

Vision Statement

To be the leader in textile industry by building the Companys' image through quality, competitive prices, customer's satisfaction and meeting social obligation.

Mission Statement

Our Mission is to be recognized as a premium quality yarn manufacturing unit.

The Unit is setup with an idea to cater to the premium market of fine count compact yarn to satisfy the valuable customers.

To assume leadership role in the technological advancement of the industry.

To benefit the customers, employees and shareholders and to fulfill our commitments to the society.

Our trademark is honesty, innovation, fairness, teamwork of our people and integrity in relationship with our customers, associates, shareholders, community and stake holders.

**YD****A YOUSUF DEWAN COMPANY**

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COMPANY INFORMATION

BOARD OF DIRECTORS	
Executive Director	: Mr. Ishtiaq Ahmed - Chief Executive Officer & Director
Non-Executive Directors	: Mr. Haroon Iqbal - Chairman, Board of Directors Mr. Zafar Asim Mr. Imran Ahmed Javed Mr. Muhammad Naeemuddin Malik Mr. Muhammad Baqar Jafferri
Independent Director	: Mr. Aziz-ul-Haque
Audit Committee	: Mr. Aziz-ul-Haque (Chairman) Mr. Muhammad Naeemuddin Malik (Member) Mr. Haroon Iqbal (Member)
Human Resources & Remuneration Committee	: Mr. Aziz-ul-Haque (Chairman) Mr. Haroon Iqbal (Member) Mr. Ishtiaq Ahmed (Member)
Auditors	: Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., Karachi
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Muhammad Irfan Ali
Tax Advisor	: Sharif & Co. Advocates
Legal Advisor	: Abbas & Atif Law Associates
Bankers	: Habib Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Bank Al Falah Limited Askari Commercial Bank Limited
Registered Office	: Dewan Centre, 3-A Lalazar Beach Hotel Road Karachi
Shares Registrar & Transfer Agent	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	: G/11, S.I.T.E., Kotri, Sindh, Pakistan.
Website	: www.yousufdewan.com



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty Third Annual General Meeting of **Dewan Khalid Textile Mills Limited** (“**DKTML**” or “**the Company**”) will be held on **Monday, October 26, 2020, at 11:30 a.m.** at Dewan Cement Limited Factory Site, at DehDhando, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur’aan and other religious recitals:

ORDINARY BUSINESS:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Thursday, October 24, 2019;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2020, together with the Directors’ and Auditors’ Reports thereon;
3. To confirm the appointment of the Statutory Auditors’ of the Company for the year ended June 30, 2021, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By order of the Board

Muhammad Hanif German
Company Secretary

Karachi: September 28, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 19, 2020 to October 26, 2020 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
 - a) **For Attending Meeting:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors’ resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
 - b) **For Appointing Proxies:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
 - ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.

- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.

5. Notice to Shareholders who have not provided CNIC:

CNIC of the shareholders is mandatory in terms of directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(1)/2012 dated July 05, 2012 for the issuance of future dividend warrants etc. and in the absence of such information, payment of dividend may be withheld in term of SECP's above mentioned directive. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs directly to our Shares Registrar without any further delay.

6. Mandate for E-DIVIDENDS for shareholders:

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no changes of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 5, 2013 had advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

7. Electronic Transmission of Financial Statements Etc.:

SECP through its notification No. SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting through email instead of sending the same through post, to those members who desires to avail this facility. The members who desire to opt to receive aforesaid statements and notice of AGM through e-mail are requested to provide their written consent on the Standard Request Form available on the Company's website: <http://www.yousufdewan.com/DKTML/index.html>



CHAIRMAN'S REVIEW

I am pleased to present a report on the overall performance of the Board of Directors and effectiveness of the role played by the board in achieving the company's objectives. The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein.

The Board of Directors comprises of individuals with diversified knowledge who endeavour to contribute towards the aim of the Company with the best of their abilities.

An annual self evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

Due to Covid-19 and pandemic situation, company was unable to conduct 3rd Quarter Board of Directors meeting which was later conducted on 25-Sep-2020. The Board of Directors of the Company received agendas and supporting material in advance prior to the board and its committee meetings. All Directors are equally involved in important decisions. The Board's overall performance and effectiveness for the year under review was satisfactory.

Haroon Iqbal

Chairman Board of Directors

Date: September 28, 2020

Place: Karachi.

DIRECTORS' REPORT

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

Dear Shareholder(s),

Assalam-o-Alykum!

The Board of Directors of your Company are pleased to present the Annual Audited Financial Statements of the Company for the year ended June 30, 2020 together with the Auditors' Report thereon.

Overview

The Textile industry in Pakistan is the largest manufacturing sector and the second largest employment generating sector and has been major contributor in Foreign Exchange earnings of the Country. During the first half of financial year 2019-20 under review, domestic industry faced immense challenge of contractionary economic policies coupled with highest inflation rate in recent times. This situation aggravated further in the second half of current financial year due to the emergence of COVID-19 pandemic which has caused major disruptions to economic activities for the whole world including Pakistan. COVID-19 was also catastrophic for Pakistan's already ailing economy. The pandemic has eroded the Country's economic growth which demonstrated its worst performance in past 68 years, as per the provisional estimates, Pakistan's real GDP is set to contract at 0.4 per cent in FY20. The drop in domestic and global demand compounded the strain on the economy. Higher inflation and rupee devaluation continued to exert significant pressure on the overall economy in general and the manufacturing industry in particular, during FY20.

The Government of Pakistan responded swiftly to this situation and accordingly the State Bank of Pakistan (SBP) slashed the policy rate by a cumulative 625 basis points. SBP launched new refinancing schemes to support employment, new investments and BMR. Together with the government's stimulus package, these measures are helping to cushion the impact of COVID-19 outbreak. Beyond their immediate positive impact, these measures are expected to support the post-COVID-19 economic recovery as well.

Operating results and performance (Factory shutdown):

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

	"Rupees"
SALES (NET)	--
COST OF SALES	(69,680,849)
GROSS LOSS	(69,680,849)
OPERATING EXPENSES	3,998,900
OPERATING LOSS	(65,681,949)
FINANCE COST	(22,664,922)
LOSS BEFORE TAXATION	(88,346,871)
TAXATION	14,057,969
LOSS AFTER TAXATION	(74,288,902)

Company's net sale for the year remained nil due to closure of operations. The Company, for the time being, has suspended its manufacturing operations since August 2016 which could not be resumed due to adverse scenario faced by the industry, lesser market demand and working capital constraints.

In financial year ended 2012, Company had settled with its lenders through Compromise Agreement against which consent decrees had been passed by the Honorable High Court of Sindh, Karachi. Company's short term and long term loans had been rescheduled in the form of long term loans, however certain banks having suits of Rs.275.008 million, did not accept the restructuring proposal. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honorable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.



The Auditors of the company have expressed adverse opinion in their report, on going concern assumption, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up.

The 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 streamline the funding requirements of the Company which will ultimately help the management to resume the operation with optimum utilization of production capacity. Therefore, the preparation of financial statements using going concern assumption is justified, as explained in note, 1.1 to the financial statements.

As certain banks covering suits amounting to Rs 275.008 million has not yet accepted the restructuring proposal and also one of the banks had filed a winding up petition under section 305 of the Companies Ordinance, 1984. The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Accordingly, no provision of the said mark-up has been made in these financial statements.

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 as fully explained in note 7.1.2 to the financial statements. Moreover, the markup outstanding up to the date of restructuring is Rs.85.516 million which the company would be liable to pay in the event of default of terms of agreement. The management is confident that upon finalization of restructuring this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

Future Outlook

The management is optimistic about business environment as the steps taken by the Government in the form of deferment of principal loan payments, reduction in interest rates and availability of funds at nominal cost for payment of workers' wages and salaries helped in business stability during current turbulent time of COVID-19 pandemic. Pakistan did manage to contain the economic impact through its effective lockdown strategy, and we are already witnessing signs of recovery as the global economic activity has gained some momentum after relaxation of lockdowns. As such, the situation in Pakistan has witnessed a sharp recovery in Jul 2020, with exports increasing by 14.40% as compared to the corresponding period. If the situation continues to improve further and the global economy witnesses a pause in the crisis, we can hope that the economic activities will start growing.

In addition to above the biggest challenge for the industry is low production of cotton crop in the country due to which cotton has to be imported which puts the domestic products at comparative disadvantage against other producing countries. On the domestic front, depreciation of PKR, recovery of global prices of crude oil are expected to have inflationary impact which may pose risk to stable economic outlook. After taking all these factors into the account, management of your company expects gradual revival of economic activities in domestic market. Some further initiatives from the government are direly needed in order to make the textile industry sustainable.

Corporate Social Responsibilities

We are also committed to Corporate Social Responsibility (CSR) and integrating sound social practices in our day to day business activities. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and workers who are the core of our business. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve.

