

DEWAN TEXTILE MILLS LIMITED

**HALF YEARLY REPORT
DECEMBER 31, 2020**

DEWAN TEXTILE MILLS LIMITED**COMPANY INFORMATION**

Executive Directors	: Mr. Ishtiaq Ahmed - Chief Executive Officer & Director
Non-Executive Director	: Mr. Ghazanfar Baber Siddiqi (Chairman, Board of Director) Mr. Imran Ahmed Javed Syed Maqbool Ali Mr. Muhammad Baqar Jafferri Mr. Zafar Asim
Independent Director	: Mr. Aziz-ul-Haque
Audit Committee	: Mr. Aziz-ul-Haque - Chairman Sed Maqbool Ali (Member) Mr. Imran Ahmed Javed (Member)
Human Resources & Remuneration Committee	: Mr. Aziz-ul-Haque - Chairman Sed Maqbool Ali (Member) Mr. Ishtiaq Ahmad - (Member)
Auditors	: Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum Karachi.
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Muhammad Irfan Ali
Tax Advisor	: Sharif & Co. Advocates
Legal Advisor	: Abbas & Atif Law Associates
Bankers	: Habib Bank Limited Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB Bank Limited
Registered Office	: Dewan Centre, 3-A Lalazar Beach Hotel Road, Karachi
Shares Registrar & Transfer Agent	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	: H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sind, Pakistan
Website	: www.yousufdewan.com

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Directors of your Company is pleased to present unaudited condensed interim financial statements for the half year ended December 31, 2020 in compliance with the requirements of section 237 of the Companies Act, 2017 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

Operating results and performance: (Factory Shutdown)

The operating results for the year under review are as follows:

	'Rupees'
SALES - NET	18,905,000
COST OF SALES	<u>(80,179,154)</u>
GROSS LOSS	(61,274,154)
ADMINISTRATIVE EXPENSES	<u>(2,828,204)</u>
OPERATING LOSS	(64,102,358)
FINANCE COST	(123,853,016)
OTHER CHARGES	<u>(39,133,875)</u>
LOSS BEFORE TAXATION	(227,089,249)
TAXATION	<u>8,201,751</u>
LOSS AFTER TAXATION	<u>(218,887,498)</u>

Company's operational sales for the period remained nil due to closure of operations, the sales appearing in financial statements represent yarn stock sales during the period under consideration. The Company, for the time being, has suspended its manufacturing operations since December 2015 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

The auditors of the Company have expressed adverse conclusion in their review report on going concern assumption due to closure of operations, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up and provision for doubtful debts as explained in their review report. The condensed interim financial statements have been prepared using going concern assumption as the company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon which will enable the company to resume its operations. Management continuously assesses the recoverability of trade debts and provisions are made accordingly.

Future Outlook

Management is endeavoring to resume the production of the company as soon as the situation in near future improves. With the availability of COVID-19 vaccines, it is expected that globally, the impact of pandemic will now be minimized and accordingly the global economic activities will resume to normalcy. Though there were slight hiccups during second wave, but overall Pakistan as a nation showed discipline and resolve. As we moved into new financial year, things started picking momentum for Pakistan. Exports and remittances moved upward. The Country's export for this period has increased by 5.09% (in USD terms) as compared to SPLY indicating better opportunities for local industries. Remittances have increased by 24.89% (in USD terms) in this period as compared to SPLY. Likewise, PKR has also strengthened against USD during the period under review, closing at PKR159.83/USD in Dec-20 versus PKR168.05/USD in Jun-20.


Despite the signs of economic resilience and recovery, there may be some pressure on current account due to high imports of Raw Cotton because of continuous decline in cotton crop cultivation as well as increase in international cotton price mainly because of rising demand & disruption in US cotton supplies, recent removal of regulatory duty on import of synthetic yarn and cotton yarn, import of plant and machinery, increasing trend in international Oil prices. These factors may push the exchange rate upward in short term. Further, the challenges of rising debt, high inflation, increased cost of living, unstable political conditions and geopolitical tensions may obscure the outlook.

