



**Condensed Interim
Un-Audited Financial Statements
For the Half Year Ended
December 31, 2020**



CONTENTS

Company Information	03
Director's Review	04
Independent Auditors' Review Report	06
Condensed Interim Balance Sheet	08
Condensed Interim Profit or Loss	09
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Cash Flow Statement	11
Condensed Interim Statement of Changes in Equity	12
Notes to and forming part of Condensed Interim Financial Information	13

COMPANY INFORMATION

Board of Directors	Mr. Faisal Mukhtar Ms. Abida Mukhtar Mrs. Nilofar Mukhtar Mrs. Mahwesh Faisal Mukhtar Mr. Muhammad Gul Nawaz Mr. Muhammad Yousaf Mr. Ejaz Hussain	Chairperson & Director Chief Executive Officer
Audit committee	Mr. Muhammad Gul Nawaz Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
HR & Remuneration Committee	Mr. Muhammad Yousaf Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
Chief Financial Officer Company Secretary	Mr. Shahid Ameen Chaudhry	
Share Registrar	M/s. Corplink (Pvt) Ltd. Wing Arcade, 1-K, Commercial Model Town, Lahore. Tel: 042-35839182, 35869037	
Auditors	M/s Rizwan & 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	H.No. 37, Street No.14, Cavalry Ground, Lahore-Cantt. Phones: (042) 36610643-44	
Factory	10th Km Muridke-Sheikhupura Road, Muridke.	

DIRECTORS' REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the Half Yearly for the period ended December 31st, 2020.

Economic Outlook

Post the first wave of Covid 19, the world economies are slowly recovering; however, the extent of recovery will be hard to ascertain before a vaccine is developed and immunised the major part of global population. The Pakistani economy, like the rest of the world, is struggling to overcome the challenges brought forth by the pandemic. Given such unusual times, it was difficult for the management to close any deal and dispose of land, building and machinery to pay down its liabilities. Therefore, in the last quarter of 2020, the management held an Extra Ordinary General Meeting to obtain approval from shareholders for leasing out the premises.

The management's decision to lease the land and building during the interim period was a beneficial decision. The company has closed its half year with a positive bottom line as well and hopes to continue that throughout the current year. The income has allowed the company to meet its cashflow requirements and reduce liabilities as well. The management is also looking at options for revival of its business. It is hopefully to chalk out a positive plan in the following months. Moreover, the management is still seeking buyers for the disposal of land and building in order to pay down its liabilities and revive the company.

These are challenging times, but the management is hopeful to dispose of land and building within shortest possible time and implement its business plan to revive the Company.

Financial Statements

The half yearly financial statements of the company have been duly reviewed and signed by the auditors of the Company, M/S Rizwan & Company Chartered Accountants, and their report is attached with the financial statements. Auditors of the Company have given an adverse opinion despite the discussions that the pandemic resulted in the withdrawals of from potential deals by two interested parties. In addition, the management also realized a short-term plan to meet cash flow requirements and to gradually pay down debt. Moreover, the company's management is avidly pursuing sale of its land and business and hopes to be able to fulfil its plan in the near future. The response of your Directors with respect to it are as follows:

Adverse Opinion	Justification
As at reporting date; the Company's accumulated loss stood at Rupees 342.968 million (2020: Rupees 343.524 million), its equity has been eroded fully and its current liabilities exceeded its current assets by Rupees	The management's decision to lease the land and building during the interim period was a beneficial decision. The Company closed at a profit of PKR 0.55 Million and with a positive EPS of 0.069. The company hopes to continue that throughout the current year. The income has allowed the company to meet its cashflow requirements and reduce liabilities as well. The management is hopeful that it will continue paying off its liabilities against all of its creditors. The Company is

<p>Rupees 479.548 million) and Securities and Exchange Commission of Pakistan has initiated show cause proceedings under Section 301 of the Companies Act, 2017 for winding up of the Company. Moreover, the financial results show adverse key financial ratios and cases against the Company by the banking companies (as fully explained in note 11) for recovery of the loan amounts, the outcome of these cases remain uncertain. The Company has not been able to pay long term financing and short-term borrowing obtained from banking companies amounting to Rupees 156.645 million and Rupees 116.220 million respectively and accrued markup of Rupees 108.429 million thereon even after lapse of considerable time after restructuring. The Company's operations are closed since 2014 and it had already disposed off its plant and machinery for implementation of an alternate business plan with the approval of shareholders. However, the Company neither be able to dispose off land and building to settle liabilities towards lenders and creditors nor be able to implement an alternate business plan as envisaged in the shareholders meeting held on April 30, 2018. During the last year 2020, the Company decided to lease out its factory premises with the</p>	<p>contesting its case with Securities and Exchange Commission of Pakistan and it is hoped that proceedings would be dropped in near future as the management of Company is in process of finalising its future strategies to revive the Company. It is expected that the Board will consider future strategies in its next meeting to be planned in March 2021 and accordingly approval from shareholders would be sought to revive the Company by implementing an alternate business plan. It is reiterated that sponsors of the Company are committed to ensure the continuity of the Company and have already injected more than Rupees 100 million in the Company in the form of interest free loan to meet its cashflow requirements and to settle its liabilities.</p>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<p>approval of the shareholders in its meeting held on April 20, 2020; however, we were neither provided with future projections of the Company nor any alternate business plan to revive the Company to support going concern assumption. These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in normal course of business. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these condensed interim financial statements on a going concern basis is inappropriate. In our opinion, the condensed interim financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.</p>	
As disclosed in condensed interim financial statements,	Auditors were provided with letters from banks stating the principal amount and mark up. The mark up amounts