Health, Safety and Environment

The management of the company is aware of its responsibility to provide a safe and healthy working environment to our associates and give highest priority to it. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. Continual efforts for provision of safe, healthy and comfortable working conditions for the employees are made. We follow up and investigate on all incidents and injuries to address their root causes. We believe that safety and health is a journey of continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates.

Human Resource

The management of the Company is committed to excellence and has a clear vision that human resources and strong leadership practices are important enablers of high productivity and sustainable competitive advantage of our Company. Therefore, management of the Company gives much importance to the optimal use of human resources by way of training proper guidance, motivation and incentive schemes for the employees.

DEWAN KHALID TEXTILE MILLS LIMITED

Corporate and Financial Reporting

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. The Directors confirm that:

1. The financial Statements presented by the management of the Company give, subject to auditor's report, a fair account of the state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of accounts have been maintained.
3. Accounting policies have been consistently applied in the preparation of financial statements, except for certain changes whose impact have been appropriately disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from, if any, has been adequately disclosed.
5. The system of internal controls, which is in place, is sound in design and has been effectively implemented and monitored.
6. There has been no material departure from the best practices of the corporate governance
7. The Company has constituted an Audit Committee from amongst the non-executive members of its Board.
8. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.
9. There are no doubts upon the company's Going Concern except as disclosed in note 1.1 to the financial statements.
10. Information regarding the outstanding taxes and levies is given in the notes to the financial statements.
11. As required under the Code of Corporate Governance, the following information has been presented in this report:
 - i) Pattern of Shareholding;
 - ii) Shares held by associated undertaking and related persons;

Board

The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities. The Board of Directors as of June 30, 2020 consisted of the following:

Directors		Numbers
a)	Male	7
b)	Female	None*
Composition		Numbers
a)	Independent Director	1
b)	Other Non-executive Directors	5
c)	Executive Director	1

* The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

During the year three meetings of the Board were held. The attendance of directors was as follows:

Names	No. of Meetings attended
Mr. Haroon Iqbal	3
Mr. Aziz-ul-Haque	3
Mr. Muhammad Baqir Jafferri	3
Mr. Ishtiaq Ahmed	3
Mr. Muhammad Naeemuddin Malik	2
Mr. Imran Ahmed Javed	3
Mr. Zafar Asim	3



Leave of absence was granted to directors who could not attend these meetings.

Audit Committee

Audit committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting and Corporate Control. The committee consists of three members. Majority of members including the chairman of the committee are non-executive directors.

During the year, three Audit Committee meetings were held and attendance was as follows.

Names	No. of Meetings attended
Mr. Aziz-Ul-Haque – Chairman	3
Mr. Haroon Iqbal	3
Muhammad Naeemuddin Malik	3

Human Resource and Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to devising and periodic reviews of human resource policies. It also assists Board in selection, evaluation, compensation and succession planning of key management personnel.

The committee consists of three members. During the year one Human Resource and Remuneration committee meeting was held and attendance was as follows

Names	No. of Meetings attended
Mr. Aziz-Ul Haque – Chairman	1
Mr. Haroon Iqbal	1
Mr. Ishtiaq Ahmed	1

Earnings per Share

Basic (Loss) per share during the period under report worked out to Rs (7.73) [2019: Rs. (7.92)]

Appointment of Auditors

The present auditors, M/s. Feroze Sharif Tariq & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors of your company, based on the recommendations of the Audit Committee of the board, proposes M/s. Feroze Sharif Tariq & Co., Chartered Accountants, for reappointment as auditors of the company for the ensuing year.

Pattern of Shareholding

The prescribed shareholding information, both under the Companies Act, 2017, and the Listing Regulations, vis-à-vis, Code of Corporate Governance, is attached at the end of this report.

Key operating and financial data

Key operating and financial data for preceding six years is annexed.

Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Vote of Thanks & Conclusion

On the behalf of the Board, we appreciate the valuable, loyal, and commendable services rendered to the Company by its executives, members of the staff and workers

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Ar-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 the Muslim Ummah; Ameen; Summa Ameen.

Ishtiaq Ahmed
CEO & Director

Karachi, September 28, 2020

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

By and under Authority of the Board of Directors

Haroon Iqbal
Chairman Board of Directors

FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019	2020
	(Rupees in Million)					
Sale (Net)	716.61	348.86	36.12	-	-	-
Gross Profit / (Loss)	(84.38)	(184.41)	(98.75)	(93.68)	(81.50)	(69.68)
(Loss) / Profit before Tax	(120.40)	(248.26)	(138.19)	(211.35)	(92.24)	(88.35)
(Loss) / Profit after Tax	(100.24)	(282.64)	(123.39)	(185.05)	(76.15)	(74.29)
Current Assets	498.00	281.00	244.40	124.73	116.17	114.25
Shareholder's Equity	337.00	(1.53)	193.89	14.45	(56.73)	(131.02)
Current Liabilities	647.00	625.00	651.00	657.47	644.82	738.44
Current ratio (Times)	0.77	0.45	0.38	0.19	0.18	0.15
(Loss) / Earning per Share (Rs)	(17.49)	(42.76)	(13.07)	(19.25)	(7.92)	(7.73)
Breakup value per share (Rs.)	59.22	(0.23)	20.54	1.50	(5.90)	(13.63)
Gross (Loss) / Profit Ratio (%)	-11.78%	-52.86%	-273.40%	0.00%	0.00%	0.00%
Net (Loss)/ profit Ratio (%)	13.99%	(81.02)	(341.60)	0.00%	0.00%	0.00%



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

For the Year Ended June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

- | | | |
|-----------|---|-------|
| a) Male | : | 7 |
| b) Female | : | None* |

* The requirement to have Female representation in the Company's board will be complied upon reconstitution of the Board.

2. The composition of board is as follows:

- | | | |
|----------------------------------|---|---|
| a) Independent Director | : | Mr. Aziz-ul-Haque |
| b) Other Non-executive Directors | : | Mr. Haroon Iqbal
Mr. Zafar Asim
Mr. Imran Ahmed Javed
Mr. Muhammad Naeemuddin Malik
Mr. Muhammad Baqar Jafferri |
| c) Executive Directors | : | Mr. Ishtiaq Ahmed |

3. Six Directors have confirmed that they are not serving as Director in more than seven listed Companies including this Company, however, one Director is serving as Director in more than seven listed Yousuf Dewan Companies.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decision on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with requirements of Act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. Five Directors are qualified under the directors training program. During the year the board did not arrange training program. However, we will arrange the same in the next coming session.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

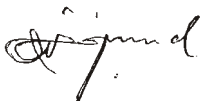
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

- | | | | |
|----------------------------------|---|--|------------------------------|
| a) Audit Committee | : | Mr. Aziz-ul-Haque
Mr. Muhammad Naeemuddin Malik
Mr. Haroon Iqbal | Chairman
Member
Member |
| b) HR and Remuneration Committee | : | Mr. Aziz-ul-Haque
Mr. Haroon Iqbal
Mr. Ishtiaq Ahmed | Chairman
Member
Member |

DEWAN KHALID TEXTILE MILLS LIMITED

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee : 3 quarterly meetings during the financial year ended June 30, 2020
 - b) HR and Remuneration Committee : 1 annual meeting held during the financial year ended June 30, 2020
15. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Ishtiaq Ahmed
CEO & Director



Haroon Iqbal
Chairman Board of Directors

Karachi, September 28, 2020

**YD**

A YOUSUF DEWAN COMPANY

FEROZE SHARIF TARIQ & CO.

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Chartered Accountants
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INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF DEWAN KHALID TEXTILE MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dewan Khalid Textile Mills Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instances of Non-compliances with the requirements of the Code were observed which are not stated in the Statement of Compliance.

- a) The composition of board has includes one independent director Mr. Aziz ul Haque, whereas in our opinion he does not meet the criteria of independence due to his cross director ship in other group companies. Further, Code requires independent directors shall not be less than two or one third of the total members of the board, whichever is higher, whereas board include one independent director.
- b) The chairman of Audit committee shall be an independent director, whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.
- c) The chairman of Human Resource and Remuneration Committee shall be an independent director whereas in our view Mr. Aziz ul Haque does not meet the criteria of independence due to the reason reflect in para (a) above.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Furthermore, we highlight that the company has no female director on its board and one of the Director of the company is serving as directors in more than seven listed Companies as reflected in the Paragraph 1 and 3 of the Statement of Compliance respectively.

Chartered Accountants
(Muhammad Ghalib)

Dated: September 28, 2020
Place : Karachi:

FEROZE SHARIF TARIQ & CO.