Conclusion

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

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

By and under Authority of the Board of Directors


Ishtiaq Ahmed
Chief Executive Officer


Zafar Asim
Director

Dated: February 22, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Dewan Textile Mills Limited
Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Textile Mills Limited as at 31 December 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2020 and 31 December 2019 have not been reviewed and we do not express a conclusion thereon.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

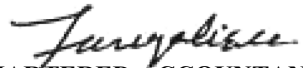
Basis for adverse conclusion

- a) The condensed interim financial statement for the period ended 31 December 2020 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.218.887 million and as of that date it has negative revenue reserves of Rs.4,806.943 million which resulted in negative equity of Rs.3,620.176 million and its current liabilities exceeded its current assets by Rs.4,799.407 million and total assets by Rs.3,330.767 million (excluding the effect of non-provided markup and restructured liabilities classified under non-current liabilities). In previous years, the Company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs.2,945.283 along with markup of Rs.1,463.615 million (eligible for waiver outstanding as of date of restructuring) have become immediately payable, therefore provision for markup should be made in these financial statements. Further, the Company's manufacturing operations has been suspended since December 2015 and could not be resumed till the date of this report. These conditions lead us to believe that going concern assumption used in preparation of this condensed interim financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realisable and settlement amounts respectively.
- b) The Company has not made provision of markup for the period amounting to Rs.20.714 million (up to the period ended 31 December 2020: Rs.537.720 million) (refer note 11) on account of restructuring proposal offered to the lenders. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of mark-up should be made in these financial statements. Had the provisions of mark-ups, including the mark-up discussed in preceding paragraph, been made in the condensed interim financial statements, the loss after taxation for the period would have been higher by Rs.20.714 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.537.720 million.
- c) The trade debts include receivables of Rs.659.081 million which are past due and impaired, against which a provision for doubtful debts to the extent of Rs.545.205 million has been made up to the 31 December 2019 which should have been increased by Rs.113.876 million. Had the provision been made in this condensed interim financial information, the loss after taxation would have been higher, trade debts and shareholders' equity would have been lower by Rs.113.876 million.

Adverse Conclusion

Our review indicates that, because of the significance of the matters discussed in paragraph (a) to (c) above, this condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The engagement partner on the audit resulting in this independent auditor's report is Fasih uz Zaman.


CHARTERED ACCOUNTANTS
(Fasih uz Zaman)


Place: Karachi


Dated: February 22, 2021

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	(Un-audited) 31 December 2020	(Audited) 30 June 2020
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (June 2020: 50,000,000) Ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital		460,646,090	460,646,090
Revenue reserves			
General reserve		333,000,000	333,000,000
Accumulated losses		(5,139,942,553)	(4,941,829,473)
Capital reserves			
Surplus on revaluation of property, plant and equipment		726,120,283	746,894,701
		(3,620,176,180)	(3,401,288,682)
NON-CURRENT LIABILITIES			
Long term financing		139,548,826	131,461,304
Deferred taxation	6	149,859,862	158,345,188
		289,408,688	289,806,492
CURRENT LIABILITIES			
Trade and other payables		183,614,293	181,456,407
Mark-up accrued		1,503,430,113	1,389,200,387
Short term borrowings		536,067,283	552,562,806
Liability for staff gratuity		50,737,788	50,770,926
Unclaimed dividend		254,206	254,206
Current and overdue portion of long term financing		2,945,282,769	2,945,482,769
		5,219,386,452	5,119,727,501
CONTINGENCIES AND COMMITMENTS			
	7	--	--
		1,888,618,960	2,008,245,311
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	8	1,456,627,745	1,516,369,727
Long term investment	9	--	--
Long term deposits		12,012,134	12,012,134
		1,468,639,879	1,528,381,861
CURRENT ASSETS			
Stores and spares		30,677,433	30,677,433
Stock in trade	10	241,217,205	256,310,135
Trade debtors - Unsecured		113,965,634	158,872,828
Advances - Considered good		1,604,815	1,685,365
Short term deposits and other receivable		4,120,116	4,120,116
Taxes recoverable - Net		22,992,507	23,129,092
Cash and bank balances		5,401,371	5,068,481
		419,979,081	479,863,450
		1,888,618,960	2,008,245,311