<p>the Company has recognised accrued markup on short term borrowings and long-term financing to the extent of Rupees 54.127 million and Rupees 54.302 million respectively. As of December 31, 2020; aggregate amount of Rupees 83.652 million, Rupees 144.233 million and Rupees 78.092 million relating to short term borrowings, long term financing and accrued markup respectively remained unverified in absence of direct confirmations from banks. Moreover, the Company had not charged the markup / cost of funds on long term financing and short-term borrowings during the period under review. The effect of this matter has not been adjusted appropriately in these condensed interim financial statements.</p>	<p>accrued in the Company's accounts do not reflect the settled mark-up amount. The difference in mark-up amount shall be settled upon execution of settlement with the Banks.</p>
<p>Trade and other payables amounting to Rupees 127.243 million as disclosed in condensed interim statement of financial position includes amounts of Rupees 102.994 million could not be verified in absence of the direct confirmations. The cumulative effect of this matter has neither been determined not adjusted in these condensed interim financial statements.</p>	<p>Most of these amounts are older than five-years and are time barred in accordance with the Limitation Act. In addition to that, these trade and other payables are owned to traders / farmers that have limited booking keeping abilities. Therefore, most of these individuals / companies are not able to provide written confirmations. Nevertheless, the management provided details and address of parties for confirmation and provided required information with regard to amount written back.</p>
<p>The Company has not recognised liability against Gas Infrastructure Development Cess to the extent of Rupees 22.333 million despite the fact that</p>	<p>The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged</p>

<p>Supreme Court of Pakistan has announced its decision on August 13, 2020 where Honorable Supreme Court has rejected appeals filed by various companies and has directed all the companies to pay the outstanding amounts within twenty-four monthly instalments with effect from August 01, 2020. The effect of this matter has not been adjusted appropriately in these condensed interim financial statements.</p>	<p>the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.</p> <p>During the current year, Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Later, the said Ordinance was withdrawn by the Federal Government and pending decision with The Supreme Court of Pakistan. Now Subsequent to the reporting date; Supreme Court of Pakistan has announced on August 13, 2020 its reserved verdict on the Gas Infrastructure Development Cess (GIDC) and has rejected the appeals and ordered the companies to pay the outstanding amount.</p> <p>Despite the Supreme Court of Pakistan verdict specifically the textile industrial units feel grieved and levy of unjustified cess applied contrary to the provisions of the GIDC ACT, 2015.</p> <p>The Textile companies through APTMA has filed a review petition before the Honorable Supreme Court of Pakistan.; therefore, the amount of the GIDC amounting to Rupees 22.954 million has not been recognized in these financial statements as the Company is of the view that decision on review petition by Supreme Court of Pakistan shall be decided in favour of the Company.</p>
<p>We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1,159,777 in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.</p>	<p>The Company issued out a dividend in the Fiscal Year 2000 and FY 2001. Over the years, a small portion of the dividend remains payable. During the past two decades, the company management has issued out dividend warrants at shareholder request.</p>

On behalf of the Board of Directors


Abida Mukhtar
Chief Executive Officer

<p>تھیں۔ ایک اور مقدمہ میں عدالت عالیہ پشاور نے 31 مئی 2017ء کو گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2015ء کی توثیق کی تھی جسے عدالت عظمیٰ پاکستان میں درخواست گزاران نے چیلنج کر رکھا ہے۔</p> <p>رواں برس وفاقی حکومت نے گیس انفراسٹرکچر ڈیولپمنٹ سیس 2015ء (ترمیم شدہ) آرڈیننس 2019 جاری کیا جس کے تحت 31 دسمبر 2018 سے واجبات کی ادائیگی میں 50 فی صد کی رعایت دی گئی۔ بعد ازاں مذکورہ آرڈیننس وفاقی حکومت نے واپس لے لیا اور عدالت عظمیٰ پاکستان میں فیصلہ کا انتظار ہے۔ لہذا تا حال عدالت عظمیٰ پاکستان نے 13 اگست 2020ء کو گیس انفراسٹرکچر ڈیولپمنٹ (GIDC) پر اپنا محفوظ فیصلہ سنا دیا اور اپیلوں کو مستر دکر دیا اور کمپنیوں کو واجبات کی ادائیگی کا حکم دیا۔</p> <p>ٹیکسٹائل کمپنیوں نے اپنا کے ذریعے نظر ثانی اپیل فاضل عدالت عظمیٰ پاکستان کے روبرو پیش کی۔ لہذا 22.954 ملین روپے کے GIDC کے واجبات کو ان مالیاتی اسٹیٹمنٹس میں ظاہر نہیں کیا گیا ہے کیونکہ کمپنیوں نے یہی توقع رکھتی ہے کہ نظر ثانی اپیل پر عدالت عظمیٰ پاکستان کا فیصلہ کمپنی کے حق میں آئے گا۔</p>	
<p>کمپنی نے مالیاتی سال 2000ء اور 2001ء منافع منقسمہ کا اجرا کیا ہے۔ کئی سال تک اس منافع منقسمہ کا زیادہ تر حصہ واجب الادا ہے۔ گذشتہ دو دہائیوں کے دوران کمپنی کی انتظامیہ نے حصص داران کے مطالبہ پر ڈیویڈنڈ وارنٹس جاری کئے ہیں۔</p>	<p>ہم کمپنی کے ریکارڈ سے 30 جون 2000 اور 30 جون 2001 کو اختتام پذیر مالیاتی سال میں 1,159,777 روپے مالیت کا واجب الادا دعویٰ منافع منقسمہ کی تصدیق نہیں کر سکے۔ مزید برآں، کمپنی نے کمپنیز ایکٹ 2017ء کے سیکشن 244 پر عمل درآمد کے لئے اقدامات نہیں کئے ہیں۔</p>

