as at June 30, 2017 (2016 : Rs. 149.133

15 Mark-up accrued	2017 Rupees	2016 Rupees
Mark-up on short term borrowings	55,146,834	52,414,368
Mark-up on long term loan	54,479,078	43,964,580
	<u>109,625,912</u>	<u>96,378,948</u>

16 Deferred Tax Liability/Asset

	Opening balance	Charge/(reversal) for the year	Closing balance
2017			
Accelerated tax depreciation	50,668,021	(5,724,059)	44,943,962
Unused tax losses and tax credits	(65,697,433)	(9,228,784)	(74,926,217)
Surplus on revaluation of property, plant and equipment	33,898,446	(12,203,735)	21,694,711
	<u>18,869,034</u>	<u>(27,156,578)</u>	<u>(8,287,544)</u>
2016			
Accelerated tax depreciation	52,977,509	(2,309,488)	50,668,021
Unused tax losses and tax credits	(48,509,097)	(17,188,336)	(65,697,433)
Surplus on revaluation of property, plant and equipment	47,271,555	(13,373,109)	33,898,446
	<u>51,739,967</u>	<u>(32,870,933)</u>	<u>18,869,034</u>

- 16.1 Deferred tax asset on unused tax losses and tax credits are recognized because the company expects profits in future.

17 Contingencies and commitments

17.1 Contingencies

- 17.1.1** In tax year 2005 ending on 30-09-2004 and 30-06-2005 respectively the department has not given credit of tax deducted on exports u/s 154 amounting to Rs. 6,617,590 and Rs. 4,250,270 against minimum tax liability for the tax years under reference. The taxpayer filed an appeal against the orders of the department issued under section 122 of the Income Tax Ordinance, 2001 before CIR(A) but he rejected the plea of the taxpayer. The taxpayer being aggrieved filed an appeal before Appellate Tribunal Inland Revenue which is pending for hearing. The company is very positive that they will win the case in the appellate forum as the case has already been decided in favor of the Company in assessment year 2000-01 & 2001-02 in the light of authoritative judgment of the high Court.
- 17.1.2** As a result of assessment order u/s 122(5A), the tax liability amounting to Rs. 1,594,999/- is created. The case has been responded by the company at its own. Further, the taxpayer filed an appeal before Commissioner Inland Revenue and the appeal was decided that the tax demand created was adjusted against the tax credit u/s 65B amounting to Rs. 3,603,276/- .Thus the tax demand assessed by the learned DCIR was deleted, but the loss was amended as per the additions of learned DCIR on account of exchange loss amounting to Rs. 1,990,851/. The assessed loss was 49,789,078/-.
- 17.1.3** The company filed Income Tax Return for the tax year 2012 and paid minimum tax of 0.5% on the basis of SHC judgment. However, department disputed the same and charged minimum tax (1%) resulting in additional minimum tax liability of Rs. 3,527,145. Further, department levied penalties of Rs. 176,357 and Rs. 881,786 for non-payment of tax for first and second default respectively. The appeal has been decided against the company thereby confirming demand of Rs. 3,524,145/-. However, relief on account of penalty amounting to Rs. 1,058,143/-has been allowed.
- 17.1.4** The company filed income tax return for the tax year 2009 by declaring the total loss amounting to Rs. (17,452,949) out which Rs. (14,534,816) relates to local sales. The department assessed the income tax return and passed an order and created a tax demand amounting to Rs. 47,443,907/- .The taxpayer being aggrieved filed an appeal before the Commissioner appeals[CIR(A)] whereby all additions made by the DCIR were deleted except addition made on account of staff retirement benefits amounting to Rs. 3,166,000/-. The department filed an appeal against the above stated CIR(A) order before Appellate Tribunal Inland, the adjudication of the same is pending.
- 17.1.5** The SNGPL levied surcharge amounting to Rs. 8,213,847 under Gas Infrastructure Development Surcharge on industrial undertakings. Lahore high court passed an order and directed to constitute a high powered committee to look into the case of industrial undertaking. The matter is still pending.

17.2 Commitments

Letter of guarantee issued in favour of SNGPL amounting to Rs. 10 million (2016: Rs. 14.906 millions).

