



**Condensed Interim
Un-Audited Financial Statements
For the Half Year Ended
December 31, 2021**



DAR ES SALAAM



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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 Amin 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 Accounts for the period 31st December 2021.

Outlook

Annual growth of the Pakistani economy in the Fiscal Year 2022 is projected to be moderate. With global supply chain issues, rising inflation and food prices, there is a considerable slowdown in domestic demand. It is forecasted to weigh on overall growth, while expecting a normalization in foreign demand that will likely cap growth in the external sector.

Although, these times will continue to be trying times, the falling Covid cases will hopefully revive economic sentiment.

With regards to the Company, the management is excited to share that the Company was able to sell its land and building. The management is currently utilising its receipt to settle its liabilities and has successfully managed to pay off a substantial part of its liabilities. Over the next six to eight months, the Company will continue to discharge its liabilities, implement the alternate business plan and reinvest the proceed towards higher yielding investments. With its plan to change its name to DTM Real Estate Limited, the management with a heavy heart ends its journey as a textile unit and is now hopeful and excited to start its new line of business that yields beneficial returns to the Company and its Shareholders.

The Company earned net profit of PKR 322.655 million for the period ended December 31st 2021, with EPS of PKR 4.03 per share vis-à-vis net profit of PKR 0.55 million and EPS of PKR 0.069 per share in the corresponding period. Furthermore, as stated in the Auditors Review Report, the management made further efforts for removal certain reservations of the Auditors and despite the adverse opinion of the Auditors, it is confident that it will revive this opinion.

Qualification	Justification
As fully explained in note 2 to the interim condensed financial statements of the indicating conditions and events causing material uncertainty over the Company's ability to continue as a going concern. The Company has not taken tangible	The Company's management is excited to report that it was successful in executing its sale of land and building. This is part of its new business plan. The management has cleared of majority of its financial debt and is in the process of

<p>steps for implementation of alternate business plan as envisaged in shareholders meeting on November 20, 2021 which is subject to availability of sufficient funds after settlement of all the liabilities. The Company has not been able to complete the process of change of its object clause despite lapse of considerable time to implement alternate business plan; therefore, we have serious doubt over the viability of the business plan presented before the shareholders. 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 financial statements on a going concern basis is inappropriate.</p>	<p>clearing its government and trade debt as well. The management believes it will take six to eight months to fully execute the deal and to implement its change of name and new business plan. The management is quite thrilled to be able to revive the company and be a source of motivation for other firms to think outside the box.</p>
<p>Trade and other payables amounting to Rupees 59.687 million as disclosed in condensed interim statement of financial position includes Trade and other payables amounting to Rupees 34.298 million could not be verified in absence of the direct confirmations. The cumulative effect of this matter has neither been determined nor 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. Subsequent to reporting date, the management has cleared substantial amounts in trader and other payables.</p>
<p>The Company has shown profit before taxation of Rupees 325.061 million in these condensed interim financial statements. However, provisions for income tax under Section 113C of the Income Tax Ordinance, 2001 and</p>	<p>The management believes that the company is not liable to pay alternate corporate tax as income tax ordinance excludes the exempt income from calculation of ACT and gain from sale of investment property is exempt. Further</p>

<p>workers welfare fund under the Punjab Workers Welfare Fund Act, 2019 amounting to Rupees 14.952 million and Rupees 6.374 million respectively have not been recognised in these condensed interim financial statements as required under the Income Tax Ordinance, 2001 and the Punjab Workers Welfare Fund Act, 2019. Had the Company made aggregate provisions of Rupees 21.326 million against income tax and workers welfare fund in these condensed interim financial statements, the profit after taxation for the half year ended on December 31, 2021 and the equity of the Company as at December 31, 2021 would have been lower by Rupees 18.920 million.</p>	<p>we are of the view that the tax liability in respect of taxable income would be determined under the provisions of the Income Tax Ordinance, 2001 and incorporated in annual audited financial statements of the Company for the year ending June 30, 2022. Moreover, the Company is not engaged in any industrial activities and there are no workers employed by the Company, the company believes that worker welfare fund does not apply to it. The management is also seeking legal opinion from legal counsel to evaluate applicability of the provisions of statute to the Company.</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 Supreme Court of Pakistan has announced its decision on August 13, 2020 where Honourable 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 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</p>

	<p>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. 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 a review petition before the Honourable 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. The company in September 2021 obtained a direction for SNGPL from High Court to reassess the claim with the High-Powered Committee.</p>
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<p>We could not verify unclaimed dividend payable amounting to Rupees 1,159,777 pertaining to financial years ended on June 30, 2000 and June 30, 2001 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. The effect of these matters has not been adjusted appropriately in these interim financial statements.</p>	<p>The Company issued dividends 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 paid out dividend warrants at the request of the shareholders. Nonetheless, the company plans to hold these funds in a separate account by the end of the fiscal year 2022.</p>
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Status of disposal of land and building held under Investment Property:

The shareholders of the Company approved the sale of land and building held under investment property in its Annual General Meeting held on November 20, 2021 in order to settle its obligation towards financial institutions and trade and other payables and to implement an alternate business plan. During the period; the Company has been able to dispose off land and building and sales proceeds were utilized to settle significant part of liabilities towards lenders and other trade creditors whereas alternate business plan would be implemented in next 6 to 8 months. Status of disposal of assets as per S.R.O. 423(I)/2018 dated April 03, 2018 is as under:

	Amount Rupees
Carrying value of Investment Property	341,000,000
Gain on disposal of Investment Property	234,000,000
Total consideration for sale of Investment Property	575,000,000
Amount receivable against as of December 31, 2021	204,000,000
Amount received on or before December 31, 2021	370,000,000
Utilization of disposal proceeds	
Settlement with lenders, Payment against Trade and other payables	336,930,218

Your directors are continuing their efforts to prepare a best possible solution for the benefit of all the stakeholders. We would like to thank all our shareholders for their continued support.