FEROZE SHARIF TARIQ & CO.
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF DEWAN KHALID TEXTILE MILLS LIMITED**

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Dewan Khalid Textile mills Limited (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in Basis for Adverse opinion Paragraph, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof do not conform with the accounting and reporting standards as applicable in Pakistan and do not give the information required by the Companies Act, 2017, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

- a) The financial statements of the company for the year ended June 30, 2020 as disclosed in note 1.1 to the financial Statements reflect loss after taxation of Rs. 74.289 (2019: Rs. 76.145) million and as of that date it has accumulated losses of Rs. 638.469 (2019: Rs. 598.587) million and its current liabilities exceeded its current assets by Rs. 624.196 (2019: Rs. 548.648) million without providing markups of Restructured and other liabilities and as refer in below para (b). The operations of the company were closed from August 2016 due to working capital constraints. Furthermore, the company defaulted in repayments of installments of restructured long term liabilities and short term finance facilities have expired and not been renewed by banks amounting to Rs. 403.90 million, hence as per the terms of the restructuring under clause 10.2 of the compromise agreement the entire restructured debt amounting to Rs. 104.008 million along with mark up of Rs. 85.516 million (eligible for waiver outstanding as of date of restructuring) have immediately become payable therefore provision for markup should be made in these financial statements. Moreover, certain lenders are in litigation with the company, the aggregate suit amount is Rs.275.008 million (the company have also not provide markup on the same Loan). Further, one of the lender have also filed winding up petition also some of financial Institutions filled suit for execution of decree as disclosed in note 13.2 to the financial statements. These conditions lead us to believe that the going concern assumption used in preparation of these financial Statements is inappropriate; consequently the assets and liabilities should have been stated at their realizable and settlement amounts respectively.
- b) In addition to above, since the proposal, has not been accepted so far and the lenders, instead of the accepting the restructuring Proposal, have preferred to filed suit against the company, therefore the provision of mark up should be made in the financial statements. Had the provisions for the mark up, as discussed in preceding paragraphs, been made in these financial statements, the loss after taxation would have been higher by Rs. 538.046 (2019: Rs. 511.361) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 538.046 (2019: Rs. 511.361) million.

Key Audit Matters

Except for the matter described in the Basis for Adverse Opinion section, we have determined, Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Unprovided Mark up on Financial Institutions Loan due to Litigation	
	<p>The company's exposure to huge bank loan, unprovided liabilities for mark-up aggregating to Rs. 538.046 (2019: Rs. 511.361) million were shown (note 13.1 and 25.1 of financial statements) as this liability has not settled with the Banks our audit report is also qualified on said unprovided liability due to litigation with the financial institutions for restructuring of the Loan</p>	<p>We reviewed and understood the requirements of the departure from IAS 24 Borrowing Cost:</p> <ul style="list-style-type: none"> • Considered the management's process for Calculating the markup and disclosure made in the financial Statements'.. • Recalculate the mark up loan wise to Check the accuracy. • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made. <p>Discuss with senior management for the reason for non providing the markup and seen litigation grounds.</p> <p>Obtain legal Councils Confirmation to grounds where the company contesting the litigation for the restructuring of the companies loans.</p>
2.	Contingencies	
	<p>The Company is subject to material litigations involving different courts pertaining to GIDC and Recovery of Loans by Financial Institutions, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations.</p> <p>Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, contingencies is complex and is a matter of most significance in our audit because of the judgments required to determine the level of certainty on these matters.</p> <p>The details of contingencies along with management's assessment and the related provisions are disclosed in note 13.3 to the financial statements.</p> <p>There is an inherent risk that legal exposures are not identified and considered for financial reporting purposes on a timely basis, therefore, considered to be a key audit matter. Importantly, the decision to recognize a provision and the basis of measurement are judgmental.</p>	<p>In response to this matter, our audit procedures included:</p> <p>Discussing legal cases with the legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances.</p> <p>Obtaining independent opinion of legal advisors dealing with such cases in the form confirmations.</p> <p>We also evaluated the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets.</p> <p>The disclosures of legal exposures and provisions were assessed for completeness and accuracy</p> <p>In view of the significant judgements required, we evaluated the Company's assessment of the nature and status of litigation, claims and provision assessments, if any, and discussed with management to understand the legal position and the basis of material risk positions. We received legal letters from the Company's external counsel setting out their views in major cases.</p> <p>Specifically, we challenged the timing of recognition for cases where there was potential exposure but it was not clear that a provision should be raised e.g. where obtaining reliable estimates are not considered possible.</p>

DEWAN KHALID TEXTILE MILLS LIMITED

		As set out in the financial statements, the outcome of litigation and regulatory claims are dependent on the future outcome of continuing legal and regulatory processes and consequently the calculations of the provisions are subject to inherent uncertainty.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information in the Annual Report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work performed, we conclude that there is a material misstatement of this other information; we required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting and Reporting Standards as applicable in Pakistan and requirements of companies Act 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit except for the matter discussed in basis for adverse opinion section, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) because of the matters described in Basis for Adverse Opinion section, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) however, the same are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Dated: September 28, 2020
Place : Karachi:

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

EQUITY AND LIABILITIES**SHARE CAPITAL & RESERVES**

Authorized share capital

15,000,000 (June 30, 2019: 15,000,000) ordinary shares of Rs. 10/- each

Issued, subscribed and paid-up capital

Revenue reserves

Revaluation surplus on property plant and equipment (Capital reserve)

NON CURRENT LIABILITIES

Long Term Loan

Provision for staff gratuity

Deferred taxation

CURRENT LIABILITIES

Trade and other payables

Mark-up accrued on loans

Short term borrowings

Unclaimed dividend

Current and over due portion of syndicated long term Loan

Provision for income tax

CONTINGENCIES AND COMMITMENTS**ASSETS****NON CURRENT ASSETS**

Property, plant and equipments

Long term investment

Long term deposits

CURRENT ASSETS

Stores, spares and loose tools

Stock-in-Trade

Trade debts

Loans and advances

Statutory Balances and Other Receivables

Income tax refunds and advances

Cash and bank balances

Notes

June 30,
2020June 30,
2019

(Rupees)

150,000,000**150,000,000****96,107,590**

96,107,590

(638,468,575)

(598,597,459)

411,343,336

445,761,122

(131,017,649)

(56,728,747)

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51,197,358

17,295,063

17,295,063

113,835,044

127,893,013

131,130,107

145,188,076

182,840,520

180,544,605

89,669,026

73,797,746

355,583,140

300,130,923

334,741

334,741

104,007,672

104,007,672

6,006,817

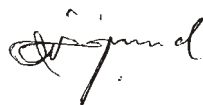
6,006,817

738,441,916

664,822,504

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738,554,374**804,479,191***The annexed notes form an integral part of these financial Statements*


Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Chairman Board of Directors



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	June 30, 2020	June 30, 2019
		(Rupees)	
Sales - net	22	--	--
Cost of sales	23	(69,680,849)	(81,501,262)
Gross (loss)		(69,680,849)	(81,501,262)
Operating Expenses			
Administrative and general expenses	24	(10,476,100)	(10,450,657)
Reversal of provision against doubtful debts		14,475,000	17,073,830
		3,998,900	6,623,173
Operating (loss)		(65,681,949)	(74,878,089)
Finance cost	25	(22,664,922)	(17,356,946)
(Loss) before taxation		(88,346,871)	(92,235,035)
Taxation			
- Deferred		14,057,969	16,089,842
		14,057,969	16,089,842
(Loss) after taxation		(74,288,902)	(76,145,193)
(Loss) per share - basic and diluted	26	(7.73)	(7.92)

The annexed notes form an integral part of these financial Statements

Ishtiaq Ahmed
CEO & Director

Muhammad Irfan Ali
Chief Financial Officer

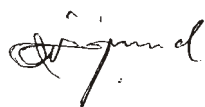
Haroon Iqbal
Chairman Board of Directors

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees)	
(Loss) for the year	(74,288,902)	(76,145,193)
Other comprehensive income:		
Effect of change in tax rates on balance		
of revaluation on property, plant and equipment	-	4,964,926
Total comprehensive (loss) for the year	(74,288,902)	(71,180,267)

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



Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Chairman Board of Directors



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	June 30, 2020	June 30, 2019
		(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before Taxation		(88,346,871)	(92,235,035)
Adjustment for Non-Cash and Other Items:			
Depreciation		63,945,759	72,404,512
(Reversal) of provision for doubtful debts		(14,475,000)	(17,073,830)
Provision for slow moving Store & Spare		781,741	
Advance & Others A/c Written Off		61,787	
Finance Cost		22,664,922	17,356,946
		72,979,209	72,687,628
		(15,367,662)	(19,547,407)
Working Capital Charges			
(Increase) / Decrease in Current Assets			
Stores, spares and loose tools		-	2,793,778
Trade debts		14,513,093	23,367,876
Loans and advances		-	3,600
Increase / (Decrease) in Current Liabilities			
Trade and other payables		2,295,915	(3,516,590)
		16,809,008	22,648,664
Taxes paid		-	(30,548)
Net Cash Inflow/ (Outflow) from Operating Activities		1,441,346	3,070,709
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		-	-
Long term deposits		-	-
Net Cash Inflow/ (Outflow) from Investing Activities		-	-
CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost paid		(2,538,783)	(2,564,267)
Net Cash Inflow/ (Outflow) from Financing Activities		(2,538,783)	(2,564,267)
Net Increase /(Decrease) in Cash and Cash Equivalents		(1,097,437)	506,442
Cash and cash equivalents at the beginning of the year		2,031,140	1,524,698
Cash and cash equivalents at the end of the year	30	933,703	2,031,140