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


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020 - Unaudited

	Notes	Half Year Ended		Quarter Ended	
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		----- (Rupees) -----		----- (Rupees) -----	
Sales - Net		18,905,000	--	18,905,000	--
Cost of sales		(80,179,154)	(76,330,746)	(47,941,792)	(38,245,334)
Gross (loss)		(61,274,154)	(76,330,746)	(29,036,792)	(38,245,334)
Operating expenses					
Administrative and general expenses		(2,828,204)	(3,108,103)	(1,850,042)	(1,822,224)
Operating (loss)		(64,102,358)	(79,438,849)	(30,886,834)	(40,067,558)
Finance cost	11	(123,853,016)	(201,217,251)	(63,489,362)	(100,766,302)
Other charges		(39,133,875)	--	(39,133,875)	--
		(162,986,891)	(201,217,251)	(102,623,237)	(100,766,302)
(Loss) before taxation		(227,089,249)	(280,656,100)	(133,510,071)	(140,833,860)
Taxation					
- Current		(283,575)	--	(283,575)	--
- Deferred		8,485,326	9,638,535	4,242,663	4,819,268
		8,201,751	9,638,535	3,959,088	4,819,268
(Loss) for the period		(218,887,498)	(271,017,565)	(129,550,983)	(136,014,592)
(Loss) per share - Basic and diluted	12	(4.75)	(5.88)	(2.81)	(2.95)

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


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020 - Unaudited

Notes	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	----- (Rupees) -----		----- (Rupees) -----	
(Loss) for the period	(218,887,498)	(271,017,565)	(129,550,983)	(136,014,592)
Other comprehensive income:				
Effect of change in tax rates on balance of revaluation on property, plant and equipment	--	--	--	--
Total comprehensive (loss) for the period	<u><u>(218,887,498)</u></u>	<u><u>(271,017,565)</u></u>	<u><u>(129,550,983)</u></u>	<u><u>(136,014,592)</u></u>

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


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020 - Unaudited

	Issued, subscribed and paid-up share capital	Revenue reserves			Capital reserves	Total equity
		General reserve	Accumulated losses	Total revenue reserves	Surplus on revaluation of property, plant and equipment	
----- (Rupees) -----						
Balance as on 1 July 2019	460,646,090	333,000,000	(4,382,247,527)	(4,049,247,527)	794,090,283	(2,794,511,154)
Total comprehensive (loss) for the period						
(Loss) for the period	--	--	(271,017,565)	(271,017,565)	--	(271,017,565)
Other comprehensive income	--	--	--	--	--	--
	--	--	(271,017,565)	(271,017,565)	--	(271,017,565)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	23,597,791	23,597,791	(23,597,791)	--
Balance as at 31 December 2019	460,646,090	333,000,000	(4,629,667,301)	(4,296,667,301)	770,492,492	(3,065,528,719)
Balance as on 1 July 2020	460,646,090	333,000,000	(4,941,829,473)	(4,608,829,473)	746,894,701	(3,401,288,682)
Total comprehensive (loss) for the period						
(Loss) for the period	--	--	(218,887,498)	(218,887,498)	--	(218,887,498)
Other comprehensive income	--	--	--	--	--	--
	--	--	(218,887,498)	(218,887,498)	--	(218,887,498)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	20,774,418	20,774,418	(20,774,418)	--
Balance as at 31 December 2020	460,646,090	333,000,000	(5,139,942,553)	(4,806,942,553)	726,120,283	(3,620,176,180)