For and Behalf of the Board



Abida Mukhtar
Chief Executive Officer



Nilofar Mukhtar
Director

Lahore: 28 February 2022

انویسٹمنٹ پراپرٹی کے تحت محفوظ اراضی اور عمارت کی فروخت کا احوال

کمپنی کے حصص داران نے 20 نومبر، 2021ء کو منعقدہ سالانہ اجلاس عام میں انویسٹمنٹ پراپرٹی کے تحت محفوظ اراضی اور عمارت کو فروخت کرنے کی منظوری دی تاکہ مالیاتی اداروں کو اپنے واجبات ادا کئے جاسکیں اور تجارتی و دیگر واجبات کی ادائیگی کی جاسکے اور متبادل کاروباری منصوبے پر عمل کیا جاسکے۔ اس دورانیے میں، کمپنی اراضی اور عمارت فروخت کرنے کے قابل ہوگئی ہے اور فروخت سے حاصل آمدنی قرض خواہان اور دیگر تجارتی کریڈیٹرز کو قرضوں کی ادائیگی کے لئے استعمال ہوگی جب کہ متبادل کاروباری منصوبہ اگلے 6 سے 8 کے دوران نافذ ہو جائے گا۔ 03 اپریل 2018ء کے مراسلہ نمبر S.R.O.423(I)/2018 کے تحت اثاثہ جات کی فروخت کی تازہ ترین صورت حال حسب ذیل ہے:

رقم (روپے)	
341,000,000	انویسٹمنٹ پراپرٹی کی سابقہ قیمت
234,000,000	انویسٹمنٹ پراپرٹی کی فروخت پر آمدن
575,000,000	انویسٹمنٹ پراپرٹی کی فروخت کے لئے کل قیمت فروخت
204,000,000	31 دسمبر 2021ء کو واجب الوصول رقم
370,000,000	31 دسمبر 2021ء کو یا اس سے قبل وصول رقم
	فروخت سے حاصل آمدنی کا استعمال
336,930,218	قرض خواہان کو ادائیگی اور تجارتی و دیگر واجبات کی ادائیگی

آپ کے ڈائریکٹرز تمام سٹیک ہولڈرز کے فائدے کے لئے بہترین حال نکالنے کی غرض سے اپنی تمام کوششوں کو بروئے کار لارہے ہیں۔ ہم اپنے تمام سٹیک ہولڈرز کی مسلسل حمایت پر ان کے تہہ دل سے شکرگزار ہیں۔