منجانب/ برائے بورڈ آف ڈائریکٹرز



عابدہ مختار
چیف ایگزیکٹو آفیسر

<p>آڈیٹرز کو پرنسپل امانٹ اور مارک اپ پر مشتمل بیک کے خطوط فراہم کئے گئے تھے۔ کمپنی کے کھاتوں میں شامل مارک اپ کی رقم ادا شدہ مارک اپ کی عکاسی نہیں کرتے۔ مارک اپ کی رقم میں فرق کا تعین بینکوں کو ادائیگی کے بعد کیا جائے گا۔</p>	<p>جیسا کہ منجند عبوری مالیاتی اسٹیٹمنٹس میں ظاہر کیا گیا ہے کمپنی نے قلیل مدتی اور طویل مدتی قرضوں پر بالترتیب 54.127 ملین روپے اور 54.302 ملین روپے مارک اپ کو تسلیم کیا ہے۔ 31 دسمبر 2020ء تک بینکوں کی براہ راست توثیق کی عدم موجودگی میں 78.092، 144.233، 83.652 ملین روپے کی مجموعی رقم بالترتیب قلیل مدتی، طویل مدتی قرضہ جات اور مارک اپ کی مد میں تصدیق نہ ہو سکی ہے۔ مزید برآں، کمپنی نے زیر جائزہ مدت کے دوران قلیل اور طویل مدتی قرضوں پر لاگت/مارک اپ کو عائد نہ کیا ہے۔ اس معاملہ کو ان منجند عبوری مالیاتی اسٹیٹمنٹس میں معقول انداز میں واضح نہیں کیا گیا ہے۔</p>
<p>ان میں سے زیادہ تر رقم پانچ سال سے زیادہ پرانی ہیں اور لمبیشن ایکٹ کے تحت میعاد کی وجہ سے قانونی کارروائی سے مستثنیٰ ہیں۔ مزید برآں، یہ تجارتی اور دیگر اخراجات کسانوں اور تاجروں کو واجب الادا ہیں جن کے لئے کھاتوں کا تیار کرنا مشکل ہوتا ہے۔ اس کے باوجود انتظامیہ نے تصدیق کے لئے فریقین کی تفصیلات اور پتے ظاہر کئے ہیں اور ادا کی گئی رقم سے متعلق درکار معلومات فراہم کی ہیں۔</p>	<p>منجند عبوری مالیاتی اسٹیٹمنٹس کے مطابق 127.243 ملین روپے مالیت کے تجارتی اور دیگر اخراجات میں سے 102.994 ملین روپے کی براہ راست منظور ریوں کے بغیر تصدیق نہیں کی جاسکتی۔ اس معاملہ کے مجموعی اثر کا نہ تو تعین کیا جاسکا ہے اور نہ ہی انہیں منجند عبوری مالیاتی اسٹیٹمنٹس میں ایڈجسٹ کیا گیا ہے۔</p>
<p>SNGL نے مالیاتی سال 2012ء سے مئی 2015ء تک کیگیس انفراسٹرکچر ترقیاتی ٹیکس کی مد میں 22.954 ملین روپے کا سرچارج عائد کیا تھا۔ عدالت عالیہ لاہور نے صنعتی معاہدے کے معاملہ پر غور کے لئے SNGPL ہائی پاور کمیٹی قائم کرنے کی ہدایت جاری کی تھی۔ وفاقی حکومت نے اس فیصلہ کو عدالت عالیہ سندھ میں چیلنج کیا تھا جس کے مطابق GIDC اور اے قانون اور دوسری کمپنی کے مقدمہ میں غیر آئینی قرار دیا گیا تھا اور عدالت عالیہ سندھ کے لارجر بینچ سے حکم کی معطلی کی ہدایات حاصل کی</p>	<p>کمپنی نے عدالت عظمیٰ پاکستان کے 13 اگست 2020ء کے فیصلہ کے مطابق 22.33 ملین روپے کیگیس انفراسٹرکچر ترقیاتی ٹیکس کو تسلیم نہ کیا ہے جس کے مطابق فاضل عدالت عظمیٰ نے متعدد کمپنیوں کی دائر درخواستوں کو مسترد کیا تھا اور تمام کمپنیوں کو یکم اگست 2020ء سے 24 ماہانہ اقساط میں واجبات کی ادائیگی کی ہدایات جاری کی تھیں۔ اس معاملہ کے اثرات کو منجند عبوری مالیاتی اسٹیٹمنٹس میں معقول انداز میں واضح نہیں کیا گیا ہے۔</p>

	<p>30 اپریل 2018ء کو منعقدہ حصص داران کے اجلاس میں زیر غور متبادل کاروباری منصوبہ پر عمل درآمد کرائی ہے۔ سال 2020ء کے دوران 20 اپریل 2020ء کو منعقدہ حصص داران کے اجلاس میں منظوری کے بعد اپنی فیکٹری کو لیز پر دینے کا فیصلہ کیا گیا۔ تاہم ہمیں کاروباری کو جاری رکھنے کے مفروضہ کے حق میں کمپنی کی ازسرنو بحالی کے لئے کمپنی کے مستقبل کا لائحہ عمل اور نہ ہی متبادل کاروباری منصوبہ فراہم کیا گیا۔ یہ حالات و واقعات ظاہر مادی بے یقینی صورت حال کو ظاہر کرتے ہیں جو کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں شکوک و شبہات پیدا کرتے ہیں۔ لہذا کمپنی کاروبار کے عمومی امور کے دوران اپنے اثاثہ جات کو حاصل کرنے اور واجبات کی ادائیگی میں ناکامی کا سامنا کر سکتی ہے۔ یہاں بیان کردہ حالات و واقعات کی روشنی میں ہماری رائے میں کمپنی کاروبار جاری نہیں رکھ سکتی لہذا کاروبار جاری رکھنے کی عکاسی کے لئے یہ منجمد عبوری مالیاتی اسٹیٹمنٹس غیر موزوں ہیں۔ ہماری رائے میں منجمد عبوری مالیاتی اسٹیٹمنٹس میں واجب الوصول رقوم کے لئے اثاثہ جات کی قیمت کے تعین اور مزید واجبات کو برداشت کرنے کی عکاسی ہونی چاہئے۔ لائحہ عمل میں یہ تبدیلیاں معقول محسوس ہوتی ہیں اور مندرجہ ذیل پیرا گراف میں مزید صلاحیتوں پر تبادلہ خیال کی روشنی میں ہم درکار تبدیلیوں اور فوائد کے حجم کا بالکل درست تعین کرنے میں ناکام ہوئے ہیں۔</p>
--	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