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


Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020 - Unaudited

	Notes	31 December 2020	31 December 2019
		----- (Rupees) -----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before taxation		(227,089,249)	(280,656,100)
<i>Adjustment for non-cash and other items:</i>			
Depreciation / amortisation expense		59,741,982	67,706,682
Provision for doubtful debts		37,988,545	--
Interest on Workers' Profit Participation Fund		--	250,151
Unwinding of discount		8,087,522	6,267,450
Finance cost		115,765,494	194,949,801
Cash outflows before working capital changes		<u>(5,505,706)</u>	<u>(11,482,016)</u>
<i>Working capital changes</i>			
<i>(Increase) / decrease in current assets</i>			
Stock in trade		15,092,930	--
Trade debtors		6,918,649	44,890,701
Advances		80,550	(6,171)
		22,092,129	44,884,530
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		2,157,886	1,277,090
Short term borrowings		(16,495,523)	(32,445,000)
		(14,337,637)	(31,167,910)
Cash generated from operations		<u>2,248,786</u>	<u>2,234,604</u>
<i>Payments for:</i>			
Income tax paid - Net		(146,990)	(23,521)
Gratuity paid		(33,138)	--
Finance cost paid		(1,535,768)	(1,723,127)
Net cash generated from operating activities		532,890	487,956
CASH FLOWS FROM INVESTING ACTIVITIES			
		--	--
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing paid		<u>(200,000)</u>	<u>(1,249,103)</u>
Net increase / (decrease) in cash and cash equivalents		332,890	(761,147)
Cash and cash equivalents at the beginning of the period		<u>5,068,481</u>	<u>7,199,455</u>
Cash and cash equivalents at the end of the period		<u>5,401,371</u>	<u>6,438,308</u>

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


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer


Zafar Asim
Director

DEWAN TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020 - Unaudited

1 STATUS AND NATURE OF BUSINESS

Dewan Textile Mills Limited ('the Company') was incorporated in Pakistan on 16 April 1970 as a public limited company and is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. However, the Company has suspended its manufacturing operations since December 2015.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.
- Company's production plant is situated at H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements of the Company for the period ended 31 December 2020 reflect that the Company has sustained a net loss after taxation of Rs.218.887 million (June 2020: Rs.606.778 million) and as of that date the Company's negative revenue reserves of Rs.4,806.943 million (June 2020: Rs.4,608.829 million) have resulted in negative equity of Rs.3,620.176 million (June 2020: Rs.3,401.289 million) and its current liabilities exceeded its current assets by Rs.4,799.407 million (June 2020: Rs.4,639.864 million) and total assets by Rs.3,330.767 million (June 2020: Rs.3,111.482 million). Further the Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of liabilities due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and one lender had also filed winding up petitions under section 301 of the Companies Act, 2017 as more fully explained in note 12.1 and note 12.2 to the annual financial statement. The Company has suspended its manufacturing operations since December 2015. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern, therefore, the Company may not be able to realize its assets and discharge its liabilities during the normal course of

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

3 BASIS OF PREPARATION

- 3.1** These condensed interim financial statements of the Company for the half year ended 31 December 2020 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017: and

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 3.2** These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2020.
- 3.3** The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2020 and 2019 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2020 and 2019.

4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended 30 June 2020.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2020.

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	----- (Rupees) -----	
6 DEFERRED TAXATION		
<i>Credit balance arising due to:</i>		
- Accelerated tax depreciation	74,574,953	77,063,824
- Revaluation - Net of related depreciation	149,859,862	158,345,188
- Finance lease transactions	5,164,471	5,678,185
 <i>Debit balance arising due to:</i>		
- Staff gratuity	(14,713,959)	(14,723,569)
- Provision for doubtful debts	(158,109,408)	(147,092,730)
- Provision for obsolete stock	(14,625,061)	(14,625,061)
- Provision for slow-moving stores and spares	(7,264,924)	(7,264,924)
- Carried over (losses)	(610,655,080)	(699,379,617)
	<u>(575,769,146)</u>	<u>(641,998,704)</u>
 Deferred tax asset not recognised	 725,629,008	 800,343,892
	<u><u>149,859,862</u></u>	<u><u>158,345,188</u></u>

7 CONTINGENCIES AND COMMITMENTS

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended 30 June 2020.

	(Un-audited) 31 December 2020	(Audited) 30 June 2020
	----- (Rupees) -----	
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	8.1 1,446,322,356	1,506,064,338
Capital work-in-progress - At cost (Civil work)	10,305,389	10,305,389
	<u><u>1,456,627,745</u></u>	<u><u>1,516,369,727</u></u>
 8.1 Operating fixed assets		
Opening net book value (NBV)	1,506,064,338	1,641,420,940
 Depreciation charged for the period / year	(59,741,982)	(135,356,602)
 Closing net book value (NBV)	<u><u>1,446,322,356</u></u>	<u><u>1,506,064,338</u></u>

9 INVESTMENT IN AN ASSOCIATE COMPANY

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

9.2 Investment in Dewan Salman Fibre Limited - At equity method

Number of shares held	104,288,773	104,288,773
Cost of investment (Rupees)	<u>210,000,000</u>	<u>210,000,000</u>
Fair value of investment (Rupees)	<u>91,774,120</u>	<u>91,774,120</u>
Ownership interest	<u>28.47%</u>	<u>28.47%</u>

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

10 STOCK IN TRADE

Entire stock of raw material and finished goods is pledged with the banks against the financing facilities obtained by the Company.