منجانب / برائے بورڈ

Nulofar Kulkarni
نیولو فرحتیار
ڈائریکٹر

عابدہ مختار
چیف ایگزیکٹو آفیسر

لاہور: 28 فروری، 2022ء

<p>مالیاتی سال 2012ء سے مئی 2015ء کے دوران صنعتی معاہدوں پر گیس انفراسٹرکچر ڈیولپمنٹ سیس کے تحت SNGPL نے 22.954 ملین روپے کا سرچارج عائد کیا۔ لاہور ہائی کورٹ نے ایک حکم جاری کیا اور صنعتی معاہدہ کے معاملے پر غور کے لئے SNGPL کی اعلیٰ سطح کی کمیٹی قائم کرنے کی ہدایت کی۔ وفاقی حکومت نے سندھ ہائی کورٹ کے فیصلے کو چیلنج کیا جس کے مطابق کسی کمپنی کے معاملے میں GIDC کو غیر آئینی اور دائرہ اختیار سے بالاتر قرار دیا گیا اور سندھ ہائی کورٹ کے لارج بیچ سے حکم کی معطلی کے لئے ڈائریکشن حاصل کی۔ ایک اور مقدمے میں پشاور ہائی کورٹ نے 31 مئی 2017ء کو ایک فیصلہ جاری کیا جس کے تحت گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2015ء کو جائز قرار دیا گیا جسے سپریم کورٹ آف پاکستان میں درخواست گزاران نے چیلنج کیا۔</p> <p>امسال وفاقی حکومت نے گیس انفراسٹرکچر ڈیولپمنٹ سیس ایکٹ 2015ء (ترمیم شدہ) آرڈیننس 2019ء نافذ کیا جس کے تحت 31 دسمبر 2018ء تک واجبات پر 50 فی صد کی چھوٹ دی گئی۔ بعد ازاں، وفاقی حکومت نے مذکورہ آرڈیننس واپس لے لیا اور سپریم کورٹ آف پاکستان کے روبرو بھی معاملہ زیر التوا ہے۔ لہذا اب، رپورٹنگ کی تاریخ کے بعد سپریم کورٹ آف پاکستان نے 13 اگست 2020ء کو گیس انفراسٹرکچر ڈیولپمنٹ سیس (GIDC) پر اپنا محفوظ فیصلہ سنایا اور ایپلوں کو مسترد کر دیا اور کمپنیوں کو واجبات کی ادائیگی کا حکم دیا۔ چونکہ سپریم کورٹ آف پاکستان کے حکم اور GIDC ایکٹ 2015ء کے قواعد کے برعکس ناجائز سیس کے اطلاق پر ٹیکسٹائل انڈسٹریل یونٹس ہد رنجیدہ تھے لہذا ٹیکسٹائل کمپنیوں نے APTMA کے ذریعے سپریم کورٹ آف پاکستان کے روبرو نظر ثانی درخواست دائر کی۔ یہی وجہ ہے کہ 22.954 ملین روپے کا GIDC ان مالیاتی اسٹیٹمنٹس میں ظاہر نہیں کیا گیا ہے کیونکہ کمپنی کا نظریہ ہے کہ سپریم کورٹ آف پاکستان کی جانب سے نظر ثانی درخواست کا فیصلہ کمپنی کے حق میں آئے گا۔ کمپنی نے ستمبر 2021ء کو ہائی کورٹ سے SNGPL کے لئے اعلیٰ سطح کی کمیٹی کے ذریعے دعوے پر دوبارہ جائزے کی ہدایات حاصل کیں</p>	<p>کمپنی نے 22.333 ملین روپے مالیت کے گیس انفراسٹرکچر ڈیولپمنٹ سیس کی بابت واجبات کو تسلیم نہیں کیا ہے اگرچہ 13 اگست 2020ء کو سپریم کورٹ آف پاکستان نے اپنے فیصلے میں اس بابت متعدد کمپنیوں کی جانب سے دائر درخواستوں کو خارج کر دیا تھا اور تمام کمپنیوں کو یکم اگست 2020ء سے نافذ العمل تمام واجبات چوبیس ماہانہ قسطوں میں ادا کرنے کی ہدایت جاری کی تھی۔ اس معاملے کے اثرات کو ان محمد عبوری مالیاتی اسٹیٹمنٹس میں مناسب انداز میں ایڈجسٹ نہیں کیا گیا ہے۔</p>
<p>کمپنی نے مالیاتی سال 2000 اور 2001 میں منافع منقسمہ جاری نہیں کیا ہے۔ کئی سالوں سے منافع منقسمہ کی معمولی رقم واجب الادا ہے۔ گزشتہ دو دہائیوں کے دوران کمپنی انتظامیہ نے نصاب داران کی درخواست پر ڈیویڈنڈ ورائٹس ادا کر دیئے ہیں۔ بہر حال، کمپنی مالیاتی سال 2022ء کے اختتام پر ان فنڈز کے علیحدہ کھاتے تیار کرنے کا ارادہ رکھتی ہے۔</p>	<p>ہم کمپنی کے ریکارڈ کی عدم موجودگی میں 30 جون 2020ء اور 30 جون 2021ء کو اختتام پذیر مالیاتی سال کے لئے 1,159,777 روپے مالیت کے واجب الادا دعویٰ منافع منقسمہ کی تصدیق نہیں کر سکے۔ مزید برآں، کمپنی نے یکم اگست 2017ء کے سیکشن 244 کے معیارات کی تعمیل کے لئے اقدامات بھی نہیں کئے ہیں۔ اس معاملے کے اثرات کو ان عبوری مالیاتی اسٹیٹمنٹس میں مناسب انداز میں ایڈجسٹ نہیں کیا گیا ہے۔</p>

<p>ان میں سے زیادہ تر قوم پانچ سال سے زائد عرصہ کی ہیں اور کمیشن ایکٹ کی رو سے وقت گزرنے کے باعث ان کی کوئی قدر نہیں۔ علاوہ ازیں، یہ تجارتی و دیگر واجبات ایسے تاجروں/کسانوں کی ملکیت ہیں جو کھاتے بنانے کی صلاحیت نہیں رکھتے۔ لہذا ایسے افراد/کمپنیاں تحریری رسید فراہم کرنے سے قاصر ہیں۔ رپورٹنگ کی تاریخ کے بعد انتظامیہ نے تجارتی و دیگر واجبات کی بابت نمایاں رقم ادا کر دی ہیں۔</p>	<p>منجملہ عبوری مالیاتی اسٹیٹمنٹس میں بیان کردہ 56.687 ملین روپے کے تجارتی و دیگر واجبات میں 34.298 ملین روپے کی براہ راست توثیق کی عدم موجودگی میں تصدیق نہیں ہو سکی۔ اس معاملہ کے اثرات کو تعین نہیں کیا گیا اور نہ ہی انہیں منجملہ عبوری مالیاتی اسٹیٹمنٹس میں ایڈجسٹ کیا گیا ہے۔</p>
<p>انتظامیہ یقین رکھتی ہے کہ کمپنی متبادل کارپوریٹ ٹیکس ادا کرنے کی مجاز نہیں کیونکہ آگم ٹیکس آرڈیننس ACT کے تعین اور انویسٹمنٹس پراپرٹی سے حاصل آمدنی سے انہیں استثنیٰ دیتا ہے۔ مزید یہ کہ ہمارا نظریہ ہے کہ قابل ٹیکس آمدنی پر ٹیکس واجبات کا تعین آگم ٹیکس آرڈیننس 2001ء کے تحت کیا جائے اور انہیں 30 جون 2022ء کو اختتام پذیر</p>	<p>کمپنی نے ان منجملہ عبوری مالیاتی اسٹیٹمنٹس میں 325.061 ملین روپے کا نفع بمعہ ٹیکسیشن ظاہر کیا ہے۔ البتہ، آگم ٹیکس آرڈیننس 2001ء کے سیکشن 113C کے تحت 14.952 ملین روپے کا آگم ٹیکس اور پنجاب ورکرز ویلفیئر فنڈ ایکٹ، 2019ء کے تحت 6.374 ملین روپے کا ورکرز ویلفیئر فنڈ کو ان منجملہ عبوری مالیاتی اسٹیٹمنٹس میں تسلیم نہیں</p>
<p>سال کے لئے کمپنی کی سالانہ پڑتال شدہ مالیاتی اسٹیٹمنٹس میں درج کیا جائے۔ مزید برآں، کمپنی کسی صنعتی سرگرمی میں شامل نہیں ہے اور کمپنی نے کسی ملازم کو بھرتی نہیں کیا ہے لہذا کمپنی یقین رکھتی ہے کہ ان پر ورکرز ویلفیئر فنڈ کا اطلاق نہیں ہوتا۔ انتظامیہ دستور کے کمپنی پر اطلاق کو جانچنے کے لئے اپنے قانونی ماہرین سے مشاورت کر رہی ہے۔</p>	<p>نہیں کیا گیا ہے۔ اگر کمپنی نے ان منجملہ عبوری مالیاتی اسٹیٹمنٹس میں آگم ٹیکس اور ورکرز ویلفیئر فنڈ کی بابت مجموعی طور پر 21.326 ملین روپے ظاہر کئے ہیں تو 31 دسمبر 2021ء کو اختتام پذیر شدہ ہی کے لئے نفع علاوہ ٹیکسیشن 18.920 ملین روپے کم ہونا چاہئے۔</p>

