

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL**IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)**

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

Operating results (Factory Shutdown):

Company's net sales during the current as well as in the comparative period remained nil due to closure of operations. The Company, for the time being, has suspended its manufacturing operations since July 2016 which could not be resumed due to working capital constraints.

The outbreak of Covid-19 and triggering lockdowns has caused socio-economic problems to the country as the livelihood opportunities have been squeezed all of a sudden on the social front. Further due to the measures taken by the Government to control the pandemic has also badly affected the economic activity and businesses have come to a halt not only in Pakistan but globally as well.

Due to Covid-19 and Pandemic situation the Government had announced lockdown due to which our offices were also closed so we were unable to prepare 3rd Quarter financial statements of the Company for the quarter ended March 31, 2020. The condensed interim financial statements have been prepared using going concern assumption as the company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon, and sufficient working capital will be provided which will enable the company to resume its operations.

Future Outlook


There are a lot of uncertainties in the foreseeable future so we cannot confirm the outcome of current situation as already there are prediction of negative growth for current year. We suggest that the government should immediately devise the post-coronavirus period policies to protect the interests of adversely affected industries, creation of amicable business environment for the employment opportunities across the country and providing tax relief for at least couple of years.

Conclusion

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

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

By and under Authority of the Board of Directors



Ishtiaq Ahmed
Chief Executive Officer



Zafar Asim
Director

Dated: September 25, 2020

ڈائریکٹرز رپورٹ

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

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

مالیاتی نتائج (فیکٹری بند):

دوران مدت کے ساتھ ساتھ گذشتہ مدت آپریشن بند ہونے کے باعث کمپنی کی خالص فروخت صفر رہی۔ فی الحال کمپنی جولائی 2016ء سے اپنی پیداواری سرگرمیاں معطل کر چکی ہے جو کہ صنعت کو درپیش مسائل، مارکیٹ کی کم طلب اور کاروباری سرمایہ میں کمی کے باعث آپریشن جاری نہیں کیا جا سکا۔

Covid-19 کی وباء کے پھیلنے اور لاک ڈاؤن کے باعث ملک سماجی و معاشی مشکلات کا شکار رہا کیونکہ معاشی امور کے تحت روزگار کے مواقع اچانک ختم ہو گئے۔ اس کے علاوہ حکومت کی جانب سے کورونا کی وباء پر قابو پانے کے اقدامات کے باعث معاشی سرگرمیاں بھی بری طرح متاثر ہوئیں اور نہ صرف پاکستان بلکہ عالمی سطح پر بھی کاروباری سرگرمیاں منجمد ہو گئیں۔

Covid-19 کی وبائی صورتحال کے سبب حکومت نے لاک ڈاؤن کا اعلان کیا جس کے باعث ہمارے دفاتر بھی بند کر دیئے گئے۔ لہذا ہم 31 مارچ 2020ء کو ختم ہونے والی سہ ماہی میں کمپنی کے سہ ماہی مالیاتی حسابات تیار کرنے میں ناکام رہے۔ غیر میعادى عبوری مالیاتی حسابات تشریح کا مفروضہ استعمال کرتے ہوئے تیار کئے گئے ہیں کیونکہ کمپنی نے اپنے قرض دہندگان سے اپنی ذمہ داریوں پر مزید تنظیم نو کیلئے رابطہ کیا ہے جو کہ جاری ہے۔ انتظامیہ کو امید ہے کہ جلد ہی اس طرح کی نظر ثانی کو حتمی شکل دے دی جائے گی اور مناسب کاروباری سرمایہ فراہم کیا جائے گا جس سے کمپنی اپنے آپریشنز دوبارہ شروع کر سکیگی۔

مستقبل کا نظریہ:

ہمیں مستقبل میں بہت سی بے یقینیوں کا سامنا ہے لہذا ہم موجودہ صورتحال کی حتمی طور پر تصدیق نہیں کر سکتے جبکہ موجودہ سال میں منفی نمو کی پیش گوئی کی جا رہی ہے۔ ہم تجویز پیش کرتے ہیں کہ حکومت فوری طور پر کورونا وائرس کے بعد کی پالیسیاں مرتب کرے تاکہ منفی طور پر متاثرہ صنعتوں کے مفادات کا تحفظ کیا جاسکے، ملک میں روزگار کے مواقعوں کے لئے خوشگوار کاروباری ماحول پیدا ہوا اور کم سے کم دو سال تک ٹیکس میں ریلیف مل سکے۔