The annexed notes form an integral part of these financial Statements

Ishtiaq Ahmed
CEO & Director

Muhammad Irfan Ali
Chief Financial Officer

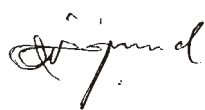
Haroon Iqbal
Chairman Board of Directors

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserves	Total
		General Reserve	Accumulated Loss	Revaluation Surplus on property, plant & equipment	
----- (Rupees) -----					
Balance as on 1 July 2018	96,107,590	135,000,000	(696,844,639)	480,188,569	14,451,520
Other comprehensive (loss) for year					
(Loss) for the year	--	--	(76,145,193)	--	(76,145,193)
Other comprehensive income for the year	--	--	--	4,964,926	4,964,926
	--	--	(76,145,193)	4,964,926	(71,180,267)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	--	39,392,373	(39,392,373)	--
Balance as at 30, June 2019	96,107,590	135,000,000	(733,597,459)	445,761,122	(56,728,747)
Balance as on July 01, 2019	96,107,590	135,000,000	(733,597,459)	445,761,122	(56,728,747)
Total comprehensive (loss) for year					
(Loss) for the year	--	--	(74,288,902)	--	(74,288,902)
Other comprehensive income for the year	--	--	--	--	--
	--	--	(74,288,902)	--	(74,288,902)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	--	34,417,786	(34,417,786)	--
Balance as at 30, June 2020	96,107,590	135,000,000	(773,468,575)	411,343,336	(131,017,649)

The annexed notes form an integral part of these financial Statements



Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Haroon Iqbal
Chairman Board of Directors



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1 Corporate Information

Dewan Khalid Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on April 03, 1978, under the Companies Act, 1913 (Now the Companies Act, 2017) and its shares are listed in 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 G-11, S.I.T.E., Kotri, Sindh, Pakistan. The Principal activity of the Company is trading, manufacturing and sale of yarn, the operations of the company suspended since August, 2016.

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed either in the notes to these financial statements or in the Directors' report.

1.1 Going Concern Assumption

The financial statements of the company for the year ended 30 June 2020 reflect that company has sustained a net loss after taxation of Rs.74.289 million (2019: Rs.76.145 million) and as of that date company has negative reserves of Rs. 638.469 million which have eroded its equity. Further the company's short term borrowing facilities have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch faced by the Company due to lesser market demand and adverse factors being faced by the overall textile industry in the country and working capital constraint face by the company as a result the Company, for the time being, has suspended its manufacturing operations since August 2016. Accordingly, the entire restructured liabilities along with markup eligible for waiver (as disclosed in note 13.1 to the financial statements) 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 financial statements has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities which is in process. Company is hopeful that such restructuring will be effective soon and will further streamline the funding requirements of the Company which will ultimately help the management to resume the operations 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 25.1 to the financial statements, for which the management concludes that provisioning of mark-up would conflict with the objectives of the financial statements. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except the obligation in respect of gratuity which is measured at present value and certain items of property, plant and equipment which are carried at revalued amounts.

2.3 STANDARDS, AMENDMENTS, INTERPRETATION AND IMPROVEMENTS APPLICABLE TO THE FINANCIAL STATEMENTS

New standards, amendments, interpretation and improvements effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Standards, Amendments or Interpretation

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)
 IFRS 14 - Regulatory Deferral Accounts
 IFRS 16 - Leases
 IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
 IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
 IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
 IFRIC 23 - Uncertainty over income tax treatments

Improvements to Accounting Standards Issued by the IASB (2015-2017 cycle)

IFRS 3 - Business Combinations - Previously held Interests in a joint operation
 IFRS 11 - Joint Arrangements - Previously held Interests in a joint operation
 IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity
 IAS 23 - Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 and its amendments are described below:

2.4 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single note on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

The new accounting policy in respect of leases is disclosed in note 4.5 & 4.6 to these financial statements which do not effects the financial Statemnet of the Company

2.5 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following standards, amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments

	Effective date (annual periods beginning on or after)
IFRS 3 -- Definition of a Business (Amendments)	01 January 2020
IFRS 3 -- Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 / IAS 39 / IFRS 7 -- Interest Rate Benchmark Reform (Amendments)	01 January 2020



IFRS 10 / IAS 28 -- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8 -- Definition of Material (Amendments)	01 January 2020
IAS 1 -- Classification of Liabilities as Current or Non-current (Amendments)	01 January 2022*
IAS 16 -- Proceeds before Intended Use (Amendments)	01 January 2022
IAS 37 -- Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	01 January 2022

*The IASB has issued an exposure draft proposing to defer the effective date of the Amendments to IAS 1 to 01 January 2023.

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 -- Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	01 January 2022
IAS 41 -- Agriculture – Taxation in fair value measurements	01 January 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 1 -- First time adoption of IFRSs	01 January 2004
IFRS 17 -- Insurance Contracts	01 January 2023

2.6 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognised in the financial statements are as follows:

3.1 Operating fixed assets, revaluation and depreciation

The Company reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. The estimates of revalued amounts of revalued assets are based on valuations carried out by a professional valuer. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.2 Trade debts

The Company reviews its doubtful debts at each reporting dates to access whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimates of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

3.3 Income tax

In making the estimates for income tax currently payable by the Company, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

3.4 Stock in trade

The Company reviews the net realizable value (NRV) of stock in trade to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock in trade and corresponding effect in profit and loss account of those future years. Net realisable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

3.5 Stores and spares

The Company reviews the net realizable value (NRV) and impairment of stores and spare parts to assess any diminution in the respective carrying values and wherever required provision for NRV / impairment is made. The calculation of provision involves the use of estimates with regards to future estimated use and past consumption along with stores and spares holding period.

4 Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year.

4.1 Post Employment Benefits

Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its non-management staff. Provisions are made, based on actuarial recommendations. Actuarial valuation is carried out using the 'Projected Unit Credit' method, as required by International Accounting Standard 19 "Employee Benefits". However, at present company has no employees who are eligible for gratuity, hence no provision for the same has been made during the year, liability appearing as gratuity payable represents actual amount payable to employees.

Defined Contribution Plan

Effective from July 01, 2010, the company has, in place of gratuity scheme, established a recognised provident fund for its permanent management staff for which equal contributions are being made in respect thereof by company and employees in accordance with the terms of the fund.

4.2 Trade and Other Payables

Trade and other payables are stated at their costs.

4.3 Taxation

Current Year

Provision in respect of current year's taxation is based on the method of taxation prescribed under the Income Tax Ordinance, 2001, whereby taxable income is determined and tax charged at the current rates of taxation after taking into account tax credits and rebates available, if any, or the minimum tax liability determined under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is provided using the liability method on all temporary differences at the balance sheet date, between the tax bases of assets and liabilities and their carrying amount for financial statements reporting purposes. Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.



4.4 Property, Plant and Equipment

- Owned

Property, Plant and Equipment are stated at cost/revalued amounts less accumulated depreciation and impairment losses, if any; lease hold land is amortised over the period of lease except capital works in progress which is stated at cost accumulated up to the balance sheet date.

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus to the extent of incremental depreciation charged (net of deferred tax) is transferred to accumulated loss.

- Depreciation

Depreciation is charged from the month of acquisition or transfer of assets from capital work in progress on proportionate basis and until disposal or retirement, using the reducing balance method whereby the cost or revalued amount of an asset is written off over its estimated useful life and the rates applied are in no case less than the rates prescribed by the Federal Board of Revenue. The depreciation method and useful lives of the items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change is accounted for as a change in accounting estimate by changing the depreciation charge for the current and future periods.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted, if appropriate, at each balance sheet date.

- Repairs, renewals and maintenance

Major repairs and renewals are capitalized. Normal repairs and maintenance are charged as expense when incurred. Gains or losses on disposal or retirement of assets are determined as the difference between the sale proceeds and the carrying amounts of these assets, and are included in the income currently.

4.5 Intangible assets

Computer software costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the costs of the respective assets. Software which are not an integral part of the related hardware are classified as intangible assets. Amortized on straight line basis.

4.6 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received as applicable. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

4.7 Lease Liability

Lease liabilities The Company assesses at contract inception whether a contract is, or contains, a lease, i.e. if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.8 Investment in Associate

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognised in the Company's profit and loss account. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognised in the associate's profit or loss. The Company's share of those changes is recognised in other comprehensive income of the Company. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognised in profit or loss. If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses.

4.9 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the weighted average cost. Items in transit are stated at cost accumulated up to the date of the balance sheet. Provision is made for any slow moving and obsolete items.