ڈائریکٹرز کی رپورٹ

دارِ سلام ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2021ء کو اختتام پذیر مدت کے لئے ششماہی کھاتے ازراہ مسرت پیش کرتے ہیں۔

منظر نامہ

مالیاتی سال 2022ء میں پاکستانی معیشت کی معمولی رہنے کی حالت میں مسائل، افراط زر اور ایشیائی خورد و نوش کی قیمتوں میں اضافے کے باعث مقامی طلب میں نمایاں کمی کا اندیشہ ہے۔ اس طرح غیر ملکی طلب معمول پر آنے کے بعد بیرونی شعبے کی نمو میں بہتری آنے کی توقع ہے اور مجموعی نمو پر بوجھ پڑنے کی پیش گوئی کی گئی ہے۔

اگرچہ موجودہ حالات مشکل وقت کی نشاندہی کر رہے ہیں لیکن کرونا کیسز میں کمی کے باعث معاشی منظر نامے میں بہتری آنے کی توقع ہے۔ کمپنی کے تناظر میں انتظامیہ پر جوش انداز میں اظہار کر رہی ہے کہ کمپنی اپنی اراضی اور تعمیرات فروخت کرنے کے قابل ہوئی ہے۔ فی الوقت انتظامیہ وصول رقوم کو اپنے واجبات کی ادائیگی کے لئے استعمال کر رہی ہے اور کمپنی نے اپنے واجبات کا نمایاں حصہ ادا کر دیا ہے۔ اگلے چھ ماہ کے دوران کمپنی اپنے واجبات سے چھٹکارا حاصل کرے گی اور متبادل کاروباری منصوبے پر عمل کرے گی اور اپنے سرمایے کو منافع بخش سرمایہ داری میں صرف کرے گی۔ نام کو DTM رینل اسٹیٹ لمیٹڈ میں تبدیل کرنے کے لئے انتظامیہ بڑا دل رکھتے ہوئے بطور ٹیکسٹائل پونٹ اپنے سفر کا اختتام کر رہی ہے اور پر جوش اور پراعتماد انداز میں نئے کاروبار کو شروع کر رہی ہے جو کمپنی اور اس کے حصص داران کے لئے منافع بخش ثابت ہوگا۔

کمپنی نے 31 دسمبر 2021ء کو اختتام پذیر مدت کے لئے 322.655 ملین روپے خالص منافع حاصل کیا جب کہ فی حصص آمدنی 4.03 روپے رہی ہے جب کہ گذشتہ برس کی اسی مدت میں خالص منافع 0.55 ملین روپے اور فی حصص آمدنی 0.069 روپے تھی۔ مزید برآں، آڈیٹرز کی جائزہ رپورٹ کے مطابق انتظامیہ نے آڈیٹرز کے تحفظات کو دور کرنے کے لئے مزید کوششیں کی ہیں اور آڈیٹرز کی ناقص رائے کے باوجود انتظامیہ پر امید ہے کہ وہ ان تحفظات کو دور کر لے گی۔

تعداد	جواب
کمپنی کی کاروبار جاری رکھنے کی صلاحیت پر غیر یقینی صورت حال پیدا کرنے والے حالات و واقعات پر مبنی مینجمنٹ رپورٹ مالیاتی اسٹیٹمنٹس کے نوٹ 2 میں بیان کردہ وضاحت کے مطابق کمپنی نے 20 نومبر 2021ء کو منعقدہ حصص داران کے اجلاس میں زیر بحث متبادل کاروباری منصوبے پر عمل درآمد کے لئے ٹھوس اقدامات نہیں کئے ہیں۔ یہ منصوبہ واجبات کی حتمی ادائیگی کے بعد معقول سرمایے کی دستیابی سے مشروط ہے۔ متبادل کاروباری منصوبے پر عمل درآمد میں نمایاں تاخیر کے باوجود کمپنی اپنی آئیکٹ کلاز میں تبدیلی کا عمل مکمل نہیں کر سکی لہذا ہمیں حصص داران کو پیش کردہ کاروباری منصوبے کے قابل عمل ہونے پر شک ہے۔ یہاں بیان کردہ حالات و واقعات کی وجہ سے ہماری رائے میں کمپنی جاری کاروبار کی حیثیت نہیں رکھتی لہذا جاری کاروبار کی بنیاد پر تیار یہ مالیاتی اسٹیٹمنٹس نامناسب ہیں۔	کمپنی کی انتظامیہ پر زور انداز میں رپورٹ کرتی ہے کہ انہوں نے اراضی اور تعمیرات کی فروخت کا عمل کامیابی سے مکمل کر لیا ہے۔ انتظامیہ نے اپنے بڑے قرض ادا کر دیئے ہیں اور اس وقت حکومتی و تجارتی قرضوں کی ادائیگی کے عمل میں ہے۔ انتظامیہ پر امید ہے کہ چھ ماہ کے اندر ڈیل، نام کی تبدیلی اور نئے کاروباری منصوبے کو نافذ کر لیا جائے گا۔ انتظامیہ کمپنی کو بحالی کی جانب گامزن کرنے میں کوشاں ہے۔ اس طرح دیگر کمپنیوں کو بھی دائرے سے باہر سونپنے کا جذبہ ملے گا۔

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, 2021 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, 2021 and 2020 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, 2021.