نتیجہ:

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

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

بورڈ آف ڈائریکٹرز کی جانب سے

ظفر عاصم
ڈائریکٹر


اشتیاق احمد
چیف ایگزیکٹو آفیسر

مورخہ: 25 ستمبر 2020ء

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSES INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

		(Un-Audited) March 31 2020	(Audited) June 30, 2019
	Notes	----- (Rupees) -----	
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL & RESERVES</u>			
<u>Authorized</u>			
12,000,000 (June 30, 2019: 12,000,000) Ordinary Shares of Rs. 10/- each		120,000,000	120,000,000
Issued, Subscribed and Paid-up Capital		115,610,280	115,610,280
Revenue Reserves		(519,798,999)	(458,671,894)
Revaluation surplus on property plant and equipment (Capital Reserve)		594,248,024	611,306,848
		190,059,305	268,245,234
<u>NON-CURRENT LIABILITIES</u>			
Long term loan	5	156,542,454	147,444,503
<u>Deferred Liabilities</u>			
Provision for staff gratuity		42,443,114	42,680,407
Deferred taxation		85,473,921	92,441,609
		127,917,035	135,122,016
<u>CURRENT LIABILITIES</u>			
Trade and other Payables		101,943,344	98,964,589
Mark-up accrued on loans		97,323,668	77,568,877
Unclaimed dividend		308,319	308,319
Current and over due portion long term loans		176,358,892	176,358,892
Short Term Borrowings		45,639,984	45,639,984
Provision for Taxation		5,607,122	5,607,122
		427,181,329	404,447,783
Contingencies and Commitments	6	-	--
		901,700,123	955,259,536
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property Plant and Equipment	7	755,521,612	794,120,327
Long term Investment	8	-	--
Long Term Deposits		2,329,728	2,329,728
<u>CURRENT ASSETS</u>			
Stores, Spares and Loose Tools		16,683,420	16,683,420
Stock-in-Trade		37,638,566	37,638,566
Trade Debts - Considered Good		42,623,558	57,418,532
Advances - Considered good		3,269,992	3,283,658
Short term deposits and other receivable		15,770,828	15,814,943
Other Receivables - Unsecured, Considered good		7,441,000	7,441,000
Income Tax Refunds and Advances		17,092,709	17,090,405
Cash and Bank Balances		3,328,710	3,438,957
		143,848,783	158,809,481
		901,700,123	955,259,536

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


Ishtiaq Ahmed
 CEO & Director



Muhammad Irfan Ali
 Chief Financial Officer



Zafar Asim
 Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	<u>March 31</u> <u>2020</u>	<u>March 31</u> <u>2019</u>	<u>March 31</u> <u>2020</u>	<u>March 31</u> <u>2019</u>
Notes	----- (Rupees) -----			
Sales - Net	-	-	-	--
Cost of Sales	<u>(44,560,988)</u>	<u>(51,919,560)</u>	<u>(14,430,167)</u>	<u>(17,576,354)</u>
Gross (Loss)	<u>(44,560,988)</u>	<u>(51,919,560)</u>	<u>(14,430,167)</u>	<u>(17,576,354)</u>
Operating expenses				
Administrative and General Expenses	<u>(8,848,433)</u>	<u>(9,989,741)</u>	<u>(2,652,385)</u>	<u>(3,532,247)</u>
Operating (Loss)	<u>(53,409,421)</u>	<u>(61,909,301)</u>	<u>(17,082,552)</u>	<u>(21,108,601)</u>
Finance Cost	<u>(31,744,196)</u>	<u>(23,304,317)</u>	<u>(10,608,913)</u>	<u>(8,680,435)</u>
(Loss) before taxation	<u>(85,153,617)</u>	<u>(85,213,618)</u>	<u>(27,691,465)</u>	<u>(29,789,036)</u>
Taxation				
Deferred	<u>6,967,688</u>	<u>7,816,813</u>	<u>2,322,562</u>	<u>2,605,604</u>
	<u>6,967,688</u>	<u>7,816,813</u>	<u>2,322,562</u>	<u>2,605,604</u>
(Loss) after taxation	<u>(78,185,929)</u>	<u>(77,396,805)</u>	<u>(25,368,903)</u>	<u>(27,183,432)</u>
(Loss) Per Share - Basic and diluted (Rupees)	11 <u>(6.76)</u>	<u>(9.33)</u>	<u>(2.19)</u>	<u>(2.35)</u>