جواز	غیر موافق رائے
<p>عبوری مدت کے دوران انتظامیہ کا اراضی اور عمارت کو لیز پر دینے کا فیصلہ سود مند ثابت ہوا۔ کمپنی 0.55 ملین روپے نفع پر بند ہوئی اور اس کی فی حصص آمدنی مثبت 0.069 روپے رہی۔ کمپنی حالیہ برس میں یہ رجحان برقرار رکھنے کے لئے پرامید ہے۔ اس آمدنی سے کمپنی اپنے سرمایہ کو پورا کرنے اور واجبات کو کم کرنے کے قابل ہوگی ہے۔ انتظامیہ پرامید ہے کہ کمپنی اپنے تمام قرض خواہان کو واجبات کی ادائیگی جاری رکھے گی۔ سیکورٹیز اینڈ ایکسچینج کمیشن کے ساتھ کمپنی کا مقدمہ زیر التوا ہے اور امید کی جاتی ہے کہ مستقبل قریب میں کارروائی روک دی جائے گی کیونکہ کمپنی کی انتظامیہ کمپنی کی از سر نو بحالی کے لئے مستقبل کا لائحہ عمل مرتب کرنے کو حتمی شکل دے رہی ہے۔ توقع کی جاتی ہے کہ بورڈ مارچ 2021ء میں آئندہ منعقد ہونے والے اجلاس میں مستقبل کے لائحہ عمل پر غور کرے گا اور متبادل کاروباری منصوبہ پر عمل درآمد کے ذریعے کمپنی کی بحالی کے لئے حصص داران کی منظوری حاصل کرے گا۔ زور دیا گیا ہے کہ کمپنی کے سپانسرز کمپنی کے کاروباری تسلسل کو یقینی بنانے کے لئے برعزم ہیں۔ بلاسود قرضہ کی صورت میں انہوں نے کمپنی میں 100 ملین روپے سے زائد کی سرمایہ کاری کی ہے تاکہ سرمایہ کی ضروریات کو پورا اور واجبات کو ادا کیا جاسکے۔</p>	<p>رپورٹنگ کی تاریخ کو کمپنی کا مجموعی خسارہ 342.968 ملین روپے (2020ء: 343.524 ملین روپے) رہا۔ ایکویٹی مکمل طور پر ختم ہو چکی ہے۔ اور اس کے حالیہ واجبات موجودہ اثاثہ جات سے 480.348 ملین روپے (2020ء: 479.598 ملین روپے) سے تجاوز کر چکے ہیں۔ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کمپنی ایکٹ 2017ء کے سیکشن 301 کے تحت اظہار وجوہ کی مدین کمپنی کی تحلیل کے لئے کارروائی کا آغاز کر دیا ہے۔ مزید برآں، مالیاتی نتائج بنیادی مالیاتی تناسب اور قرضہ کی واپسی کے لئے بینکنگ کمپنیوں کے کمپنی کے خلاف مقدمات (جیسا کہ نوٹ 11 میں بیان کیا گیا ہے) کی بدترین صورت حال ظاہر کر رہے ہیں۔ ان مقدمات کے نتائج تا حال غیر موافق نظر آ رہے ہیں۔ کمپنی ری سٹرکچرنگ کی معقول مدت گزر جانے کے باوجود بینکنگ کمپنیوں سے حاصل 156.645 ملین روپے اور 116.220 ملین روپے کے بالتزیم طویل اور قلیل مدتی قرضہ جات اور ان پر 108.429 ملین روپے کے مارک اپ کی ادائیگی نہ کر سکی ہے۔ کمپنی 2014ء سے غیر فعال ہے اور کمپنی نے حصص داران کی منظوری سے متبادل کاروباری منصوبہ پر عمل درآمد کے لئے اپنے پلانٹ اور مشینری کو فروخت کر دیا ہے۔ تاہم کمپنی اپنے قرض دہندگان اور قرض خواہان کو واجبات کی ادائیگی کے لئے اپنی اراضی اور عمارت کو فروخت نہیں کر پائی ہے۔ اور نہ ہی</p>

ڈائریکٹر رپورٹ

دارسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2020ء کو اختتام پذیر نصف سال کے لئے ششماہی رپورٹ ازراہ مسرت پیش کرتے ہیں۔

اقتصادی منظر نامہ

کورونا وائرس کی پہلی لہر کے بعد عالمی معیشت آہستہ آہستہ بحال ہو رہی ہے۔ تاہم ویکسین کی تیاری اور عالمی اداری کی وسیع پیمانے پر امیونائزیشن (immunization) تک اس بحالی کے درجہ کو جانچنا انتہائی مشکل ہے۔ دنیا بھر کی طرح پاکستان کی معیشت بھی عالمی وبا کے اثرات سے نبرد آزما ہونے کے لئے مشکلات کا شکار ہے۔ اس غیر معمولی صورت حال کے دوران کمپنی اپنے واجبات کی ادائیگی کے لئے اراضی، املاک اور مشینری کی فروخت کے لئے خاطر خواہ اقدامات نہ اٹھا سکی۔ لہذا 2020ء کی آخری سہ ماہی میں کمپنی کی انتظامیہ نے املاک کی لیوننگ کی غرض سے حصص داران سے منظوری طلب کرنے کے لئے غیر معمولی اجلاس عام طلب کیا۔

عبوری دورانیہ میں اراضی اور املاک کو لیز پر دینے کا فیصلہ درست ثابت ہوا۔ کمپنی نے پہلی ششماہی کا اختتام مثبت رجحان سے کیا اور رواں سال میں اس رجحان کو برقرار رکھنے کے لئے پرعزم ہے۔ بہتر آمدنی کی وجہ سے کمپنی اپنی کیش فلوی کی ضروریات کو پورا اور واجبات کو کم کرنے کے قابل ہوئی ہے۔ انتظامیہ اپنے کاروبار کی ازسرنو بحالی کے آپشن پر بھی غور کر رہی ہے۔ امید ہے کہ اگلے ماہ کمپنی ایک مربوط منصوبہ وضع کر لے گی۔ مزید برآں، انتظامیہ اپنے واجبات کی ادائیگی اور کمپنی کے کاروبار کو جاری رکھنے کے لئے اراضی اور املاک کی فروخت کے لئے خریدار تلاش کر رہی ہے۔

یہ بحرانی کیفیت ہے لیکن انتظامیہ کم ترین دورانیہ میں اراضی اور املاک کی فروخت کے لئے پرامید ہے۔ تاکہ کمپنی کی ازسرنو بحالی کے لئے کاروباری منصوبہ کا اطلاق کیا جاسکے۔

مالیاتی اسٹیٹمنٹس

کمپنی کی ششماہی مالیاتی اسٹیٹمنٹس کو کمپنی کے آڈیٹرز میسرز رضوان اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے باضابطہ وصول کیا ہے اور اس کی توثیق کی ہے۔ اور انہوں نے اپنی رپورٹ ان مالیاتی اسٹیٹمنٹس کے ساتھ منسلک کی ہے۔ کمپنی کے آڈیٹرز نے کورونا وائرس وبا کی وجہ سے دو دلچسپی رکھنے والی پارٹیوں کے انکار پر تبادلہ خیال کے باوجود غیر موافق رائے دی۔ مزید برآں انتظامیہ نے درکار سرمایہ کو پورا اور باقاعدگی سے قرض ادا کرنے کے لئے قلیل مدتی منصوبہ پیش کیا۔ علاوہ ازیں، کمپنی کی انتظامیہ اپنی اراضی اور کاروبار کی فروخت کی بھی خواہش مند ہے اور مستقبل قریب میں اپنے ارادے کو عملی جامہ پہنانے کے لئے پرامید ہے۔ اس تناظر میں آپ کے ڈائریکٹرز کا جواب حسب ذیل ہے:

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Dar es Salaam Textile Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dar es Salaam Textile Mills Limited as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the selected notes forming part thereof, for the six month period then ended (hereinafter 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. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures included in condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and 2019 and the notes forming part thereof have not been reviewed by us and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2020.