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 fully explained in note 2 to the interim condensed financial statements of the indicating conditions and events causing material uncertainty over the Company's ability to continue as a going concern. The Company has not taken tangible steps for implementation of alternate business plan as envisaged in shareholders meeting on November 20, 2021 which is subject to availability of sufficient funds after settlement of all the liabilities. The Company has not been able to complete the process of change of its object clause despite lapse of considerable time to implement alternate business plan; therefore, we have serious doubt over the viability of the business plan presented before the shareholders. 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 financial

statements on a going concern basis is inappropriate.

- b) Trade and other payables amounting to Rupees 59.687 million as disclosed in condensed interim statement of financial position includes Trade and other payables amounting to Rupees 34.298 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.
- c) The Company has shown profit before taxation of Rupees 325.061 million in these condensed interim financial statements. However, provisions for income tax under Section 113C of the Income Tax Ordinance, 2001 and workers welfare fund under the Punjab Workers Welfare Fund Act, 2019 amounting to Rupees 14.952 million and Rupees 6.374 million respectively have not been recognised in these condensed interim financial statements as required under the Income Tax Ordinance, 2001 and the Punjab Workers Welfare Fund Act, 2019. Had the Company made aggregate provisions of Rupees 21.326 million against income tax and workers welfare fund in these condensed interim financial statements, the profit after taxation for the half year ended on December 31, 2021 and the equity of the Company as at December 31, 2021 would have been lower by Rupees 18.920 million.
- 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 unclaimed dividend payable amounting to Rupees 1,159,777 pertaining to financial years ended on June 30, 2000 and June 30, 2001 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. The effect of these matters has not been adjusted appropriately in these interim financial statements.

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 28, 2022
UDIN: RR202110140NLCUWA21N



Rizwan & Company
Chartered Accountants

Condensed Interim Statement of Financial Position (Un-audited)
As at December 30, 2021

	Note	Un-audited December 31, 2021	Audited June 30, 2021
(Rupees)			
ASSETS			
Non-current assets			
Investment property	6	-	341,891,000
Current Assets			
Advances, deposits and other receivables		701,541	1,709,883
Receivable against sale of property		204,203,201	-
Short term deposits		1,426,354	1,426,354
Tax refunds due from government		4,056,968	4,056,968
Advance income tax		17,940,939	20,774,963
Cash and bank balances		34,932,333	1,692,778
		263,261,336	29,660,946
Current liabilities			
Trade and other payables	7	59,686,634	124,829,776
Unclaimed dividend		1,159,777	1,159,777
Accrued markup		5,401,330	101,709,853
Short term borrowings	8	12,922,031	116,220,088
Current portion of long term financing	9	-	146,558,020
Income tax payable		2,405,524	4,334,024
		81,575,296	494,811,538
Working capital employed		181,686,040	(465,150,592)
Non-current liabilities		-	(14,309,630)
NET CAPITAL EMPLOYED		181,686,040	(137,569,222)
Represented by:			
Share capital and reserves			
Authorised share capital 15,000,000 (June 30, 2021: 15,000,000) ordinary shares of Rupees 10 each)		150,000,000	150,000,000
Issued, subscribed and paid up share capital		80,000,000	80,000,000
Accumulated profit / (loss)		6,906,504	(322,412,058)
Revaluation surplus		-	6,663,300
Loan from sponsors		94,779,536	98,179,536
TOTAL EQUITY		181,686,040	(137,569,222)
Contingencies and commitments			
	10		

The annexed notes from 1 to 17 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, 2021

	Six months period ended December 31,		Three months period ended December 31,	
	2021	2020	2021	2020
	(Rupees)		(Rupees)	
Sales	-	-	-	-
Cost of sales	-	-	-	-
Gross profit / (loss)	-	-	-	-
Other income	11 356,767,474	4,126,593	362,767,474	9,225,000
Administrative expenses	(4,767,927)	(3,700,847)	(7,146,447)	(6,141,199)
Other operating expenses	(28,723,271)	(561,411)	(28,723,271)	(561,411)
	323,276,276	(135,665)	326,897,756	2,522,390
Finance costs	(1,475,664)	(784)	(1,836,970)	(3,250)
Profit/(loss) before taxation	321,800,612	(136,449)	325,060,786	2,519,140
Income tax expense	12 (1,085,154)	(996,878)	(2,405,524)	(1,964,724)
Profit/(loss) after taxation	320,715,458	(1,133,327)	322,655,262	554,416
Earnings per share	13 4.01	(0.01)	4.03	0.01

The annexed notes from 1 to 17 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, 2021**

	Six months period ended		Three months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees)		(Rupees)	
Profit/(loss) after taxation	320,715,458	(1,133,327)	322,655,262	554,416
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	<u>320,715,458</u>	<u>(1,133,327)</u>	<u>322,655,262</u>	<u>554,416</u>

The annexed notes from 1 to 17 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, 2021**