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


Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

Notes	March 31 2020	March 31 2019
	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Taxation	(85,153,617)	(85,213,618)
Adjustment for Non-Cash and Other Items:		
Depreciation	38,598,715	42,497,795
Finance Cost	31,744,196	23,304,317
	70,342,911	65,802,112
	(14,810,706)	(19,411,506)
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Trade Debts	14,794,974	16,226,466
Loans and Advances	13,666	22,150
Trade deposits, Prepayments & Statutory balance	44,115	1,538,598
(Increase) / Decrease in Current Liabilities		
Trade Creditors, Payable & others borrowings	2,978,755	(1,885,420)
	17,831,510	15,901,794
Taxes Paid	(2,304)	(26,078)
Gratuity Paid	(237,293)	--
	(239,597)	(26,078)
Net Cash Inflow/ (Outflow) from Operating Activities	2,781,207	(3,535,790)
CASH FLOW FROM INVESTING ACTIVITIES		
Long term deposits	-	--
Net Cash Inflow / (Outflow) from Investing Activities	-	--
CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost Paid	(2,891,454)	(2,166,431)
Net Cash Inflow/ (Outflow) from Financing Activities	(2,891,454)	(2,166,431)
Net (decrease) / Increase in Cash and Cash Equivalents	(110,247)	(5,702,221)
Cash and Cash Equivalents at the Beginning of the period	(42,201,027)	(86,664,548)
Issuance of shares against Short term borrowing	-	50,000,000
Cash and cash equivalents at the end of the period	9 (42,311,274)	(42,366,769)

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


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer


Zafar Asim
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	<u>March 31</u> <u>2020</u>	<u>March 31</u> <u>2019</u>	<u>March 31</u> <u>2020</u>	<u>March 31</u> <u>2019</u>
	----- (Rupees) -----			
(Loss) for the period	(78,185,929)	(77,396,805)	(25,368,903)	(27,183,432)
Other comprehensive Income:				-
Effect of change in tax rates on balance of revaluation on property, plant and equipment	-	3,547,036		-
Total comprehensive (Loss) for the period	<u>(78,185,929)</u>	<u>(73,849,769)</u>	<u>(25,368,903)</u>	<u>(27,183,432)</u>

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


Ishtiaq Ahmed
 CEO & Director


Muhammad Irfan Ali
 Chief Financial Officer


Zafar Asim
 Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Issued, subscribed and paid-up capital	Advance against issued of shares	Revenue Reserves		Capital Reserves	Total
			General Reserve	Accumulated Loss	Revaluation Surplus on property, plant & equipment	
----- (Rupees) -----						
Balance as at 1st July 2018 - as reported	65,610,280	-	45,000,000	(424,424,428)	633,276,766	319,462,618
Advance against issued of shares		50,000,000				50,000,000
Shares issued during the period	50,000,000	(50,000,000)				-
Total comprehensive income for period						
(Loss) for the period	-	-	-	(77,396,805)	-	(77,396,805)
Other comprehensive income for the period	-	-	-	-	3,547,036	3,547,036
	-	-	-	(77,396,805)	3,547,036	(73,849,769)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	-	-	-	19,137,716	(19,137,716)	-
Balance as on March 31, 2019	115,610,280	-	45,000,000	(482,683,517)	617,686,086	295,612,849
Balance as on July 01, 2019	115,610,280	-	45,000,000	(503,671,894)	611,306,848	268,245,234
Total comprehensive (Loss) for period						
(Loss) for the period	-	-	-	(78,185,929)	-	(78,185,929)
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	(78,185,929)	-	(78,185,929)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	-	-	-	17,058,824	(17,058,824)	-
Balance as on March 31, 2020	115,610,280	-	45,000,000	(564,798,999)	594,248,024	190,059,305

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


Ishtaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer


Zafar Asim
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

1. Corporate Information

Dewan Mushtaq Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on November 04, 1970, under the Companies Act, 1913 (Now the Companies Act, 2017) and its shares are listed on Pakistan Stock Exchange Limited. The registered office of the company is located at 3-A, Lalazar, Beach Hotel Road, Karachi, Pakistan; while its manufacturing facilities are located at A-30, S.I.T.E., Hyderabad, Sindh, Pakistan. The principal activity of the Company is trading, manufacturing and sale of yarn, however operation are suspended since July'2016.