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

We believe that the procedures we have performed are sufficient and appropriate to provide a basis for our adverse opinion and we report that:

- a) As at reporting date; the Company's accumulated loss stood at Rupees 342.968 million (2020: Rupees 343.524 million), its equity has been eroded fully and its current liabilities exceeded its current assets by Rupees 480.348 million (2020: Rupees 479.548 million) and Securities and Exchange Commission of Pakistan has initiated show cause proceedings under Section 301 of the Companies Act, 2017 for winding up of the Company. Moreover, the financial results show adverse key financial ratios and cases against the Company by the banking companies (as fully explained in note 11) for recovery of the loan amounts, the outcome of these cases remain uncertain. The Company has not been able to pay long term financing and short-term borrowing obtained from banking companies amounting to Rupees 156.645 million and Rupees 116.220 million respectively and accrued markup of Rupees 108.429 million thereon even after lapse of considerable time after restructuring. The Company's operations are closed since 2014 and it had already disposed off its plant and machinery for implementation of an alternate business plan with the approval of shareholders. However, the Company neither be able to dispose off land and building to settle liabilities towards lenders and creditors nor be able to implement an alternate business plan as envisaged in the shareholders meeting held on April 30, 2018. During the last year 2020, the Company decided to lease out its factory premises with the approval of the shareholders in its meeting held on April 20, 2020; however, we were neither provided with future projections of the Company nor any alternate business plan to revive the Company to support going concern assumption.

These conditions and events indicate material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore it may not be able to realize its assets and discharge its liabilities in normal course of business. Because of the circumstances and events as mentioned herein, in our opinion, the Company cannot be considered to be a going concern and thus the preparation of these condensed interim financial statements on a going concern basis is inappropriate. In our opinion, the condensed interim financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in the following paragraphs below we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

- b) As disclosed in condensed interim financial statements, the Company has recognised accrued markup on short term borrowings and long-term financing to the extent of Rupees 54.127 million and Rupees 54.302 million respectively. As of December 31, 2020; aggregate amount of Rupees 83.652 million, Rupees 144.233 million and Rupees 78.092 million relating to short term borrowings, long term financing and accrued markup respectively remained unverified in absence of direct confirmations from banks. Moreover, the Company had not charged the markup / cost of funds on long term financing and short-term borrowings during the period under review. The effect of this matter has not been adjusted appropriately in these condensed interim financial statements.
- c) Trade and other payables amounting to Rupees 127.243 million as disclosed in condensed interim statement of financial position includes amounts of Rupees 102.994 million could not be verified in absence of the direct confirmations. The cumulative effect of this matter has neither been determined not adjusted in these condensed interim financial statements.
- d) The Company has not recognised liability against Gas Infrastructure Development Cess to the extent of Rupees 22.333 million despite the fact that Supreme Court of Pakistan has announced its decision on August 13, 2020 where Honorable Supreme Court has rejected appeals filed by various companies and has directed all the companies to pay the outstanding amounts within twenty four monthly installments with effect from August 01, 2020. The effect of this matter has not been adjusted appropriately in these condensed interim financial statements.
- e) We could not verify the unclaimed dividend payable pertaining to financial years ended on June 30, 2000 and June 30, 2001 amounting to Rupees 1,159,777 in absence of underlying record with the Company. Moreover, the Company has not taken measures to comply with the requirements of Section 244 of the Companies Act, 2017.

Adverse Conclusion

Based on our review, because of the significance of the matter discussed in the paragraphs (a) to (e) above, the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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


Lahore: February 27, 2021



Rizwan & Company
Chartered Accountants

Condensed Interim Statement of Financial Position (Un-audited)
As at December 30, 2020

	Note	Un-audited December 31, 2020	Audited June 30, 2020
(Rupees)			
ASSETS			
Non-current assets			
Investment property	6	322,131,000	322,131,000
Long term deposits		<u>1,426,354</u>	<u>1,426,354</u>
		323,557,354	323,557,354
Current Assets			
Advances, deposits and other receivables		<u>4,816,472</u>	1,325,970
Tax refunds due from government		<u>4,056,968</u>	4,056,968
Advance income tax		<u>19,224,452</u>	18,440,245
Non-current assets held for sale	7	<u>1,936,500</u>	15,196,500
Cash and bank balances		<u>1,280,444</u>	295,806
		31,314,836	39,315,489
Current liabilities			
Trade and other payables	8	<u>127,243,343</u>	135,363,604
Unclaimed dividend		<u>1,159,777</u>	1,159,777
Accrued markup		<u>108,429,327</u>	108,429,327
Short term borrowings	9	<u>116,220,088</u>	116,220,088
Current portion of long term financing	10	<u>156,645,197</u>	156,645,197
Income tax payable		<u>1,964,724</u>	1,045,943
		511,662,456	518,863,936
Working capital employed		(480,347,620)	(479,548,447)
Non-current liabilities		-	-
NET CAPITAL EMPLOYED		<u>(156,790,266)</u>	<u>(155,991,093)</u>
Represented by:			
Share capital and reserves			
Authorized share capital 15,000,000 (June 30, 2020: 15,000,000) ordinary shares of Rupees 10 each)		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid up share capital		80,000,000	80,000,000
Accumulated loss		(342,968,102)	(343,523,929)
Revaluation surplus		6,663,300	6,663,300
Loan from sponsors		99,514,536	100,869,536
TOTAL EQUITY		<u>(156,790,266)</u>	<u>(155,991,093)</u>
Contingencies and commitments	11		

The annexed notes from 1 to 15 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nelofar Mukhtar
Director