4.10 Stock-in-Trade

These are valued as follows :

<i>Raw Material</i>	:	At lower of weighted average cost or net realizable value. Cost of raw material and components represents invoice value plus other charges paid thereon.
<i>Finished Goods</i>	:	At lower of weighted average cost or net realizable value. Cost of finished goods comprises of prime cost and an appropriate portion of production overheads.
<i>Waste</i>	:	At net realizable value.
<i>Work-in-Process</i>	:	At weighted average cost. This comprises the direct cost of raw materials, wages, and appropriate manufacturing overheads.
<i>Stock in Transit</i>	:	At cost accumulated upto the balance sheet date.
<i>Stock at fair price shop</i>	:	At cost calculated on the First-in-first-out method of valuation.
<i>Packing Material</i>	:	At lower of weighted average cost or net realizable value.

Net Realizable Value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make the sale.

**4.11 Trade Debts & Other Receivables**

Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible amounts. An estimate for a doubtful receivable is made when collection of the whole or part of the amount is no longer probable. Bad debts are written off as incurred.

4.12 Foreign Currency Translation

Transactions in foreign currencies are initially recorded using the rates of exchange ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates prevailing on the balance sheet date. In order to hedge its exposure to foreign exchange risks, the company enters into forward exchange contracts. Such transactions are translated at contracted rates. All exchange differences are included in the Profit and Loss Account.

4.13 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the Investee company.
- Return on bank deposits are on an accrual basis.
- Unrealized gains / loss arising on re-measurement of investments classified as "financial assets at fair value through "profit or loss" are included in the profit and loss account in the period in which these arise.
- Realised capital gains / loss on sale of investments are recognized in the profit and loss account at the time of sale.

4.14 Borrowing Cost

Borrowing Costs are recognized initially in fair value net of transaction costs incurred.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which they are incurred.

4.15 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation, and, as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and that a reliable estimate can be made for the amount of this obligation.

4.16 Financial instruments**4.16.1 Financial asset**

The financial assets of the Company mainly include trade debts, loans, deposits, long-term investments, other receivables and cash and bank balances.

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Based on the business model of the Company, the financial assets of the Company are measured and classified under IFRS 9 as follows;

Trade debts and other financial assets are measured at amortised cost using the effective interest rate method less an allowance for expected credit losses, if any.

4.16.2 Financial liabilities

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. For the purpose of subsequent measurement financial liabilities are either classified at amortized cost or fair value through profit or loss. The Company does not have any financial liability at fair value through profit or loss.

4.16.3 Impairment of financial assets - allowance for expected credit losses

Impairment of financial assets - allowance for expected credit losses ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

At each date of statement of financial position, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

4.16.4 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are assessed at date of statement of financial position to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

4.17 Related Party Transactions

All transactions with related parties are carried out by the company at arm's length prices.

4.18 Loans, Advances and Other Receivables

Loans, advances and other receivables are recognized initially at cost, and subsequently at their amortized/residual cost.

4.19 Short Term and Long Term Loans

Short Term and Long Term Loans are recognized initially at cost and subsequently measured at amortized cost.

4.20 Dividend and appropriation to reserves

Dividends and appropriations to reserves, subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends and appropriations are approved.

5 Issued, Subscribed and Paid-up Capital

5,728,300 (2019: 5,728,300) Ordinary Shares of
Rs. 10/- each fully paid in cash
3,882,459 (2019: 3,882,459) Ordinary Shares of
Rs. 10/- each issued as fully paid bonus shares

	2020	2019
	(Rupees)	
	57,283,000	57,283,000
	38,824,590	38,824,590
	<u>96,107,590</u>	<u>96,107,590</u>

5.1 Dewan Motors (Private) Limited, an associated company held 451,185 Ordinary shares of Rs.10 each.



	Notes	2020 (Rupees)	2019
6 Surplus on revaluation of property plant and equipment			
Opening balance		573,654,135	629,136,350
Transferred to accumulated losses in respect of incremental depreciation for the year		(48,475,755)	(55,482,215)
		525,178,380	573,654,135
<i>Deferred tax liability</i>			
Opening balance		127,893,013	148,947,781
Incremental depreciation		(14,057,969)	(16,089,842)
Effect of change in tax rates		-	(4,964,926)
		113,835,044	127,893,013
		411,343,336	445,761,122

This represents net surplus over the book value resulting from the revaluation of land, Building , Plant and Machinery carried out on December 21, 2016 by independent professional valuers M/s K.G.TRADERS , the basis of market value or depreciated replacement values as applicable. Basis of revaluation are as follows:

Land

Valuation of land is based on assessment of present market values from the information of current matured transactions in recent past, pertaining to immediate neighborhood and surrounding areas.

Building

Valuation of building has been determined by assessment of type of construction, current condition of construction and by applying current construction rates for current replacement value and taking into account depreciation involving the year of construction, physical condition, usage and maintenance.

Plant and Machinery

Plant and machinery valuation has been determined after making enquiries from agents, local dealers, fabricators, suppliers and manufacturers of comparable plants. Current prices of used and reconditioned plants in the local markets have also been considered. Based on above market values have been determined and depreciation has been applied as per their condition, usage, and maintenance.

The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

The latest revaluation resulted in increase in surplus by Rs.416.748 million, forced sale value of revalued assets is Rs. 711.726 million.

7 Long term loans

Syndicated Long Term Loan - Secured	7.1	-	-
Sponsor loan	7.2	-	51,197,358
		51,197,358	51,197,358
7.1 Syndicated Long Term Loan - Secured			
Syndicated Long Term Loan		104,007,672	104,007,672
Current portion of syndicated Long term loan		-	-
Over due portion of syndicated Long term loan		(104,007,672)	104,007,672
		-	-

7.1.1 The Compromise Agreement dated December 23, 2011 had been executed between the banks and the company against which consent decrees had been granted by the Honorable High Court of Sindh, Karachi. As per the terms, Company's short term and long term loans had been rescheduled in the form of long term loans of Rs. 282.496 million which was to be repaid in six and half years from the date of restructuring with progressive mark up ranging from 4% to 14% (or KIBOR whichever is lower) over the period on outstanding principal. This loan had been secured by way of mortgage charge over immovable properties and hypothecation of movable assets of the company. Moreover banks / financial institutions had allowed further working capital limit to the Company as fully explained in note 11 to these financial statements. However, in case of default by the company the entire outstanding mark up as disclosed in the agreement will remain outstanding liability of the company and all amounts in respect of its liabilities shall become payable with immediate effect as disclosed in clause 10.2 of the Compromise Agreement.

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7.1.2 The company has approached its lenders for further restructuring of its liabilities, which is in advanced stage as the term sheet has been finalized and circulated by the agent to syndicate of banks for their internal approvals. Management is hopeful that such revision will be finalized soon. Accordingly the Banks' liability has been in accordance with previous repayment schedules.

	Notes	2020 (Rupees)	2019
7.2 Sponsor loan			
Sponsor Loan- Unsecured		55,452,217	55,452,217
Unwinding interest		4,254,859	3,928,389
Present value adjustment		(4,254,859)	(8,183,248)
Present Value of Sponsor loan		55,452,217	51,197,358
Tr. Current portion short term borrowing		(55,452,217)	-
		-	-

7.2.1 This represents unsecured interest free loan payable to sponsor against liabilities of a bank assumed by the sponsor. The Sponsor loan has been measured at amortized cost in accordance with International Financial Reporting Standard 9, Financial Instruments, and has been discounted using the weighted average interest rate of 8.01% per annum. This interest free loan is payable on 31st July 2020.

8 Provision for Staff Gratuity

Balance at beginning	17,295,063	17,295,063
Payments during the year	-	-
	17,295,063	17,295,063

9 Deferred Taxation

Credit balance arising due to:		
- accelerated tax depreciation	18,305,576	21,909,182
- revaluation on property plant & equipment	113,835,044	127,893,013
Debit balance arising due to		
- staff gratuity	(5,015,568)	(5,015,568)
- carried over losses and provisions	(197,799,974)	(199,793,187)
	(70,674,922)	(55,006,560)
Deferred tax asset not recognized	(184,509,966)	(182,899,573)
	113,835,044	127,893,013

9.1 Movement of deferred tax liabilities

Balance as at beginning of the year	127,893,013	148,947,781
Tax charge recognised in statement of profit or loss	(14,057,969)	(16,089,842)
Tax charge recognised in other comprehensive income	-	(4,964,926)
Balance as at end of the year	113,835,044	127,893,013

10 Trade and Other Payables

Creditors	10.1	125,306,218	125,206,062
Accrued Expenses		56,377,054	54,243,929
Provident Fund	10.2	93,756	31,122
Sale tax payable		1,063,492	1,063,492
		182,840,520	180,544,605

10.1 This includes Rs. 120.550 million (2019: Rs. 120.550 million) payable to associated undertaking.

10.2 Investments of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

11 Short Term Borrowings - Secured

Short term Running Finance	11.1 & 11.2	257,162,900	257,162,900
Short term Loan	11.3	35,483,023	35,483,023
Sponsor Loan	11.5	62,937,217	7,485,000
		355,583,140	300,130,923