11 FINANCE COST AND MARK-UP ACCRUED

In addition to the non-provisioning of mark-up eligible for waiver as disclosed in annual financial statement for the year ended 30 June 2020, Company has not made the provision of mark-up for the period amounting to Rs.20.714 million (up to 31 December 2020: Rs.537.720 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period would have been higher by Rs.20.714 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.537.720 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

	(Un-audited) 31 December 2020	(Un-audited) 31 December 2019
	----- (Rupees) -----	
12 (LOSS) PER SHARE - Basic and diluted		
(Loss) after taxation	<u>(218,887,498)</u>	<u>(271,017,565)</u>
	----- (Number of shares) -----	
Weighted average number of shares	<u>46,064,609</u>	<u>46,064,609</u>
(Loss) per share - Basic and diluted (Rupees)	<u>(4.75)</u>	<u>(5.88)</u>

13 TRANSACTIONS WITH RELATED PARTIES

Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. Material transactions and balances with related parties incurred during the period consisted of payment of contribution to Staff provident fund of the Company amounting to Rs.46,176/- (December 2019: Rs.23,088/-).

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 Financial risk factors

The Company is exposed to the credit risks, liquidity risks and market risks (including currency rate risk and other price risk) from its use of financial instruments.

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

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

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

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

14.2 Fair value hierarchy

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instrument in its portfolio.

15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of cash flows and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

16 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 22nd February, 2021 by the Board of Directors of the Company.

17 GENERAL

Figures have been rounded off to the nearest rupee.



Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

ڈائریکٹرز رپورٹ

شروع کرنا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم شکر ادا کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے کمپنیز ایکٹ 2017ء کے سیکشن 237 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے غیر میعاد عبوری مالیاتی حسابات پیش کرنے پر خوشی محسوس کر رہے ہیں۔

عملی نتائج (فیئری بند):

(روپے)	زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:
18,905,000	فروخت (صافی)
(80,179,154)	فروخت کی لاگت
(61,274,154)	خام خسارہ
(2,828,204)	آپریٹنگ اخراجات
(64,102,358)	آپریٹنگ خسارہ
(123,853,016)	مالیاتی لاگت
(39,133,875)	دیگر اخراجات
(227,089,249)	قبل از ٹیکس خسارہ
8,201,751	محصولات
(218,887,498)	بعد از ٹیکس خسارہ

اس سال بھی کمپنی کی صافی پیداواری فروخت پیداوار معطل ہونے کی وجہ سے صفر رہی۔ مالیاتی حسابات میں نظر آنے والی فروخت دراصل یارن اسٹاک کی فروخت ہے۔ کمپنی نے وقتی طور پر دسمبر 2015ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نا مساعد مشکلات، مارکیٹ میں طلب کی کمی اور کام چلانے کے لیے سرمایہ میں کمی کی وجہ سے ہے۔

کمپنی کے آڈیٹرز نے آپریشن کی بندش، قرضہ جات کی قسطوں کی ادائیگی اور مارک اپ سے متعلق غیر عدم فراہمی اور مشکوک قرضوں کے لئے فراہمی جو کہ ان کی جائزہ رپورٹ میں بیان کیا گیا ہے، کے باعث مستقبل کی تشویش سے متعلق اپنی جائزہ رپورٹ میں منفی نتیجہ کا اظہار کیا ہے۔ مجموعی عبوری مالی بیانات تشویش کا اظہار کرتے ہوئے تیار کیئے گئے ہیں کیونکہ کمپنی نے اپنے قرض دہندگان سے اپنی ذمہ داریوں کی مزید تنظیم نو کے لئے رابطہ کیا ہے جو کہ جاری ہے۔ انتظامیہ کو امید ہے کہ جلد ہی اس طرح کی نظر ثانی کو حتمی شکل دے دی جائے گی جس سے کمپنی اپنے آپریٹرز دوبارہ شروع کر سکے گی۔ انتظامیہ تجارتی قرضوں کی وصولی کا مسلسل جائزہ لیتی ہے اور اسی کے مطابق پروویژن بنائے جاتے ہیں۔