Condensed Interim Statement of Profit and Loss (Un-audited)
for the six months period ended December 31, 2020

	Six months period ended		Three months period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees)		(Rupees)	
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross profit / (loss)	-	-	-	-
Other income	9,225,000	1,380,000	4,126,593	580,000
Administrative expenses	(6,141,199)	(5,636,554)	(3,700,847)	(3,381,649)
Other operating expenses	(560,000)	-	(560,000)	-
	2,523,801	(4,256,554)	(134,254)	(2,801,649)
Finance costs	(3,250)	(4,158)	(784)	(3,201)
Profit / (loss) before taxation	2,520,551	(4,260,712)	(135,038)	(2,804,850)
Income tax expense	(1,964,724)	-	(996,878)	-
Profit / (loss) after taxation	555,827	(4,260,712)	(1,131,916)	(2,804,850)
Earnings per share	0.069	(0.533)	(0.141)	(0.351)

The annexed notes from 1 to 15 form an integral part of these condensed financial information.


 Abida Mukhtar
 Chief Executive Officer


 Shahid Amin Chaudhry
 Chief Financial Officer


 Nelofar Mukhtar
 Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)
for the six months period ended December 31, 2020**

	Six months period ended		Three months period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees)		(Rupees)	
Profit / (loss) after taxation	555,827	(4,260,712)	(1,131,916)	(2,804,850)
Other comprehensive income / (loss)	-	-	-	-
Total comprehensive income/ (loss)	<u>555,827</u>	<u>(4,260,712)</u>	<u>(1,131,916)</u>	<u>(2,804,850)</u>

The annexed notes from 1 to 15 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nelofar Mukhtar
Director

**Condensed Interim Statement of Cash Flows (Un-audited)
for the six months period ended December 31, 2020**

	Six months period ended	
	December 31, 2020	December 31, 2019
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,520,551	(4,260,712)
Adjustments for non-cash charges/items	-	-
Loss on disposal of non-current assets held for sale	560,000	-
Cash flows before working capital changes	3,080,551	(4,260,712)
(Increase) / decrease in current assets:		
Advances, deposits and other receivables	(3,490,502)	75,165
Increase / (decrease) in current liabilities:		
Trade and other payables	(7,008,611)	(4,030,235)
Changes in working capital	(10,499,113)	(3,955,070)
Cash used in operating activities	(7,418,562)	(8,215,782)
Income tax paid	(1,830,150)	-
Net cash used in operating activities	(9,248,712)	(8,215,782)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds against sale of non-current assets held for sale	11,588,350	4,560,000
Net cash generated from investing activities	11,588,350	4,560,000
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) / proceeds against loan from sponsors	(1,355,000)	3,850,000
Net cash (used in) / generated from financing activities	(1,355,000)	3,850,000
Net increase / (decrease) in cash and cash equivalents	984,638	194,218
Cash and cash equivalents at the beginning of the period	295,806	283,435
Cash and cash equivalents at the end of the period	1,280,444	477,653

The annexed notes from 1 to 15 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nelofar Mukhtar
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
for the six months period ended December 31, 2020**

	Share capital	Accumulated loss	Revaluation surplus	Loan from sponsors	Total
(Rupees)					
Balance as at June 30, 2019 (Audited)	80,000,000	(293,786,257)	-	95,522,097	(118,264,160)
Loss for the period	-	(4,260,712)	-	-	(4,260,712)
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive loss for the period	-	(4,260,712)	-	-	(4,260,712)
<i>Transactions with sponsors</i>					
Loan received from sponsors	-	-	-	3,850,000	3,850,000
Balance as at December 31, 2019 (Un-audited)	80,000,000	(298,046,969)	-	99,372,097	(118,674,872)
Loss for the period	-	(45,476,960)	-	-	(45,476,960)
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	(45,476,960)	-	-	(45,476,960)
Revaluation surplus during the year	-	-	6,663,300	-	6,663,300
<i>Transactions with sponsors</i>					
Loan received from sponsors	-	-	-	1,497,439	1,497,439
Balance as at June 30, 2020 (Audited)	80,000,000	(343,523,929)	6,663,300	100,869,536	(155,991,093)
Profit for the period	-	555,827	-	-	555,827
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive loss for the period	-	555,827	-	-	555,827
<i>Transactions with sponsors</i>					
Loan repaid of sponsors	-	-	-	(1,355,000)	(1,355,000)
Balance as at December 31, 2020 (Un-audited)	80,000,000	(342,968,102)	6,663,300	99,514,536	(156,790,266)

The annexed notes from 1 to 15 form an integral part of these condensed financial information.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nelofar Mukhtar
Director

**Notes to the Condensed Interim Financial Information (Un-audited)
for the six months period ended December 31, 2020**

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 (now the Companies Act, 2017). The Company became listed on Pakistan Stock Exchange in 1992. The registered office of the Company is located at 54-C III, Gulberg III, Lahore. The Company was engaged in the business of manufacturing and sale of yarn.

2 GOING CONCERN ASSUMPTION

The Company has closed its operation since 2014 and reported accumulated loss of Rupees 342.968 million (June 30, 2020: Rupees 343.524 million). The current liabilities exceeded its current assets by Rupees 480.947 million (June 30, 2020: Rupees 479.548 million) as of reporting date. Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. In order to settle the liabilities towards lenders and other creditors, the Company in Extra Ordinary General Meeting held on April 30, 2018 approved alternate business plan, settlement with lenders by disposal of property, plant and equipment. The management of the Company is in the process of reviewing another alternate business plan to revive the Company as previous approved business plan could not be implemented owing to non disposal of land, building and other assets for which fresh approval from shareholders may be taken once such business plan is approved by the Directors. During the last quarter of the financial year 2020, the Company was able to lease out its factory premises in accordance with the approval of the shareholders on April 20, 2020 to meet cash flow requirements of the Company. The Company is making its fullest efforts to sell factory premises in order to generate sufficient cash to settle its liabilities towards lenders and other creditors in foreseeable future and implement revised alternate business plan with the approval of the shareholders.

In view of the above, these 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 management is of the view that the Company will continue to get support of sponsors. 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.

3 BASIS OF PREPARATION**3.1 Statement of compliance**

These interim financial statements have been prepared in accordance with the 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 International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These interim financial statements are unaudited and being submitted to shareholders, as required by **Section 237** of the Companies Act, 2017. The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 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 six months period ended December 31, 2020 and 2019.