2 Going Concern Assumption

The condensed interim financial statements of the company for the Nine months ended March 31, 2020 reflect that company has sustained a net loss after taxation of Rs.78.186 million (2019: Rs.104.764 million) and as of that date company has negative reserves of Rs. 519.799 million have resulted in negative equity of Rs.190.059 million. Further the company's short term borrowing facilities having limit to the extent of Rs.100 million have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch caused by the overall lesser market demand and adverse factors being faced by the textile industry in the country. Due to the aforementioned scenario, the Company, for the time being, has also suspended its manufacturing & other operations since July 2016. Accordingly, the entire restructured liabilities along with markup eligible for waiver have become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

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

3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2019.

4 Significant Accounting Policies and Estimates

4.1 The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2019.

4.2 Adoption of standards and amendments effective during the year

The Company has adopted the following accounting standards, the amendments and interpretations of IFRSs which became effective during the current period:

IFRS 3 Business Combinations: Previously held interests in a joint operation

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 11	Joint Arrangements: Previously held interests in a joint operation
IFRS 16	Leases
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over Income Tax Treatments

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the condensed interim financial statements.

4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

Standards or Interpretation

IFRS 3	Definition of a Business (Amendments)	
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures	Not yet finalised
IAS 1/ IAS 8	Definition of Material (Amendments)	

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application. The Company is currently evaluating the impact of these standards.

	(Un-Audited) March 31, 2020	(Audited) June 2019
	(Rupees)	
5 Long term loans		
Sponsor Loan-Un secured, Interest free - at amortized cost	<u>156,542,454</u>	<u>147,444,503</u>
	<u>156,542,454</u>	<u>147,444,503</u>

6 Contingencies and Commitments

There is no material change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2019.

		March 31, 2020	June 2019
		(Rupees)	
7 Property, Plant & Equipments			
Operating Fixed Assets	7.1	<u>755,521,612</u>	<u>794,120,327</u>
		<u>755,521,612</u>	<u>794,120,327</u>
7.1 Operating Fixed Assets			
Opening written down value		<u>794,120,327</u>	850,784,056
Depreciation during the period / year		<u>(38,598,715)</u>	(56,663,729)
Closing written down value		<u>755,521,612</u>	<u>794,120,327</u>

8 Long Term Investment

Investment in associate

8.1 Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship, member of yousuf dewan companies and its ownership interest of 5.42% in investee company.

8.2 Investment in Dewan Salman Fibre Limited - at equity method

Number of shares held	19,864,518	19,864,518
Cost of investment (Rupees)	40,000,000	40,000,000
Fair value of investment (Rupees)	17,480,776	17,480,776
Ownership interest	5.42%	5.42%

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

	(Un-Audited) March 31, 2020	(Un-Audited) March 31, 2019
9 Cash and Cash Equivalents	(Rupees)	
Cash and Bank Balances	3,328,710	3,273,215
Short term Borrowings	(45,639,984)	(45,639,984)
	(42,311,274)	(42,366,769)

10 Related Party Transactions

During the period provident fund contribution of Rs.0.433 million (March 2019: Rs.0.458 million).

	March 31, 2020	March 31, 2019
11 (Loss) Per Share - Basic and diluted		
(Loss) after Taxation	(78,185,929)	(77,396,805)
Weighted Average Number of Ordinary Share (Nos)	11,561,028	8,294,605
(Loss) Per Share - Basic and diluted (Rupees)	(6.76)	(9.33)

12 CORRESPONDING FIGURES


In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.


13 Date Of Authorization For Issue

This condensed interim financial information was authorized for issue on September 25, 2020 by the Board of Directors of the Company.

14 General

Figures have been rounded off to the nearest rupees unless otherwise stated.


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer


Zafar Asim
Director