- 11.1** The company has facilities for short term running finances under mark-up arrangements amounting to Rs. 140 million (2019: Rs. 140 million) from banks. The facility carries mark-up at the rate of 1 month KIBOR + 2.5%p.a (2019: 1 month KIBOR + 2.5%p.a). These facilities are secured against hypothecation charge on stocks-in-trade and trade debts. These facilities are generally for twelve months renewable at the end of the period. The mark-up on running finance facilities is payable on a quarterly basis. This financing arrangement have expired and not been renewed by the bank.
- 11.2** The facility for short term loan under mark up arrangement obtained from bank against available limit of Rs.100 million (2019: Rs. 100 million) at markup rate of KIBOR + 3% (2019: KIBOR + 3%) payable quarterly in arrears. The facility is secured by way of hypothecation of stock in trade, book debts and other current assets of the company. This financing arrangement have expired and not been renewed by the bank for six years.
- 11.3** As part of restructuring banks / financial institutions have approved further working capital to the Company amounting to the limit of Rs. 63.90 million by providing syndicated cash finance against pledge of stocks in proportion to their loan amounts. The tenure of working capital facility is one year and renewable on rollover basis and this facility is secured by way of pledge of stocks of the company. The markup rate for this facility is one month KIBOR which is payable on quarterly basis. This financing arrangement have expired and not been renewed by the bank.
- 11.4** The banks/financial institutions amounting Rs. 236 million in note 11.1 and 11.2 are in litigation with the company as disclosed in note no 13.2 to the financial Statements.

	Notes	2020 (Rupees)	2019
11.5 Short term Sponsor Loan			
Balance at the beginning	11.5.1	7,485,000	7,485,000
Add: Transfer from Long term Sponsor Loan		55,452,217	-
		62,937,217	7,485,000

- 11.5.1** This represents unsecured interest free loan payable to sponsor against liabilities of a bank assumed by the sponsor and is payable on demand. The interest free and unsecured loan has been provided by sponsor considering financial crunch being faced by the company.

12 Provision for Taxation

Balance at the beginning	6,006,817	6,006,817
Add: Provision for the year	-	-
	6,006,817	6,006,817
Payment / adjustment during the year	-	-
	6,006,817	6,006,817

Income tax returns of the company have been filed up to tax year 2019 which are deemed to be assessed u/s 120 of the Income Tax Ordinance 2001. On account of closure of operation, no tax provision has been made in these financial statements.

13 Contingencies and Commitments

- 13.1** In respect of liabilities towards banks / financial institutions disclosed in note 7 to the financial statements, during the year ended 2012, certain lenders have entered into a compromise agreement with the Company for outstanding debt sought by lenders in the suits filed by them and it was agreed that the Company would settle all the liabilities at principle amount of Rs.184.258 million and markup thereon of Rs.85.516 million (eligible for waiver if the Company repays the entire outstanding principal as per term of agreement), consequent to which consent decrees were granted by the Honorable High Court of Sindh, Karachi. Consequent to default in repayment of restructured liabilities as per compromise agreement, the lenders filed for execution of consent decrees. The Company filed suits in Honourable High Court of Sindh at Karachi wherein it has been strongly contested that filing of executions is unjust and against the law. Management of the Company expects favorable outcome therefrom.

- 13.2** Two of the lenders having suits amounting to Rs 275.008 million has not yet accepted the restructuring proposal, and out of these one lender had also filed a winding up petition under section 305 of the repealed Companies Ordinance, 1984. The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome.

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13.3 The Government of Pakistan has promulgated the Gas Infrastructure Development Cess Ordinance, 2014 (GIDC) against which the Company filed suit in the Honourable Sindh High Court challenging its legality and applicability on the Company and the Honourable Sindh High Court had issued stay against the recovery of GIDC. The Honourable Sindh High Court decided the case in favour of the Company and directed to refund / adjust in bills the amounts already collected, against which the Sui Southern Gas Company Limited (SSGC) has filed appeal in Honourable Sindh High Court, which was also rejected. The Government enacted GIDC Act, 2015 which had also been challenged by the Company through writ petition before the Honourable Sindh High Court, which granted the stay against collection of GIDC arrears. In Jul-2020 The Supreme Court of Pakistan has decided the case in favour of SSGC with directions to recover the arrears under GIDC Act 2015 from the consumers who have passed on their burden to its customers. As neither SSGC has charged GIDC to the company in its billing nor the Company has passed on the same to the customers. Therefore, the management feels there is need to make any provision in this regard.

13.4 There are no commitments as of balance sheet date which need to be disclosed in the financial statements.

	2020	2019
Notes	(Rupees)	
14 Property, Plant and Equipment		
Operating Assets	14.1 621,468,028	685,413,787
	621,468,028	685,413,787

14.1 Operating Assets

June 2020									
Particulars	Cost / Revaluation			Rate %	Depreciation			Written Down	
	As at July 2019	Additions / Deletion	As at JUNE 2020		As at July 2019	Adjustments/ Transfer	Charge For the period	As at June 2020	Value as at June 2020
OWNED	RUPEES				RUPEES				
Lease Hold Land	134,295,556	--	134,295,556	0	9,871,215	--	2,131,675	12,002,890	122,292,666
Factory Building	210,332,377	--	210,332,377	10	101,762,856	--	10,856,952	112,619,808	97,712,569
Non Factory Building	39,432,514	--	39,432,514	10	19,532,325	--	1,990,019	21,522,344	17,910,170
Labour Quarters	115,067,941	--	115,067,941	25	85,902,831	--	7,291,278	93,194,109	21,873,832
Plant and Machinery	1,049,018,897	--	1,049,018,897	10	657,243,368	--	39,177,553	696,420,921	352,597,976
Electric Installation	5,760,815	--	5,760,815	15	5,736,471	--	3,652	5,740,123	20,692
Power House	31,037,292	--	31,037,292	10	24,211,330	--	682,596	24,893,926	6,143,366
Factory and Office Equipmts	6,241,146	--	6,241,146	10	4,699,121	--	154,203	4,853,324	1,387,822
Vehicles	30,198,120	--	30,198,120	20	29,093,695	--	220,885	29,314,580	883,540
Furniture and Fixture	6,284,082	--	6,284,082	10	5,566,976		71,711	5,638,687	645,395
Intangible Assets					--				
Software Development	5,825,000	--	5,825,000	25	4,459,765	--	1,365,235	5,825,000	--
June 30' 2020	1,633,493,740	--	1,633,493,740		948,079,953	--	63,945,759	1,012,025,712	621,468,028

June 2019									
Particulars	Cost / Revaluation			Rate %	Depreciation			Written Down	
	As at July 2018	Additions / Deletion	As at JUNE 2019		As at July 2018	Adjustments/ Transfer	Charge For the period	As at June 2019	Value as at June 2019
OWNED	RUPEES				RUPEES				
Lease Hold Land	134,295,556	--	134,295,556	0	7,739,540	--	2,131,675	9,871,215	124,424,341
Factory Building	210,332,377	--	210,332,377	10	89,699,576	--	12,063,280	101,762,856	108,569,521
Non Factory Building	39,432,514	--	39,432,514	10	17,321,193	--	2,211,132	19,532,325	19,900,189
Labour Quarters	115,067,941	--	115,067,941	25	76,181,127	--	9,721,704	85,902,831	29,165,110
Plant and Machinery	1,049,018,897	--	1,049,018,897	10	613,712,754	--	43,530,614	657,243,368	391,775,529
Electric Installation	5,760,815	--	5,760,815	15	5,732,175	--	4,296	5,736,471	24,344
Power House	31,037,292	--	31,037,292	10	23,452,890	--	758,440	24,211,330	6,825,962
Factory and Office Equipmts	6,241,146	--	6,241,146	10	4,527,785	--	171,336	4,699,121	1,542,025
Vehicles	30,198,120	--	30,198,120	20	28,817,589	--	276,106	29,093,695	1,104,425
Furniture and Fixture	6,284,082	--	6,284,082	10	5,487,297		79,679	5,566,976	717,106
Intangible Assets									
Software Development	5,825,000	--	5,825,000	25	3,003,515	--	1,456,250	4,459,765	1,365,235
June 30' 2019	1,633,493,740	--	1,633,493,740		875,675,441	--	72,404,512	948,079,953	685,413,787

14.2 Allocation of Depreciation

Cost of Sales	62,287,928	70,592,477
Administrative and General Expenses	292,596	355,785
Administrative and General Expenses (Amortization of software)	1,365,235	1,456,250
	63,945,759	72,404,512



14.3 Immovable property (i.e. leasehold land and factory building, non-factory building and labour quarters thereon) is situated at S.I.T.E. Kotri, District Jamshoro having accumulated area of 16 acres.