3.3 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 Company's annual audited financial statements for the year ended June 30, 2020. The accounting policies and methods of computations adopted for the preparation of these interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

3.4 These condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017 and should be read in conjunction with audited annual financial statements of the Company for the year ended June 30, 2020.

3 ACCOUNTING POLICIES

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

3.2 There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2020. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

3.3 Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss.

3.4 Functional and presentation currency

These interim financial statements is presented in Pak rupees, which is the functional and presentation currency for the Company.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements are in conformity with the 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 and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 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 June 30, 2020.

	December 31, 2020 Rupees	June 30, 2020 Rupees
6 Non Current Assets held for sale		
Land	131,397,000	131,397,000
Building	190,734,000	190,734,000
	<u>322,131,000</u>	<u>322,131,000</u>

6.1 These are leased to third parties or held for appreciation in value. Changes in fair values are recognised and presented separately as "gain / (loss) from change in fair value of investment property" in statement of profit or loss.

6.2 The investment property of the Company has been valued by independent professionally qualified valuers as at June 30, 2020. The valuers make reference to market evidence of transaction prices for similar properties for land and depreciated replacement cost method is used for valuation of buildings. As of reporting date; investment property is having fair value of Rupees 322,131,000 (June 30, 2020: Rupees 322,131,000).

	December 31, 2020 Rupees	June 30, 2020 Rupees
7 NON-CURRENT ASSETS HELD FOR SALE		
Freehold land	-	-
Building	-	-
Other fixed assets	1,936,500	15,196,500
	<u>1,936,500</u>	<u>15,196,500</u>

7.1 Opening carrying value	15,196,500	370,713,296
Transfer from property, plant and equipment	-	(319,137,960)
Effect for reclassification of non-current assets held for sale	-	(34,918,787)
Impairment loss	-	(1,460,049)
Disposal during the period / year	(13,260,000)	-
Closing carrying value	<u>1,936,500</u>	<u>15,196,500</u>

7.2 In accordance with the approval of the shareholders in its meeting held on April 20, 2020; the Company has decided to let out the fixed assets in accordance with the provision of Section 183 of the Companies Act, 2017.

	December 31, 2020 Rupees	June 30, 2020 Rupees
8 TRADE AND OTHER PAYABLES		
Trade creditors	94,470,487	100,042,561
Accrued liabilities	19,765,388	20,356,805
Advance against sale of non-current asset held for sale	1,968,350	4,560,000
Advance against lease of property	1,250,000	1,550,000
Workers welfare fund	70,720	70,720
Sales tax payable	899,057	-
Withholding income tax payable	295,807	259,984
Others	8,523,534	8,523,534
	<u>127,243,343</u>	<u>135,363,604</u>

	December 31, 2020 Rupees	June 30, 2020 Rupees
8.1 Advance against sale of non-current asset held for sale		
Opening balance	4,560,000	-
Received during the year	11,588,350	4,560,000
Adjustment against sales of machinery	<u>(14,180,000)</u>	-
	<u>1,968,350</u>	<u>4,560,000</u>

9 SHORT TERM BORROWINGS

These facilities were obtained from various banking companies for working capital requirements and were secured against first joint pari passu charge over current assets of the Company, pledge of stocks and personal guarantees of sponsors / directors of the Company, at reporting date balance of stock in trade does not support these pledge amounts. These finance facilities carry mark up of ranging from one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum (June 30, 2020: one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum), payable quarterly.

	December 31, 2020 Rupees	June 30, 2020 Rupees
10 LONG TERM FINANCING		
<i>Demand finances from banking companies - secured:</i>		
- The Bank of Punjab	12,412,177	12,412,177
- United Bank Limited	14,959,062	14,959,062
- United Bank Limited	20,000,000	20,000,000
- United Bank Limited (Forced Demand Finance)	10,000,000	10,000,000
- National Bank of Pakistan	78,749,958	78,749,958
- National Bank of Pakistan (CF swap)	15,976,000	15,976,000
- National Bank of Pakistan (Frozen mark-up)	4,548,000	4,548,000
	<u>156,645,197</u>	156,645,197
Current portion taken as current liability	<u>(156,645,197)</u>	<u>(156,645,197)</u>
	<u>-</u>	<u>-</u>

There is no change in the terms of loans as referred in note 16 of the audited financial statements of the Company for the year ended June 30, 2020.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 In Tax Year 2005 ending on September 30, 2004 and June 30, 2005 respectively; the Department did not give credit of tax deducted on exports under Section 154 amounting to Rupees 6,617,590 and Rupees 4,250,270 against minimum tax liability for the tax years under reference. The Company filed an appeal against the orders of the Department issued under Section 122 of the Income Tax Ordinance, 2001 before CIR(A-1) but rejected the plea of the Company. The Company preferred an appeal before the Appellate Tribunal Inland Revenue which decided the matter in favor of the Company vide its order dated November 30, 2020.

11.1.2 The Company filed Income Tax Return for the Tax Year 2009 by declaring taxable loss of Rupees 14,534,816 for the year and claimed brought forward losses of Rupees 123,213,497. The assessment Order under Section 122 (5A) of the Income Tax Ordinance, 2001 was finalized by the Department at taxable income of Rupees 137,646,895 and computed tax payable of Rupees

47,443,907. The Company preferred an appeal before Commissioner Appeals [CIR(A)] whereby CIR concluded the matter by deletion of proration of expenses, deletion of loan by Rupees 55,600,000, cash payments by Rupees 100,455,778 and understatement of imports by Rupees 11,565,330, School expenses by Rupees 349,422 and confirmation of addition of retirement by Rupees 3,166,000 benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication.

- 11.1.3** The Company filed Income Tax Return for the Tax Year 2012 and paid minimum tax at the rate of 0.5% on the basis of Sindh High Court Judgment. However, the Department disputed the same and charged minimum tax at the 1% resulting in additional minimum tax liability of Rupees 3,527,145. Further, the Department levied penalties under Section 182 (1)(5) of the Ordinance amounting to Rupees 176,357 and Rupees 881,786 for non-payment of tax for first and second defaults respectively. The Company being aggrieved filed an appeal before CIR (A-I) whereby CIR (A-I) directed DCIR to delete the penalties after verification of available refunds. No further action is taken by the department so far.
- 11.1.4** The Company was selected for audit under section 214D of the income tax ordinance, 2001, the correspondences on legal ground with the Department are in process. Notice was served by DCIR dated July 06, 2020, whereby the Company requested to join audit proceedings under section 177(1) read with section 214D of the Income Tax Ordinance, 2001.
- 11.1.5** The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.