	Six months period ended	
	December 31, 2021	December 31, 2020
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	325,060,786	2,519,140
Adjustments for non-cash charges/items		
Loss on disposal of non-current assets held for sale	-	560,000
Gain on disposal of investment property	(233,109,000)	-
Credit balance written back	(28,642,639)	-
Waiver of markup on long term and short term borrowings	(86,070,485)	-
Waiver of loan amount upon settlement - Frozen mark-up	(3,933,000)	-
Debit balance written off	601,271	-
Finance costs	1,836,970	-
Cash flows before working capital changes	(24,256,097)	3,079,140
(Increase) / decrease in current assets:		
Advances, deposits and other receivables	407,071	(3,490,502)
Increase / (decrease) in current liabilities:		
Trade and other payables	(36,500,503)	(7,008,611)
Changes in working capital	(36,093,432)	(10,499,113)
Cash used in operating activities	(60,349,529)	(7,419,973)
Income tax paid	(1,500,000)	(1,830,150)
Finance cost paid	(12,075,008)	-
Net cash used in operating activities	(73,924,537)	(9,250,123)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds against sale of non-current assets held for sale	-	11,588,350
Proceeds against sale of Investment property	370,796,799	-
Net cash generated from investing activities	370,796,799	11,588,350
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment against loan from sponsors	(3,400,000)	(1,355,000)
Repayment of long term borrowings	(156,934,650)	-
Repayment of short term borrowings	(103,298,057)	-
Net cash (used in) from financing activities	(263,632,707)	(1,355,000)
Net increase in cash and cash equivalents	33,239,555	983,227
Cash and cash equivalents at the beginning of the period	1,692,778	295,806
Cash and cash equivalents at the end of the period	34,932,333	1,279,033

The annexed notes from 1 to 17 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, 2021**

	Share capital	Accumulated loss	Revaluation surplus	Loan from sponsors	Total
(Rupees)					
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	-	554,416	-	-	554,416
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	554,416	-	-	554,416
Transactions with sponsors					
Loan received from sponsors	-	-	-	(1,355,000)	(1,355,000)
Balance as at December 31, 2020 (Un-audited)	80,000,000	(342,969,513)	6,663,300	99,514,536	(156,791,677)
Profit for the period	-	20,557,455	-	-	20,557,455
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	20,557,455	-	-	20,557,455
Transactions with sponsors					
Loan received from sponsors	-	-	-	(1,335,000)	(1,335,000)
Balance as at June 30, 2021 (Audited)	80,000,000	(322,412,058)	6,663,300	98,179,536	(137,569,222)
Profit for the period	-	322,655,262	-	-	322,655,262
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	322,655,262	-	-	322,655,262
Transfer of Revaluation Surplus		6,663,300	(6,663,300)		
Transactions with sponsors					
Loan repaid of sponsors	-	-	-	(3,400,000)	(3,400,000)
Balance as at December 31, 2021 (Un-audited)	80,000,000	6,906,504	-	94,779,536	181,686,040

The annexed notes from 1 to 17 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, 2021**

1 LEGAL STATUS AND OPERATIONS

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 operations since 2014 and reported accumulated profit / (loss) of Rupees 6.906 million (June 30, 2021: Loss of Rupees 322.412 million. Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. However, due to the following factors the directors believe that the Company has adequate resources to continue as a going concern in the foreseeable future.

- a) Adoption of business diversification strategy in future.
- b) Repayment of all banking liabilities and resulting waiver of Rupees 350.236 million as disclosed in note 8 and note 9 had significantly improved the current ratios and eased liquidity issues.
- c) Total financial liability of Rupees 176.355 million includes Rupees 94.780 million payable to directors of the Company who have ensured their strong support, therefore, the management is confident that the remaining liabilities will be repaid in the due course.
- d) The Company has strong financial support from its directors and is confident about the viability of future business plan.

The Board has also approved financial projections prepared by the management of the Company covering all factors mentioned above according to which, the Company will have adequate cash inflows which will not only pay off trade and other payables and to implement an alternate business plan as approved by the shareholders to generate cash inflows in the form of profits. Accordingly, these financial statements have been prepared on the going concern basis.

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, 2021 and December 30, 2020 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, 2021 and December 31, 2020.

- 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, 2021. 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, 2021. 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, 2021.

4 ACCOUNTING POLICIES

- 4.1** 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, 2021.
- 4.2** There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2021. 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.
- 4.3** Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss.
- 4.4 Functional and presentation currency**

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

5 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, 2021.

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, 2021.

	December 31, 2021 Rupees	June 30, 2021 Rupees
6 INVESTMENT PROPERTY		
Land	-	197,891,000
Building	-	144,000,000
	<u>-</u>	<u>341,891,000</u>

6.1 During the period, the Company obtained approval from its shareholders for the sale of assets as required under Section 183 (3) of the Companies Act, 2017 vide resolution passed in Annual General Meeting of the Company held on November 20, 2021. Pursuant to the resolution passed in at Annual General Meeting, the Company has disposed off its assets to the successful bidder which has resulted into gain of Rupees 233.109 million.

	Note	December 31, 2021 Rupees	June 30, 2021 Rupees
7 TRADE AND OTHER PAYABLES			
Trade creditors	7.1	25,774,347	90,782,912
Accrued liabilities		23,942,366	23,521,617
Payable to related party		710,229	-
Advance against lease of property		-	900,000
Workers welfare fund payable		580,561	580,561
Sales tax payable		-	278,246
Withholding income tax payable		155,597	242,906
Others		8,523,534	8,523,534
		<u>59,686,634</u>	<u>124,829,776</u>

7.1 During the period, the Company has settled its liabilities towards trade creditors amounting to Rupees 63.839 million which has resulted into write back of liabilities amounting to Rupees 28.643 million. Accordingly, the management, as a matter of prudence, recognised waiver amount of Rupees 28.643 million (difference between carrying amount and amount settled) as other income in the statement of profit or loss.