18 Share Capital

	2017	2016		2017	2016
	------(Number)-----			------(Rupees)-----	
Authorized share capital			Ordinary		
	15,000,000	15,000,000	shares of Rs.	150,000,000	150,000,000

18.1 Issued, subscribed and paid-up capital:

8,000,000 Ordinary shares (2016: 8,000,000 ordinary shares)
of Rs. 10/- each, issued for consideration in cash. 80,000,000 80,000,000

18.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

19 Loan from sponsors

This represents interest free loan provided to the company by its sponsors. This loan is repayable at the discretion of the company.

20 Surplus on revaluation of fixed assets - net of tax	2017	2016
	Rupees	Rupees
Opening balance	<u>453,469,077</u>	<u>483,235,029</u>
	453,469,077	483,235,029
Transferred to accumulated loss on account of incremental depreciation-net of tax	<u>(27,163,152)</u>	<u>(29,765,952)</u>
	426,305,925	453,469,077
Less: Related deferred tax liability	<u>(21,694,711)</u>	<u>(33,898,446)</u>
	<u>404,611,214</u>	<u>419,570,631</u>

The Company's freehold land, buildings on freehold land and plant and machinery were revalued by an independent valuator member of "The Insurance Surveyor Association of Pakistan" which is not connected with the Company and the basis of revaluation for items of fixed assets were as follows:

Freehold Land

Property brokers, dealers and estate agents were contacted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased, were investigated to ascertain a reasonable selling / buying price. Properties that were up for sale were examined for asking price. An average of the above values was then assigned to the property.

Buildings on freehold land

Construction specifications were noted for each building and structure and new construction rates / GI sheet with iron structure were used to obtain replacement values of buildings, to which a depreciation formula was applied, based upon our estimates of balance life to arrive at the current assessed value.

Plant and machinery

Plant and machinery have been evaluated / assessed by keeping in view their present physical condition, the remaining useful life / economic life and technological obsolescence. Further, new replacement values for the similar type of plant and machinery were inquired from various dealers / vendors and manufacturers of plant accessories. The new replacement values were depreciated using reducing balance method of depreciation to determine the best estimates of the assessed / depreciated replacement values.

21 Cost of sales	<i>Note</i>	2017 Rupees	2016 Rupees
Salaries, wages and other benefits		-	-
Raw material consumed		-	-
Fuel and power		-	-
Depreciation	5.1.1	51,716,687	57,088,920
Packing material		-	-
Stores and spares		-	-
Repair and maintenance		-	-
Insurance		-	-
		<u>51,716,687</u>	<u>57,088,920</u>
Opening work-in-process		-	-
Closing work-in-process		-	-
Cost of goods manufactured		<u>51,716,687</u>	<u>57,088,920</u>
Opening stock of finished goods		-	10,189
Closing stock of finished goods		-	(10,189)
		<u>51,716,687</u>	<u>57,088,920</u>
<hr/>			
22 Administrative expenses	<i>Note</i>	2017 Rupees	2016 Rupees
Salaries, wages and other benefits		1,923,126	1,800,000
Travelling and conveyance		578,352	-
Fees and subscription		110,540	-
Utility		390,936	1,295,140
Repair and maintenance		93,550	-
Legal and professional charges		1,723,982	-
Depreciation	5.1.1	1,055,443	1,165,080
Auditors' remuneration	22.1	450,000	450,000
Amortization	5.2	82,051	100,386
Miscellaneous		352,423	195,435
		<u>6,760,403</u>	<u>5,006,041</u>
<hr/>			
22.1 Auditors' remuneration			
Annual audit fee		350,000	350,000
Half yearly review		100,000	100,000
		<u>450,000</u>	<u>450,000</u>
<hr/>			
23 Finance Cost		2017 Rupees	2016 Rupees
Mark-up on long term loans		11,465,865	13,150,701
Mark-up on short term borrowings		12,008,353	16,096,654
Bank Charges		258,720	-
		<u>23,732,938</u>	<u>29,247,355</u>

24 Other income	Note	2017 Rupees	2016 Rupees
Lease rentals-factory	24.1	3,000,000	12,000,000
Reversal of accrued mark-up		697,910	-
Loss on disposal of vehicles		(7,953)	-
		<u>3,689,957</u>	<u>12,000,000</u>

24.1 This represents the lease agreement between the Company (lessor) and Sally Textile Mills Limited (lessee) commencing from October 15, 2014 on monthly rent amounting to Rs. 1,000,000/-, whereby the lessee is responsible for maintenance, administration, and operation of the plant. The agreement was terminated on September 30, 2016.