During the last year, Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Later, the said Ordinance was withdrawn by the Federal Government and pending decision with the Supreme Court of Pakistan. Now Subsequent to the reporting date; Supreme Court of Pakistan has announced on August 13, 2020 its reserved verdict on the Gas Infrastructure Development Cess (GIDC) and has rejected the appeals and ordered the companies to pay the outstanding amount. Despite the Supreme Court of Pakistan verdict, specifically the textile industrial units, feel grieved and levy of unjustified cess applied contrary to the provisions of the GIDC Act, 2015. The Textile companies through APTMA has filed review petition before the Honorable Supreme Court of Pakistan; therefore, the Company has not recognised the amount of Rupees 22.954 million in these financial statements as the management of the Company, as per advise of the legal counsel of Company, is of the view that decision on review petition shall be decided in favour of the Company.

- 11.1.6** Faysal Bank Limited filed a suit against the Company and its management for recovery of Rupees 22,697,054 before the Banking Courts, Lahore. Said suit was decreed but was challenged by the Company on May 16, 2017 before the Division Bench of Lahore High Court, Lahore vide RFA No. 107003/2017. Said appeal is still pending for adjudication and the final outcome of this matter depends upon the decision of this appeal. The Bank has filed an Execution Petition before the Banking Court No. II Lahore which is also pending adjudication. The Company is vigilantly pursuing this case.
-

- 11.1.7** National Bank of Pakistan has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 167921/2018, wherein the Bank claimed recovery of Rupees 100.628 million. The suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 11.1.8** United Bank Limited has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 221677/2018, wherein the Bank has claimed for recovery of Rupees 183.709 million from the Company. This suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 11.1.9** National Bank of Pakistan has lodged a frivolous and time barred claim of Rupees 51.48 million based upon the LC's facilities sanctioned about 7/8 years back. National Accountability Bureau has also taken up this matter, which act of the NBP and the NAB has been challenged in a Writ Petition No. 221742/2018 before the Lahore High Court, Lahore. Writ Petition along with other similar matters were allowed by the full Bench of Lahore High Court, Lahore on December 24, 2018. The NAB has assailed this judgment in Supreme Court of Pakistan vide CPLA No. 1478/2019, which is pending adjudication and there are good chances of a favorable result in this case. There is no scope of any fiscal loss to the Company in the instant matter.
- 11.1.10** The Company has filed a suit against National Bank of Pakistan, before the Lahore High Court, Lahore vide COS No. 220828/2018, challenging Bank's alleged claim based upon the LC's facilities sanctioned about 7/8 years back. The claim of the Bank is baseless and time barred. This suit is still pending adjudication. There is no scope of any fiscal loss to the Company in the instant matter. This case is being vigorously pursued by the Company.
- 11.1.11** Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. The Company has submitted detailed reply to the show cause notice along with revival plan of the Company upon disposal of land and building and settlement of loans with lenders and creditors. The Company is making all its efforts to revive the Company by implementing revised business plan after approval of shareholders. We are hopeful that show cause proceedings shall be dropped in near future.

11.2 Commitments

- 11.2.1** There are expired Letter of guarantees to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (2020: Rupees 20.647 million) and Rupees 0.598 million (2020: Rupees 0.598 million) from United Bank Limited and Faysal Bank Limited respectively for the various amounts expired. These guarantees have not yet been returned by the Sui Northern Gas Pipelines Company Limited for onward submissions to the banks for cancellation.

12 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

Related parties comprise of directors of the Company, their close relatives and key management personnel. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of Relationship	Nature of Transaction	December 31,	December 31,
		2020	2019
		(Rupees)	
Sponsors	Loan received	-	3,850,000

12.1 Name and nature of relationship

Sponsors

Ms. Nilofer Mukhtar - Director
Ms. Abida Mukhtar - Director
Mr. Ahmed Mukhtar - Close relative

10.2 Transactions with related parties

11 FINANCIAL RISK MANAGEMENT

11.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

These interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2019.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2019.

11.2 Fair value measurement

Fair value is the price 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. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these interim financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (Unobservable inputs) (level 3).

As at reporting date, the Company has no item to report in these levels.

12 GENERAL AND CORRESPONDING FIGURES

12.1 The condensed interim statement of financial position has been compared with preceding statement of financial position as at June 30, 2019, whereas the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the corresponding period of the previous year.

12.2 Figures have been rounded off to rupees, unless otherwise stated.

13.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

These interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

13.2 Fair value measurement

Fair value is the price 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. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these interim financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (Unobservable inputs) (level 3).

As at reporting date, the Company has following item to report in these levels:

		December 31, 2020			
		Level 1	Level 2	Level 3	Total
		(Rupees)			
Fair value measurements					
Assets					
Assets at fair value through statement of profit or loss					
	-	190,734,000	131,397,000	322,131,000	
		June 30, 2020			
		Level 1	Level 2	Level 3	Total
		(Rupees)			
Fair value measurements					
Assets					
Assets at fair value through statement of profit or loss					
	-	190,734,000	131,397,000	322,131,000	

14 GENERAL AND CORRESPONDING FIGURES

14.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2020 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the half year ended December 31, 2019.

14.2 Figures have been rounded off to rupees, unless otherwise stated.

15 DATE OF AUTHORIZATION

15.1 These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on February 27, 2021.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nelofar Mukhtar
Director

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 📊 Scam meter*
- 🎮 Jamapunji games*
- 📄 Tax credit calculator*
- 👤 Company Verification
- 📄 Insurance & Investment Checklist
- ?? FAQs Answered
- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📄 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📄 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk @jamapunji_pk

*Mobile apps are also available for download for android and ios devices



DAR ES SALAAM

TEXTILE MILLS LIMITED

HEAD OFFICE: H.No. 37, Street No.14, Cavalry Ground,
Lahore-Cantt. Phones: (042) 36610643-44

Factory: 10th Km Muridke-Sheikhupura Road, Muridke.