14.4 Had there been no revaluation the carrying amounts of revalued assets would have been as follows:

	2020	2019
	(Rupees)	
Lease hold land	1,651,808	1,651,808
Factory building on lease hold land	19,969,657	22,188,508
Non - factory building	2,352,181	2,613,534
Labour Quarters	250	334
Plant & machinery	75,237,829	83,597,588
	99,211,725	110,051,772
15 Long Term Investment		
Investment in associate		
Dewan Salman Fibre Limited	--	--

15.1 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 8.81% in investee company.

15.2 Investment in Dewan Salman Fibre Limited - at equity method

Number of shares held	32,279,849	32,279,849
Cost of investment (Rupees)	40,000,000	40,000,000
Fair value of investment (Rupees)	28,406,267	28,406,267
Ownership interest	8.81%	8.81%

15.3 Summarised financial information of associated company

Total assets	8,143,557,000	9,233,827,000
Total liabilities	20,903,039,000	20,856,161,000
Net assets	(12,759,482,000)	(11,622,334,000)
Company's share of net assets	(1,124,110,364)	(1,023,927,625)
Revenue	--	--
Loss for the year	(927,876,000)	(1,499,573,000)

15.4 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.

16 Stores, Spares & Loose Tools

Stores and Spares	15,634,830	15,634,830
Packing Material	--	--
	15,634,830	15,634,830
Provision for slow moving Store & Spare	(781,741)	--
	14,853,089	15,634,830

17 Stock-in-Trade

Raw Materials	32,431,351	32,431,351
Finished Goods	103,916,244	103,916,244
	136,347,595	136,347,595
Provision for slow moving and obsolescence stock	(66,817,311)	(66,817,311)
	69,530,284	69,530,284

DEWAN KHALID TEXTILE MILLS LIMITED

17.1 Stocks valuing Rs. 47.410 million (2019: Rs.47.410 million) was pledged with the banks against the restructured finance facilities obtained by the Company.

	Notes	2020 (Rupees)	2019
18 Trade Debts - Considered Good			
Local Receivables - Unsecured		2,134,790	2,172,883
Considered doubtful		17,527,057	32,002,057
		19,661,847	34,174,940
Provision for doubtful debts	18.1	(17,527,057)	(32,002,057)
		2,134,790	2,172,883
18.1 Provision for doubtful debts			
Opening balance		32,002,057	49,075,887
Provision / (Reversal) during the year		(14,475,000)	(17,073,830)
		17,527,057	32,002,057
18.2 The aging of Debtors at the reporting date was:			
Up to one month		-	-
1 to 6 months		-	-
More than 6 months		2,134,790	2,172,883
		2,134,790	2,172,883
19 Loans and Advances - Unsecured, Considered Good			
Advance against Supplies		209,000	215,500
Loans and Advances to employees		203,746	208,408
		412,746	423,908
20 Statutory Balances and Other Receivables - Considered good			
Sales Tax Receivable		10,185,522	10,185,522
		10,185,522	10,185,522
21 Cash and Bank Balances			
Cash in Hand		46,658	84,345
Cash at Banks - Current Accounts		887,045	1,946,795
		933,703	2,031,140
22 SALES - Net		-	-
23 Cost of Sales			
Salaries, Wages and Other Benefits		5,684,817	8,674,066
Fuel, Power & Water Consumed		607,700	1,291,173
Insurance		586,388	622,280
Vehicle Expenses		24,100	64,130
Repairs and Maintenance		286,020	133,347
Rent, Rates and Taxes		203,896	123,789
Depreciation	14.1	62,287,928	70,592,477
		69,680,849	81,501,262
Work-in-Process - Opening		-	-
Work-in-Process - Closing		-	-
Cost of Goods Manufactured		69,680,849	81,501,262
Finished Goods - Opening		103,916,244	103,916,244
Finished Goods - Closing		(103,916,244)	(103,916,244)
		69,680,849	81,501,262
23.1 Raw Material Consumed			
Opening Stock		32,431,351	32,431,351
Purchases - Net		-	-
		32,431,351	32,431,351
Closing Stock		(32,431,351)	(32,431,351)
Raw Material Consumed		-	-



	Notes	2020 (Rupees)	2019
24 Administrative and General Expenses			
Salaries, Allowances and Other Benefits	24.1	5,505,353	5,591,552
Travelling, Conveyance and Entertainment		54,620	112,818
Printing and Stationery		243,525	404,639
Communication		122,601	116,375
Vehicles Running & Maintaince Expenses		1,058,986	1,098,918
Legal and Professional Charges		85,500	27,000
Fees and Subscription		296,146	558,580
Depreciation	14.1	292,596	355,785
Amortization of software		1,365,235	1,456,250
Auditors Remuneration	24.2	500,000	500,000
Others		108,170	228,740
Advance & Others A/c Written Off		61,627	-
Provision for slow moving Store & Spare		781,741	-
		<u>10,476,100</u>	<u>10,450,657</u>

24.1 Salaries, allowances and other benefits include Rs. 0.188 million (2019: Rs. 0.171 million) relating to staff retirement benefits.

24.2 Represents Audit fee (Annual, Half year and Review of Code and corporate Governance) for the year.

25 Finance Cost

Mark-up on Long term Borrowings	13,451,493	9,736,533
Mark-up on Short Term Borrowings	4,557,531	3,512,507
Bank Charges and Commission	401,039	179,517
Unwinding interest	4,254,859	3,928,389
	<u>22,664,922</u>	<u>17,356,946</u>

25.1 The company has not provided the markup on long term and short term borrowings from certain banks for the year amounting to Rs. 26.683 million (Up to June 30, 2019: Rs. 425.846 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The Management of the company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the period would have been higher by Rs.26.683 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs. 452.530 million. The said non provisioning is departure from the requirement of IAS 23- 'Borrowing Costs'.

26 Earning / (Loss) Per Share - Basic

(Loss) after Taxation	Rupees	<u>(74,288,902)</u>	<u>(76,145,193)</u>
Weighted Average Number of Ordinary Shares	Nos	<u>9,610,759</u>	<u>9,610,759</u>
(Loss) Per Share - Basic	Rupees	<u>(7.73)</u>	<u>(7.92)</u>

26.1 No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per Share when exercised.

27 Remuneration of Chief Executive, Director and Executives

27.1 Chief executive and directors of the Company did not charge any fee or other remuneration.

27.2 No employee of the Company falls under the definition of "executive" as per the Companies Act, 2017. Hence no disclosure is given in the financial statements.

27.3 Executive has been provided with company maintained car.

DEWAN KHALID TEXTILE MILLS LIMITED

28 Related Parties Transactions

Related parties includes associated group companies, directors, executives, key management personals and staff retirement funds. The statement regarding remuneration of chief executive, directors, executive and key management personal is disclosed in note 27 to the financial statements.

During the year aggregate transactions made by the company with the related parties were provident fund contribution of Rs. 0.375 million (2019: Rs.0.342 million). Further, during the year long term sponsor loan transferred to short term sponsor loan due to the maturity date of the loan in next year amounting to Rs.55.452 million note 7.2 and 11.5.1

29 Plant Capacity and Production

Particulars	Notes	2020 (Rupees)	2019
Attainable capacity converted to 20 count (Kgs) (Annual)		10,298,087	10,298,087
Number of spindles installed		25,536	25,536

29.1 The company's operations remained suspended on account of working capital constraints.

30 Cash and Cash Equivalents

Cash and Bank Balances	21	933,703	2,031,140
		<u>933,703</u>	<u>2,031,140</u>

31 Financial Instruments and Related Disclosures

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

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

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

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

31.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The maximum exposure to credit risk at the June 30, 2020 are:

	2020 (Rupees)	2019
Long term Investments	-	-
Trade Debts - Considered Good	2,134,790	2,172,883
Loans and Advances - Unsecured, Considered good	412,746	423,908
Trade Deposits, Prepayments and Statutory Balances - Considered good	10,185,522	10,185,522
Cash and Bank Balances	933,703	2,031,140
	<u>13,666,761</u>	<u>14,813,453</u>

**31.2 Liquidity risk**

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. During the year, the Company faced liquidity problems due to adverse conditions of overall textile industry, hence it was unable to make scheduled repayments of restructured long term financing. The management has actively taken measure to rectify the default by approaching its lenders for further restructuring of the liabilities. The further restructuring is in advanced stage and expected to be finalised soon.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

2020					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to twelve Months	One year onward
(Rupees)					
Financial Liabilities					
Syndicated Long Term Loans	104,007,672	116,332,581	116,332,581	--	--
Trade & other payables	182,840,520	182,840,520	182,840,520	--	--
Short term Borrowings	355,583,140	373,365,897	373,365,897	--	--
Mark-up accrued on Loans	89,669,026	89,669,026	89,669,026	--	--
Total	732,100,358	762,208,024	762,208,024	--	--
2019					
	Carrying Amount	Contractual Cash Flow	Six Months or Less	Six to twelve Months	One year onward
(Rupees)					
Financial Liabilities					
Syndicated Long Term Loans	155,205,030	166,204,787	110,752,570	--	55,452,217
Trade & other payables	180,544,605	184,061,195	184,061,195	--	--
Short term Borrowings	300,130,923	322,727,211	322,727,211	--	--
Mark-up accrued on Loans	73,797,746	62,933,456	62,933,456	--	--
Total	709,678,304	735,926,649	680,474,432	--	55,452,217

31.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate resulting in as a result of changes in market prices or the market prices due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

31.4 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The financial instruments of the Company is not exposed to currency risk as there were no financial instruments in foreign currencies.