25 Other operating expenses	2017 Rupees	2016 Rupees
Obsolete spares written off	1,822,641	2,182,439
	<u>1,822,641</u>	<u>2,182,439</u>

26 Taxation	2017 Rupees	2016 Rupees
Current taxation		
Current year	-	-
Prior year adjustments	23,764,255	-
	<u>23,764,255</u>	-
Deferred tax income	(14,952,843)	(19,497,824)
	<u>8,811,412</u>	<u>(19,497,824)</u>

26.1 No provision for current taxation is made as per the provisions of the Income Tax Ordinance, 2001.

27 Loss per share		2017	2016
27.1 Loss per share - basic			
Loss after taxation	<i>Rupees</i>	<u>(89,154,124)</u>	<u>(62,026,931)</u>
Weighted average number of ordinary shares	<i>Number</i>	<u>8,000,000</u>	<u>8,000,000</u>
Loss per share - basic	<i>Rupees</i>	<u>(11.14)</u>	<u>(7.75)</u>

27.2 Loss per share - diluted

There is no dilution effect on the basic loss per share as the Company has no such commitments.

28 Remuneration of chief executive, director and executives

28.1 No remuneration or benefits were paid to chief executive, director and executive during the financial year 2017 (2016: Rs. 840,000).

28.2 Executive are employees whose basic salaries exceeds Rs. 500,000 in the financial year (Executives 2016: Nil).

29 Operating segments

29.1 These financial statements have been prepared on the basis of single reportable segment.

Revenue from sale of cotton yarn represents 0.00 % (2016 : 00.00%) of the total revenue of the Company. Company made nil sales during the year.

All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

30 Financial assets and liabilities

Financial assets

	Maturity upto one year	Maturity after one year up to five year	Maturity after five year	2017	2016
-----Rupees-----					

Non-interest bearing

Long term deposits	-	1,649,458	-	1,649,458	1,649,458
Advances, deposits, prepayments and other receivables	24,131,206	-	-	24,131,206	22,333,782
Cash and bank balances	300,648	-	-	300,648	559,368
	24,431,854	1,649,458	-	26,081,312	24,542,608

Financial liabilities

	Effective yield / mark up	Maturity upto one year	Maturity after one year up to five	Maturity after five year	2017	2016
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Interest bearing

Balance sheet items

Long term loan	8.5% to 10.55%	149,133,020	-	-	149,133,020	158,539,547
Short term borrowings	8.5% to 10.55%	148,775,352	-	-	148,775,352	172,674,481

Non - interest bearing

Trade and other payables		179,361,553	-	-	179,361,553	180,096,580
		477,269,925	-	-	477,269,925	511,310,608
Off balance sheets items						
Letter of guarantee		14,906,000	-	-	14,906,000	45,552,979
		492,175,925	-	-	492,175,925	556,863,587

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institution, as well as credit exposures to customers, including trade receivables and committed transactions. Out of total financial assets that are subject to the credit risk amounted to Rs. 24.43 million (2016: Rs. 24.54 million).

For trade receivable, internal risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with the limits set by the management. The utilization of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concentration of credit risk.

Concentration of the credit risk arises when the number of counter parties engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The company believes that it is not exposed to major

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

	2017 Rupees	2016 Rupees
Advances, deposits, prepayments and other receivables	24,131,206	22,333,782
Cash and bank balances	300,648	559,368
	24,431,854	22,893,150

Liquidity risk

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

However, the Company, during the year faced operational issues due to revamp of existing plant and machinery and extended gas load shedding from SNGPL. As a result, the Company is facing a liquidity shortfall due to which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

Long Term Loans

Name of bank	Principle	Mark-up	Total
	----- Rupees -----		
Bank of Punjab	14,900,000	7,165,773	22,065,773
United Bank Limited NIDF-V)	14,959,062	5,227,462	20,186,524
United Bank Limited NIDF-VI)	20,000,000	6,608,748	26,608,748
National Bank of Pakistan	78,749,958	32,779,638	111,529,596
National Bank of Pakistan (CF swap)	15,976,000	2,697,457	18,673,457
National Bank of Pakistan (Frozen mark-up)	4,548,000	-	4,548,000
	149,133,020	54,479,078	203,612,098