مستقبل کا نظریہ:

انتظامیہ مستقبل میں صورتحال بہتر ہونے کے ساتھ ہی بہت جلد اپنی پیداواری سرگرمیاں دوبارہ شروع کرنے کی کوشش کر رہی ہے۔ ویکسینز کی دستیابی کے ساتھ، یہ توقع کی جا رہی ہے کہ اب عالمی سطح پر وبائی امراض کے اثرات کو کم کیا جائے گا اور اس کے تحت عالمی سطح پر معاشی سرگرمیاں معمول پر آئیں گی۔ اگرچہ دوسری لہر کے دوران معمولی ہجکولے دیکھنے میں آئے، لیکن پورے پاکستان نے بطور قوم نظم و ضبط کا بہترین مظاہرہ کیا۔ جیسے ہی ہم نئے مالیاتی سال میں داخل ہوئے، معاملات نے پاکستان کے لئے زور پکڑنا شروع کر دیا۔ برآمدات اور ترسیلات زر اوپری سطح پر پہنچ گئیں۔ اس مدت کے دوران SPLY کے مقابلے میں ملک کی برآمدات میں 5.09 فیصد (امریکی ڈالر کے لحاظ سے) اضافہ ہوا جبکہ اس سے مقامی صنعتوں کو بہتر مواقع ملتے ہیں۔ اس مدت کے دوران SPLY کے مقابلے میں ترسیلات میں 24.89 فیصد (امریکی ڈالر کے لحاظ سے) اضافہ ہوا۔ اسی طرح، دوران جائزہ مدت امریکی ڈالر کے مقابلے میں پاکستانی روپے کو بھی تقویت ملی، جو کہ جون 2020ء میں فی ڈالر 168.05 پاکستانی روپے کے مقابلے میں دسمبر 2020ء میں فی ڈالر 159.83 پاکستانی روپے پر بند ہوا۔

معاشی لچک اور بہتری کی علامات کے باوجود، کپاس کی زیادہ درآمدات کی وجہ سے کرنٹ اکاؤنٹ پر دباؤ پڑ سکتا ہے کیونکہ کپاس کی فصل کی کاشت میں مسلسل کمی کے ساتھ ساتھ کپاس کی بین الاقوامی قیمت میں اضافے کی بنیادی وجہ امریکی کپاس کی سپلائی میں بڑھتی طلب اور رکاوٹ، حالیہ مصنوعی سوت اور سوتی کپاس کی درآمد پر ریگولیٹری ڈیوٹی کا خاتمہ، پلانٹ اور مشینری کی درآمد، تیل کی بین الاقوامی قیمتوں میں اضافے کا رجحان ہے۔ یہ عوامل مختصر مدت میں زرمبادلہ کی شرح کو اوپر کی طرف دھکیل سکتے ہیں۔ مزید برآں، بڑھتے ہوئے قرضہ جات، زیادہ افراط زر، روزمرہ قیمتوں میں اضافہ، غیر مستحکم سیاسی حالات اور جغرافیائی سیاسی تناؤ کے چیلنجز سے یہ نقطہ نظر غیر واضح ہو سکتا ہے۔

نتیجہ:

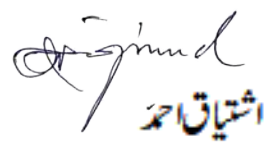
نتیجہ کے حوالے سے ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم ائمہ کے مابین صحیح اسلامی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

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

بورڈ آف ڈائریکٹرز کی جانب سے


ظفر عاصم

ڈائریکٹر


اشتیاق احمد

چیف ایگزیکٹو آفیسر

مورخہ: 22 فروری 2021ء