	Note	December 31, 2021 Rupees	June 30, 2021 Rupees
8 SHORT TERM BORROWINGS			
<i>From banking companies - secured:</i>			
Short term borrowings	8.1	<u>12,922,031</u>	<u>116,220,088</u>

8.1 These facilities were obtained from various banking companies for working capital requirements and were secured through charge on all present and future movable fixed assets amounting to Rupees 135 million, hypothecation charge on machinery amounting to Rupees 200 million, 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, machinery and other movable fixed assets does not support these pledge / charge amounts. These facilities carried mark up of Nil (June 2021: one to six months KIBOR plus a spread of 1.75 percent to 3.50 percent per annum, was payable quarterly.

During the period; the Company has repaid all short term bank borrowings except for loan from Summit Bank Limited (which was settled subsequent to reporting date) whereas respective mortgage charges are in the process of vacation from Securities and Exchange Commission of Pakistan upon issuance of No

Objection Certificate by the banks. The settlement with the lenders has resulted into waiver/remission of mark up and the management has, as a matter of prudence, recognised waiver amount of Rupees 43.517 million as other income in the statement of profit or loss.

9 LONG TERM FINANCING	Note	December 31, 2021 Rupees	June 30, 2021 Rupees
<i>Demand finances from banking companies - secured:</i>			
- The Bank of Punjab	9.1	-	12,362,177
- United Bank Limited	9.2	-	14,959,062
- United Bank Limited	9.3	-	20,000,000
- United Bank Limited (Forced Demand Finance)	9.4	-	10,000,000
- National Bank of Pakistan	9.5	-	78,749,958
- National Bank of Pakistan (CF swap)	9.6	-	15,976,000
- National Bank of Pakistan (Frozen mark-up)	9.7	-	4,548,000
- Bank of Punjab (Frozen mark-up)		-	4,272,453
		-	160,867,650
Current portion taken as current liability		-	(146,558,020)
		-	14,309,630

9.1 This represents demand finance facility having credit limit of Rupees 12.362 million (June 2021: Rupees 12.412 million) availed from the Bank of Punjab for swapping of demand finance facilities from United Bank Limited. During the previous year, the Company has restructured its loan which was repayable in 48 monthly instalments. Past cost of funds amounting Rupees 3.933 million till March 31, 2021 and future cost of funds amounting to Rupees 2.953 million approximately, shall be waived off if there will no default in restructured schedule.

During the period; the Company has repaid the loan in full whereas respective mortgage charges are in the process of vacation from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.

9.2 This represents demand finance facility having credit limit of Rupees 14.959 million (June 2021: Rupees 20 million) availed from United Bank Limited for restructuring financial requirements. During the period; the Company requested the bank to settle the loan and as per mutually agreed settlement, the bank accepted the repayment of loan amount of Rupees 14.959 million and waived off the markup thereon based on faithful compliance of repayment stipulations. Upon successful repayment of settlement; United Bank Limited also agreed to withdraw all litigations against the Company. During the period; the Company has repaid loan in full whereas respective mortgage charges are in the process of vacation from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.

9.3 This represents demand finance facility having credit limit of Rupees 20 million (June 2021: Rupees 20 million) converted from FE-25 / NICF Pledge for restructuring of financial requirements by United Bank Limited on June 3, 2013. The Company requested the bank to settle the loan and as per mutually agreed settlement, the bank has accepted the repayment of loan amount of Rupees 20 million and waived off the markup thereon based on faithful compliance of repayment stipulations. Upon successful repayment of settlement; United Bank Limited also agreed to withdraw all litigations against the Company. During the period; the Company has repaid loan in full whereas respective mortgage charges are in the process of vacation from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.

- 9.4** This represents forced demand finance facility having credit limit of Rupees 10 million (June 2021: Rupees 10 million) against bank guarantee encashment. During the period; the Company requested the bank to settle the loan payment and as per mutually agreement; the bank has accepted the amount of Rupees 10 million and waived off the markup thereon based on faithful compliance of repayment stipulations. Upon successful repayment of settlement amount; United Bank Limited also agreed to withdraw all litigations against the Company. During the period; the Company has repaid loan in full whereas respective mortgage charges are in the process of vacation from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.
- 9.5** This represents demand finance facility having credit limit of Rupees 78.750 million (June 2021: Rupees 78.750 million) sanctioned by National Bank of Pakistan for reprofiling of company's balance sheet / swapping of short term debt of Standard Chartered Bank (Pakistan) Limited and United Bank Limited. During the period; the bank offered the Company to repay only principal amount of Rupees 4.458 million by November 30, 2021 in order to settle the liability. Accordingly, the Company has repaid the said amount before the November 30, 2021 and upon successful repayment of settlement; National Bank of Pakistan has agreed to withdraw all litigations against the Company. The respective mortgage charges have been vacated from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank.
- 9.6** These represent outstanding balances of cash finance pledge facility and outstanding markup thereon after restructuring of the said facilities by National Bank of Pakistan as on April 8, 2013. During the period, the bank has offered the Company to repay the only principal amount of Rupees 15.976 million by November 30, 2021 to settle the obligations. Accordingly, the Company has repaid the said amount before the November 30, 2021 and upon successful repayment of settlement; National Bank of Pakistan has agreed to withdraw all litigations against the Company. The respective mortgage charges have been vacated from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank.
- 9.7** These represent outstanding balances of frozen markup demand finance pledge facility by the National Bank of Pakistan as on April 08, 2013 and was secured against pledged cotton bales. During the period; the Company has repaid said amount and upon successful repayment of settlement; National Bank of Pakistan has agreed to withdraw all litigations against the Company. The respective mortgage charges have been vacated from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank.
- 9.8** Markup on demand finance from the Bank of Punjab of Pakistan amounting to Rupees 5.746 million (June 2021: Rupees 5.746 million) was restructured as frozen and converted into demand finance facility. As per settlement with the Bank of Punjab; the Company has paid the amount of Rupees 1.813 million whereas balance amount of Rupees 3.933 million has been waived off by the bank.
- 9.9** During the period; the Company has settled its obligations towards all the long term lenders and accordingly the lenders have issued No Objection in favor of the Company and undertake to withdraw the case from the Court of law subsequent to reporting date. The settlement with the lenders has resulted into waiver/remission of frozen mark up and accrued mark up of Rupees 3.933 million and Rupees 42.533 million respectively and the management has, as a matter of prudence, recognised waiver amount of Rupees 46.486 million as other income in the statement of profit or loss.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 10.1.1** 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.

- 10.1.2** 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.
- 10.1.3** 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.
- 10.1.4** 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.
- 10.1.5** 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 favor of the Company. The Company is currently in process of reconciliation and determination of actual amount payable to Sui Northern Gas Company Limited on account of Gas Infrastructure Development Cess so that the same be paid.

- 10.1.6** Faysal Bank Limited filed a suit against the Company and its management for recovery of Rupees 22,697,054 before the Banking Courts, Lahore. The 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. The 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. During the period; the Company has settled its obligations towards the lender and the lenders have issued No Objection in favor of the Company and the Bank has also undertaken to withdraw the case from the Court subsequent to reporting date.
- 10.1.7** 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. During the period; the Company has settled its obligations towards the lender and the lenders have issued No Objection in favor of the Company and the Bank has also undertaken to withdraw the case from the Court subsequent to reporting date.
- 10.1.8** 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. During the period; the Company has settled its obligations towards the lender and the lenders have issued No Objection in favor of the Company and the Bank has also undertaken to withdraw the case from the Court subsequent to reporting date.
- 10.1.9** 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.

During the period; the Company has settled its obligations of Rupees 28.122 million to National Bank of Pakistan and the lenders have issued No Objection in favor of the Company and the Bank has also undertaken to withdraw the case from the Court subsequent to reporting date. During the period; the Company has recognised amount as other operating expenses to charge un-recognised liability to the statement of profit or loss.

- 10.1.10** 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. The Company shall withdraw case from the Court simultaneously with the withdrawal of the case by National Bank of Pakistan.
- 10.1.11** 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.

10.2 Commitments

- 10.2.1** There are expired Letter of guarantee to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (June 2021: Rupees 20.647 million) from United Bank Limited for the various amounts expired. Consequent to settlement of liabilities with United Bank Limited, Letter
-

of Guarantee liability of Rupees 20.467 million held with the Bank have been discharged subject to condition that Company will be liable to indemnify the Bank in case of any claim/demands lodged by Sui Northern Gas Pipelines Company Limited (SNGPL) at any future date.

10.2.2 There are expired Letter of guarantee to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 0.598 million (June 2021: Rupees 0.598 million) from Faysal Bank Limited for various amounts expired. Owing to final settlement of liabilities with Faysal Bank Limited, the bank have appropriated the amount of Rupees 0.598 million under settlement arrangement whereas the Company is still required to present original Bank Guarantee with the Faysal Bank Limited for cancellation.

11 OTHER INCOME

	Three months period ended		Six months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees)		(Rupees)	
Rental income	5,000,000	3,901,593	11,000,000	9,000,000
Credit balances written back	28,642,639	-	28,642,639	-
Waiver of markup on borrowings	88,529,938	-	88,529,938	-
Gain on sale of investment property	233,109,000	-	233,109,000	-
Agriculture produce	-	225,000	-	225,000
others	12,350	-	12,350	-
	355,293,927	4,126,593	361,293,927	9,225,000

12 INCOME TAX EXPENSE

Tax liability in respect of income tax would be determined under the provisions of the Income Tax Ordinance, 2001 and incorporated in annual audited financial statements of the Company for the year ending June 30, 2022.

13 EARNING PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Three months period ended		Six months period ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Earning after taxation - (Rupees)	320,715,458	(1,133,327)	322,655,262	554,416
Weighted average number of ordinary shares	80,000,000	80,000,000	80,000,000	80,000,000
Earning per share - (Rupees)	4.01	(0.01)	4.03	0.01

14 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:

14.1 Name and nature of relationship**Sponsors**

Ms. Nilofar Mukhtar - Director
 Ms. Abida Mukhtar - Director
 Mr. Ahmed Mukhtar - Close Relative

14.2 Transactions with related parties

<u>Nature of Relationship</u>	<u>Nature of Transaction</u>	<u>December 31,</u>	<u>December 31,</u>
		<u>2021</u>	<u>2020</u>
		<u>(Rupees)</u>	
Sponsors	Loan received	-	3,850,000
	Loan repaid	3,400,000	-

15 FINANCIAL RISK MANAGEMENT**15.1 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, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

15.2 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 recognised 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, 2021				
	Level 1	Level 2	Level 3	Total
(Rupees)				
Fair value measurements				
Assets				
Assets at fair value through statement of profit or loss	-	-	-	-
June 30, 2021				
	Level 1	Level 2	Level 3	Total
(Rupees)				
Fair value measurements				
Assets				
Assets at fair value through statement of profit or loss	-	197,891,000	144,000,000	341,891,000

16 GENERAL AND CORRESPONDING FIGURES

16.1 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, 2021 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, 2020.

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

17 DATE OF AUTHORIZATION

17.1 These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on February 28, 2022.


Abida Mukhtar
Chief Executive Officer


Shahid Amin Chaudhry
Chief Financial Officer


Nelofar Mukhtar
Director

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