Short Term Loans

Name of bank	Principle	Mark-up	Total
	----- Rupees -----		
Faysal Bank Limited	15,670	2,700	18,370
United Bank Limited	35,190,739	24,003,738	59,194,477
Faysal Bank Limited	19,646,912	7,293,516	26,940,428
United Bank Limited	81,000,000	18,445,550	99,445,550
Summit Bank Limited	12,922,031	5,401,330	18,323,361
	148,775,352	55,146,834	203,922,186

Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

Currency risk

There wasn't any transaction involving foreign currency during the year therefore the Company is not exposed to this risk

Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Financial liabilities	Effective interest rate		Carrying amount	
	2017	2016	2017	2016
	Percentage	Percentage	Rupees	Rupees
Variable rate instruments				
Long term loans	8.5% to 10.55%	8.5% to 10.55%	149,133,020	158,539,547
Short term borrowings	8.5% to 10.55%	8.5% to 10.55%	148,775,352	172,674,481

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	Profit and loss 100 bp	
	Increase	decrease
As at June 30, 2017		
Cash flow sensitivity-Variable rate financial liabilities	(234,742)	234,742
As at June 30, 2016		
Cash flow sensitivity-Variable rate financial liabilities	(292,474)	292,474

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Company.

Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an

Capital risk management

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue

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 expectations of the shareholders. 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".

The salient information relation to capital risk management of the Company as of June 30, 2017 and June 30, 2016 were as follows:

	2017 Rupees	2016 Rupees
Total borrowings	297,908,372	331,214,028
Less: Cash and cash equivalents	<u>(300,648)</u>	<u>(559,368)</u>
Net debt	297,607,724	330,654,660
Total equity	<u>(314,030,264)</u>	<u>(299,579,652)</u>
Total capital	<u>(16,422,540)</u>	<u>31,075,008</u>
Gearing ratio	<u><u>-1812%</u></u>	<u><u>1064%</u></u>

	2017 Number	2016 Number
31 Number of employees		
Average number of employees for the year	<u>22</u>	<u>4</u>
Total number of employees at year end	<u>30</u>	<u>4</u>

32 Employee Benefits

The Company's provident fund ceased to exist from September 30, 2014 and all outstanding dues payable to the employees were paid off.

	2017	2016
33 Plant capacity and production		
Number of spindles installed	16,320	16,320
Installed capacity converted into 20's count (Million Kgs.)	7.530	7.530
Actual production converted into 20's count (Million Kgs.)	-	-
Number of shifts worked	-	-
Days worked	-	-

33.1 The company last operated during 2014 for a period from July 01, 2014 till September 30, 2014, Later it was leased from October 15, 2014 (note 24.1).

34 Events after the statement of financial position date

There are no subsequent events occurring after the statement of financial position date.

35 Date of authorization for issue

These financial statements were authorized for issue on November 1st 2017 by the Board of Directors of the Company.

36 General

36.1 Figures have been rearranged / reclassified whenever necessary for the purpose of comparison.

36.1 Figures have been rounded off to the nearest rupee.


 Faisal Mukhtar
 Chief Executive Officer


 Abida Mukhtar
 Director

Lahore: November 1, 2017

Dar Es Salaam Textile Mills Limited

FORM OF PROXY

ANNUAL GENERAL MEETING

The Company Secretary
Dar Es Salaam Textile Mills Limited
176-N, Scotch Corner, Upper Mall
Lahore.

L/F NO.	
NO. OF SHARES	

Dear Sir,

I/We _____

of _____

being a member of DAR ES SALAAM TEXTILE MILLS LIMITED, hereby appoint

(NAME)

of _____

(another member of the Company) to attend, act and vote for me/us and on my/our behalf at the Annual Ordinary General Meeting of the Company to be held on Monday November 27, 2017 at 11:00 A.M. at the 176-N, Scotch Corner, Upper Mall, Lahore. and at any adjournment thereof.

As witness my hand this _____ day of _____ 2017.

Signature on Revenue
Stamp

(Signature should agree with the specimen
Signature registered with the Company)

Date: _____

Note: Proxies must be received at the Registered office of the Company not later than 48 hours before time of holding the meeting duly stamped, Signed and witnessed.



DAR ES SALAAM
TEXTILE MILLS LIMITED

HEAD OFFICE:

176-N, Scotch Corner, Upper Mall Lahore

Phones: (042) 35878643-44

Fax (042) 35878642

Factory:

10th Km Muridke-Sheikupura Road, Muridke.