31.5 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates primarily to the following:

	Carrying Amounts	
	2020	2019
	(Rupees)	
Fixed rate instruments		
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(396,653,595)	(396,653,595)
	<u>(396,653,595)</u>	<u>(396,653,595)</u>

31.6 Risk management policies

Risk management is carried out by the management under policies approved by board of directors. The board provides principles for overall risk management, as well as policies covering specific areas like foreign exchange risk, interest rate risk and investing excessive liquidity.

31.7 Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, issue new shares and take other measures commensurate to the circumstances.

Consistent with others in the industry, the company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholder. Debt is calculated as total borrowings ('long term loan' and short term borrowings' as shown in the balance sheet). total capital comprises shareholders' equity as shown in the balance sheet under 'share capital and reserves'.

	2020 (Rupees)	2019
Total Borrowings	459,590,812	455,335,953
Less Cash and Bank Balances	(933,703)	(2,031,140)
Net debt	458,657,109	453,304,813
Total equity	(131,017,649)	(56,728,747)
Total Capital	327,639,460	396,576,066
Gearing ratio	139.99%	114.30%

31.8 Fair value of financial instruments

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date the fair value of all financial assets and liabilities are estimated to approximate their carrying values.

32 Number of Employees

Total number of employees at the end of year	30	39
Average number of employees	32	45

33 COVID-19 OUTBREAK AND ITS IMPACT ON FINANCIAL STATEMENTS

The sudden spread of COVID-19 has disrupted lives, livelihoods, communities and businesses worldwide. In March, 2020, the relevant authorities announced a temporary lockdown as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company offices were also closed. At that difficult time, our focus was to safeguard the well-being of everyone. 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. The Company believes that this crisis presents an opportunity to take bold actions and show leadership and solidarity. Level of communication has been significantly increased and associates have been empowered to work remotely.



The revenue of the Company was not impacted by COVID-19 due to company's operations has been Closed since August 2016 and remain closed during the year in the period of lockdown and in addition, the Company had to incur additional cost to ensure safety of its employees and stakeholders. Consequently, Covid-19 being one of the major factors hence increased the fixed and variable cost and variable overheads. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its limited office operations and has also taken all necessary steps to ensure smooth and adequate continuation of its business despite of slowed down economic activity. Due to this, the management has assessed the accounting implications arising out of these developments on these financial statements, including but not limited to the following areas:

- The impairment of tangible and intangible assets under IAS 36, "Impairment of non-financial assets"
- The net realizable value of Inventory under IAS 2, "Inventories"

Based on the assessment, there is no significant accounting implication arising out of the effects of COVID-19 in these financial statements except Fixed and Variable cost and variable overheads as stated above.

34 Approval of financial Statements

These financial statements were approved by the Board of Directors and authorized for issue on 28 September, 2020.

35 General

- i) Figures have been rounded off to nearest rupee.
- ii) Comparative figures have been rearranged and reclassified wherever necessary for the purpose of better presentation and comparison. However, there were no significant reclassifications and restatements.

Ishtiaq Ahmed
CEO & Director

Muhammad Irfan Ali
Chief Financial Officer

Haroon Iqbal
Chairman Board of Directors

PATTERN OF SHAREHOLDING UNDER REGULATION 37 (XX) (I) OF THE CODE OF CORPORATE GOVERNANCE AS 30TH JUNE 2020

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	451,185	4.69%
2.	NIT and ICP	5	251,891	2.62%
3.	Directors, CEO, their Spouses & Minor Children	7	3,500	0.04%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	6	2,436	0.03%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	-	-	0.00%
7.	Individuals	680	8,901,747	92.62%
	TOTAL	699	9,610,759	100.00%

DETAILS OF CATAGORIES OF SHAREHOLDERS				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1.	<u>Associated Companies</u>			
1.1	Dewan Motors (Pvt.) Limited	1	451,185	4.69%
2.	<u>NIT and ICP</u>			
2.1	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	1	25,552	0.27%
2.2	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	1	897	0.01%
2.3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	224,486	2.34%
2.4	National Bank of Pakistan	2	956	0.01%
		5	251,891	2.62%
3.	<u>Directors, CEO, their Spouses & Minor Children</u>			
	<u>Directors and CEO</u>			
3.1	Mr. Haroon Iqbal	1	500	0.01%
3.2	Mr. Muhammad Naeemuddin Malik	1	500	0.01%
3.3	Mr. Aziz ul Haque	1	500	0.01%
3.4	Mr. Ishtiaq Ahmed	1	500	0.01%
3.5	Mr. Muhammad Baqar Jafferri	1	500	0.01%
3.6	Mr. Imran Ahmed Javed	1	500	0.01%
3.7	Mr. Zafar Asim	1	500	0.01%
		7	3,500	0.04%
	<u>Spouses of Directors and CEO</u>			
		-	-	0.00%
		-	-	0.00%
	<u>Minor Children of Directors and CEO</u>			
		-	-	0.00%
		-	-	0.00%
		-	-	0.00%
	Total Directors, CEO, Their Spouses & Children	7	3,500	0.04%

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY				
Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1	Dewan Muhammad Yousuf Farooqui	2	5,102,619	53.09%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN				
---	--	--	--	--

During the year under review, none of the CEO, CFO, Directors, Company Secretary, their spouses and minor children have traded in the shares of the Company.

**THE COMPANIES ORDINANCE, 1984****FORM 34**

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **006194**
2. Name of the Company **DEWAN KHALID TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **3 0 0 6 2 0 2 0**

4.	Number of Shareholders	Shareholdings				Total Shares held
	320	1	-	100	Shares	7,359
	187	101	-	500	Shares	53,252
	50	501	-	1,000	Shares	41,491
	86	1,001	-	5,000	Shares	205,340
	11	5,001	-	10,000	Shares	79,019
	6	10,001	-	15,000	Shares	83,872
	9	15,001	-	20,000	Shares	159,565
	3	20,001	-	25,000	Shares	68,174
	2	25,001	-	30,000	Shares	55,552
	2	30,001	-	35,000	Shares	65,722
	2	35,001	-	45,000	Shares	84,500
	1	45,001	-	50,000	Shares	48,750
	3	50,001	-	70,000	Shares	199,532
	1	70,001	-	80,000	Shares	74,706
	1	80,001	-	100,000	Shares	81,587
	1	100,001	-	110,000	Shares	105,500
	2	110,001	-	150,000	Shares	234,123
	1	150,001	-	175,000	Shares	166,182
	1	175,001	-	200,000	Shares	200,000
	1	200,001	-	225,000	Shares	224,486
	1	225,001	-	270,000	Shares	261,212
	1	270,001	-	280,000	Shares	272,868
	1	280,001	-	305,000	Shares	301,912
	2	305,001	-	325,000	Shares	643,236
	1	325,001	-	400,000	Shares	339,015
	1	400,001	-	500,000	Shares	451,185
	1	500,001	-	2,000,000	Shares	1,545,597
	1	2,000,001	-	4,000,000	Shares	3,557,022
	699	TOTAL				9,610,759

DEWAN KHALID TEXTILE MILLS LIMITED

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	3,500	0.04%
5.2	Associated Companies, undertakings and related parties	451,185	4.69%
5.3	NIT and ICP	251,891	2.62%
5.4	Banks, Development Financial Institutions Institutions, Non-Banking Finance Companies	-	0.00%
5.5	Insurance Companies	-	0.00%
5.6	Modarabas and Mutual Funds	-	0.00%
5.7	Shareholders holding 5%	5,102,619	53.09%
5.8	<u>General Public</u>		
	a. Local	8,901,747	92.62%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	2,436	0.03%

**YD****A YOUSUF DEWAN COMPANY**

یہ کمیٹی تین ممبران پر مشتمل ہے، دوران سال ہیومن ریسورس اور اجرتی کمیٹی کی ایک میٹنگ منعقد کی گئی تھی جس میں درج ذیل نے شرکت کی:

میٹنگ میں شرکت کنندہ کی تعداد

نام:

1

جناب عزیز الحق۔ چیئر مین

1

جناب ہارون اقبال

1

جناب اشتیاق احمد

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (7.73) (2019:مبلغ (7.92) فی شیئر بنیادی خسارہ پایا گیا۔

آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں انہوں نے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارشات کی بنیاد پر مجوزہ میسرز فیروز شریف طارق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کی آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

کپینز ایکٹ 2017ء کے تحت لسٹنگ ریگولیشن، کوڈ آف کارپوریