



**Condensed Interim  
Un-Audited Financial Statements  
For the Nine months period ended  
March 31, 2022**



**DAR ES SALAAM**



## CONTENTS

Company Information	03
Director's Review	04
Condensed Interim Balance Sheet	06
Condensed Interim Profit or Loss	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Cash Flow Statement	09
Condensed Interim Statement of Changes in Equity	10
Notes to and forming part of Condensed Interim Financial Information	11

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## COMPANY INFORMATION

<b>Board of Directors</b>	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
<b>Audit committee</b>	Mr. Muhammad Gul Nawaz Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
<b>HR &amp; Remuneration Committee</b>	Mr. Muhammad Yousaf Mrs. Mahwesh Faisal Mukhtar Mrs. Nilofar Mukhtar	Chairman Member Member
<b>Chief Financial Officer Company Secretary</b>	Mr. Shahid Amin Chaudhry	
<b>Share Registrar</b>	M/s. Corplink (Pvt) Ltd. Wing Arcade, 1-K, Commercial Model Town, Lahore. Tel: 042-35839182, 35869037	
<b>Auditors</b>	M/s Rizwan & Co. Chartered Accountants	
<b>Bankers</b>	Meezan Bank Limited JS Bank Limited	
<b>Registered Office</b>	H.No. 37, Street No.14, Cavalry Ground, Lahore-Cantt. Phones: (042) 36610643-44	

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## DIRECTORS' REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the Nine Month Accounts for the period 31<sup>st</sup> March 2022.

### Outlook

With regards to the Company, the management is continuing to work on its alternate business plan. As discussed in our half yearly report, the management 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 three to five months, the Company will continue to discharge its liabilities, implement the alternate business plan and reinvest the proceed towards higher yielding investments.

The Company is in process to change its name to DTM Real Estate Limited and is hopeful to be able to fulfil its regulatory requirements over the next few months. The management is hopeful and excited to start a new line of business that yields beneficial returns to the Company and its Shareholders.

The Company earned net profit of PKR 274.8 million for the period ended March 31<sup>st</sup> 2022, with EPS of PKR 3.43 per share vis-à-vis net profit of PKR 1.56 million and EPS of PKR 0.02 per share in the corresponding period.

On behalf of the Board of Directors



**Abida Mukhtar**  
Chief Executive Officer

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## ڈائریکٹرز کی رپورٹ

دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 مارچ 2022ء کی مدت کے لیے نو ماہ کے اکاؤنٹس پیش کرنے میں خوشی محسوس کرتے ہیں۔


### نقطہ نظر

جہاں تک کمپنی کا تعلق ہے انتظامیہ اپنے متبادل کاروباری منصوبے پر کام جاری رکھے ہوئے ہے۔ جیسا کہ ہماری نصف سالانہ رپورٹ میں بحث کی گئی ہے۔ انتظامیہ اپنی زمین اور عمارت فروخت کرنے میں کامیاب رہی۔ انتظامیہ فی الحال اپنی ذمہ داریوں کو نٹانے کے لیے اپنی رسید کا استعمال کر رہی ہے اور کامیابی سے اپنی ذمہ داریوں کا ایک بڑا حصہ ادا کرنے میں کامیاب کرے گی اور اس سے حاصل ہونے والی آمدنی کو زیادہ پیداوار دینے والی سرمایہ کاری کی طرف دوبارہ سرمایہ کاری کرے گی۔

کمپنی اپنا نام تبدیل کر کے ڈی ٹی ایم رینل اسٹیٹ لمیٹڈ رکھنے کے عمل میں ہے اور امید ہے کہ وہ اگلے چند ماہ کے دوران اپنی ریگولیٹری ضروریات کو پورا کرنے میں کامیاب ہو جائے گی۔ انتظامیہ کاروبار کی ایک نئی لائن شروع کرنے کے لیے پرامید اور پرجوش ہے جو کمپنی اور اس کے شیئرز ہولڈرز کو فائدہ مند منافع فراہم کرتی ہے۔

کمپنی نے 31 مارچ 2022 کو ختم ہونے والی مدت کے دوران PKR کا خالص منافع 274.8 ملین کمایا، اسی مدت میں PKR کے خالص منافع 1.56 ملین کے مقابلے میں PKR 3.43 فی حصص اور PKR کے EPS 0.02 فی حصص رہے۔

مخائب بورڈ آف ڈائریکٹرز

  
عابدہ مختار  
چیف ایگزیکٹو آفیسر

**Condensed Interim Statement of Financial Position (Un-audited)**  
**As at March 31, 2022**

	Note	Un-audited March 31, 2022	Audited June 30, 2021
<b>(Rupees)</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Equipment		149,850	-
Investment property	7	-	341,891,000
		<u>149,850</u>	<u>341,891,000</u>
<b>Current Assets</b>			
Advances, deposits and other receivables		1,837,144	1,709,883
Receivable against sale of property		131,512,226	-
Short term deposits		1,426,354	1,426,354
Tax refunds due from government		4,056,968	4,056,968
Advance income tax		22,274,963	20,774,963
Cash and bank balances		44,407,277	1,692,778
		<u>205,514,932</u>	<u>29,660,946</u>
<b>Current liabilities</b>			
Trade and other payables	8	22,641,889	124,829,776
Unclaimed dividend		1,159,777	1,159,777
Accrued markup		-	101,709,853
Short term borrowings	9	-	116,220,088
Current portion of long term financing	10	-	146,558,020
Income tax payable		6,739,548	4,334,024
		<u>30,541,214</u>	<u>494,811,538</u>
<b>Working capital employed</b>		<u>175,123,568</u>	<u>(465,150,592)</u>
<b>Non-current liabilities</b>		-	(14,309,630)
<b>NET CAPITAL EMPLOYED</b>		<u>175,123,568</u>	<u>(137,569,222)</u>
<b>Represented by:</b>			
<b>Share capital and reserves</b>			
Authorised share capital 15,000,000 (June 30, 2021: 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 profit / (loss)		(40,955,968)	(322,412,058)
Revaluation surplus		-	6,663,300
Loan from sponsors		<u>136,079,536</u>	<u>98,179,536</u>
<b>TOTAL EQUITY</b>		<u>175,123,568</u>	<u>(137,569,222)</u>
<b>Contingencies and commitments</b>	11		

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

  
Nilofar Mukhtar  
Director

**Condensed Interim Statement of Profit and Loss (Un-audited)  
for the nine months period ended March 31, 2022**

	Note	Nine months period ended		Three months period ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		(Rupees)		(Rupees)	
Sales		-	-	-	-
Cost of sales		-	-	-	-
<b>Gross profit / (loss)</b>		-	-	-	-
Other income	12	5,633,267	4,750,000	368,400,741	13,975,000
Administrative expenses		(3,244,663)	(2,248,325)	(10,391,110)	(8,389,524)
Other operating expenses		(50,247,474)	(448,362)	(78,970,745)	(1,008,362)
		<b>(47,858,870)</b>	<b>2,053,313</b>	<b>279,038,886</b>	<b>4,577,114</b>
Finance costs		(3,602)	(5,889)	(1,840,572)	(2,639)
<b>Profit/(loss) before taxation</b>		<b>(47,862,472)</b>	<b>2,047,424</b>	<b>277,198,314</b>	<b>4,574,475</b>
Income tax expense	14	-	(1,045,476)	(2,405,524)	(3,010,200)
<b>Profit/(loss) after taxation</b>		<b>(47,862,472)</b>	<b>1,001,948</b>	<b>274,792,790</b>	<b>1,564,275</b>
Earnings per share	15	<b>(0.60)</b>	<b>0.01</b>	<b>3.43</b>	<b>0.02</b>

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

  
Nilofar Mukhtar  
Director

**Condensed Interim Statement of Comprehensive Income (Un-audited)  
for the nine months period ended March 31, 2022**

	Nine months period ended		Three months period ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	(Rupees)		(Rupees)	
Profit/(loss) after taxation	(47,862,472)	1,001,948	274,792,790	1,564,275
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/(loss)	<u>(47,862,472)</u>	<u>1,001,948</u>	<u>274,792,790</u>	<u>1,564,275</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

  
Nilofar Mukhtar  
Director



**Condensed Interim Statement of Cash Flows (Un-audited)  
for the nine months period ended March 31, 2022**

	Nine months period ended	
	March 31, 2022	March 31, 2021
	(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	277,198,314	4,574,475
<b>Adjustments for non-cash charges/items</b>		
Loss on disposal of non-current assets held for sale	-	560,000
Gain on disposal of investment property	(233,109,000)	-
Depreciation	12,150	
Credit balance written back	(28,650,030)	-
Waiver of markup on long term and short term borrowings	(90,982,291)	-
Waiver of loan amount upon settlement - Frozen mark-up	(3,933,000)	-
Debit balance written off	601,271	-
Recognition of unrecognised liability	42,500,000	
Finance costs	1,840,572	-
<b>Cash flows before working capital changes</b>	(34,522,014)	5,134,475
<b>(Increase) / decrease in current assets:</b>		
Advances, deposits and other receivables	(728,532)	(3,084,842)
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	(73,537,857)	(9,052,651)
<b>Changes in working capital</b>	(74,266,389)	(12,137,493)
<b>Cash used in operating activities</b>	(108,788,403)	(7,003,018)
Income tax paid	(1,500,000)	(2,580,150)
Finance cost paid	(12,568,134)	-
<b>Net cash used in operating activities</b>	(122,856,537)	(9,583,168)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Addition in equipment	(162,000)	-
Proceeds against sale of non-current assets held for sale	-	11,588,350
Proceeds against sale of Investment property	443,487,774	-
<b>Net cash generated from investing activities</b>	443,325,774	11,588,350
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment against loan from sponsors	(4,600,000)	(2,055,000)
Repayment of long term borrowings	(156,934,650)	-
Repayment of short term borrowings	(116,220,088)	-
<b>Net cash (used in) from financing activities</b>	(277,754,738)	(2,055,000)
<b>Net increase in cash and cash equivalents</b>	42,714,499	(49,818)
<b>Cash and cash equivalents at the beginning of the period</b>	1,692,778	295,806
<b>Cash and cash equivalents at the end of the period</b>	44,407,277	245,988

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

  
Nilofar Mukhtar  
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)  
for the nine months period ended March 31, 2022**

	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	-	1,564,275	-	-	1,564,275
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	1,564,275	-	-	1,564,275
Transactions with sponsors					
Repayment of loan	-	-	-	(2,055,000)	(2,055,000)
Balance as at March 31, 2021 (Un-audited)	80,000,000	(341,959,654)	6,663,300	98,814,536	(156,481,818)
Profit for the period	-	19,547,596	-	-	19,547,596
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	19,547,596	-	-	19,547,596
<b>Transactions with sponsors</b>					
Repayment of loan	-	-	-	(635,000)	(635,000)
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	-	274,792,790	-	-	274,792,790
Other comprehensive income / (loss) for the period	-	-	-	-	-
Total comprehensive income for the period	-	274,792,790	-	-	274,792,790
Transfer of Revaluation Surplus	-	6,663,300	(6,663,300)	-	-
<b>Transactions with sponsors</b>					
Increase loan from sponsors	-	-	-	37,900,000	37,900,000
Balance as at March 31, 2022 (Un-audited)	80,000,000	(40,955,968)	-	136,079,536	175,123,568

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

  
Nilofar Mukhtar  
Director

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**Notes to the Condensed Interim Financial Information (Un-audited)  
for the nine months period ended March 31, 2022**

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**1 LEGAL STATUS AND OPERATIONS**

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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 House No 37, Street 14, Cavalry Ground, Lahore Cantt. The Company was engaged in the business of manufacturing and sale of yarn.

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**2 GOING CONCERN ASSUMPTION**

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The Company has closed its operations since 2014 and reported accumulated loss of Rupees 40.956 million (June 30, 2021: 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 368.070 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 166.621 million includes Rupees 136.080 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.

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**3 BASIS OF PREPARATION**

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**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
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or loss and other comprehensive income for the quarters ended March 31, 2022 and March 31, 2021 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 nine months period ended March 31, 2022 and March 31, 2021.

- 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.

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#### **4 ACCOUNTING POLICIES**

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- 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.

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#### **5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

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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.

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	March 31, 2022 Rupees	June 30, 2021 Rupees
<b>6 EQUIPMENT</b>		
<b>Computers - Cost</b>		
Balance at the beginning of the year	-	-
Additions	162,000	-
Disposals	-	-
Balance at the end of the year	<u>162,000</u>	<u>-</u>
<b>Depreciation</b>		
Balance at the beginning of the year	-	-
Charge for the year	12,150	-
Transfers	-	-
Balance at the end of the year	<u>12,150</u>	<u>-</u>
<b>Rate of depreciation</b>	<u>30%</u>	<u>30%</u>
<b>Written down Value as at March 31, 2022</b>	<u>149,850</u>	<u>-</u>
<b>7 INVESTMENT PROPERTY</b>		
Land	-	197,891,000
Building	-	144,000,000
	<u>-</u>	<u>341,891,000</u>

**7.1** 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.

		March 31, 2022 Rupees	June 30, 2021 Rupees
<b>8 TRADE AND OTHER PAYABLES</b>			
Trade creditors	8.1	12,766,939	90,782,912
Accrued liabilities		2,575,842	23,521,617
Advance against lease of property		-	900,000
Workers welfare fund payable		580,561	580,561
Sales tax payable		-	278,246
Withholding income tax payable		149,149	242,906
Others		6,569,398	8,523,534
		<u>22,641,889</u>	<u>124,829,776</u>

**8.1** During the period, the Company has settled its liabilities towards trade creditors amounting to Rupees 78.016 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 28.650 million (difference between carrying amount and amount settled) as other income in the statement of profit or loss.

		March 31, 2022 Rupees	June 30, 2021 Rupees
<b>9</b>	<b>SHORT TERM BORROWINGS</b>		
	<i>From banking companies - secured:</i>		
	Short term borrowings	9.1	- <u>116,220,088</u>

**9.1** 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. 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 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 48.429 million as other income in the statement of profit or loss.

		March 31, 2022 Rupees	June 30, 2021 Rupees
<b>10</b>	<b>LONG TERM FINANCING</b>		
	<i>Demand finances from banking companies - secured:</i>		
	- The Bank of Punjab	10.1	-      12,362,177
	- United Bank Limited	10.2	-      14,959,062
	- United Bank Limited	10.3	-      20,000,000
	- United Bank Limited (Forced Demand Finance)	10.4	-      10,000,000
	- National Bank of Pakistan	10.5	-      78,749,958
	- National Bank of Pakistan (CF swap)	10.6	-      15,976,000
	- National Bank of Pakistan (Frozen mark-up)	10.7	-      4,548,000
	- Bank of Punjab (Frozen mark-up)	-	- <u>4,272,453</u>
		-	160,867,650
	Current portion taken as current liability	-	<u>(146,558,020)</u>
		-	<u>14,309,630</u>

**10.1** 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.

**10.2** 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 have been satisfied except for charge on current assets under Joint Pari Passu from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.

- 10.3** 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 agreement, 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 have been satisfied except for charge on current assets under Joint Pari Passu from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.
- 10.4** 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 have been satisfied except for charge on current assets under Joint Pari Passu from Securities and Exchange Commission of Pakistan upon issuance of No Objection Certificate by the bank as at reporting date.
- 10.5** 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.
- 10.6** 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.
- 10.7** 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.
- 10.8** 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
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balance amount of Rupees 3.933 million has been waived off by the bank.

**10.9** 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 has withdrawn the cases 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 42.553 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.

## **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.

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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.

**11.1.6** 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 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.

**11.2.2** 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.

## 12 OTHER INCOME

	Three months period ended		Nine months period ended	
	March 31, 2022 (Rupees)	March 31, 2021	March 31, 2022 (Rupees)	March 31, 2021
Rental income	-	4,750,000	11,000,000	13,750,000
Credit balances written back	7,391	-	28,650,030	-
Waiver of markup on borrowings	4,911,806	-	90,982,291	-
Waiver of loan amount upon settlement	-	-	3,933,000	-
Gain on sale of investment property	-	-	233,109,000	-
Agriculture produce	-	-	-	225,000
Profit on saving account	714,070	-	714,070	-
others	-	-	12,350	-
	<b>5,633,267</b>	4,750,000	<b>368,400,741</b>	13,975,000

**13 OTHER OPERATING EXPENSES**

	<b>Three months period ended</b>		<b>Nine months period ended</b>	
	<b>March 31, 2022 (Rupees)</b>	March 31, 2021	<b>March 31, 2022 (Rupees)</b>	March 31, 2021
Expense relating to unrecognised liability	<b>50,247,474</b>	-	<b>78,369,474</b>	-
Debit balances written off	-	448,362	<b>601,271</b>	448,362
Loss on disposal	-	-	-	560,000
	<b>50,247,474</b>	448,362	<b>78,970,745</b>	1,008,362

**14 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.

**15 EARNING PER SHARE - BASIC AND DILUTED**

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

	<b>Three months period ended</b>		<b>Nine months period ended</b>	
	<b>March 31, 2022</b>	March 31, 2021	<b>March 31, 2022</b>	March 31, 2021
Earning after taxation - (Rupees)	<b>(47,862,472)</b>	1,001,948	<b>274,792,790</b>	1,564,275
Weighted average number of ordinary shares	<b>80,000,000</b>	80,000,000	<b>80,000,000</b>	80,000,000
Earning per share - (Rupees)	<b>(0.60)</b>	0.01	<b>3.43</b>	0.02

**16 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:

**16.1 Name and nature of relationship****Sponsors**

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

**16.2 Transactions with related parties**

<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>March 31, 2020 (Rupees)</b>	March 31, 2020
Sponsors	Loan repaid	<b>(4,600,000)</b>	(2,055,000)
	Recognition of loan against settlement	<b>42,500,000</b>	-

## 17 FINANCIAL RISK MANAGEMENT

### 17.1 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.

### 17.2 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:

	March 31, 2021			
Fair value measurements	Level 1	Level 2	Level 3 (Rupees)	Total
<b>Assets</b>				
Assets at fair value through statement of profit or loss	-	-	-	-
	June 30, 2021			
Fair value measurements	Level 1	Level 2	Level 3 (Rupees)	Total
<b>Assets</b>				
Assets at fair value through statement of profit or loss	-	197,891,000	144,000,000	341,891,000

**18 GENERAL AND CORRESPONDING FIGURES**

**18.1** 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 March 31, 2021.

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

**19 DATE OF AUTHORIZATION**

**19.1** These interim financial statements was approved by the Board of Directors of the Company and authorized for issue on April 26, 2022.

Lahore: April 26, 2022

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Amin Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director



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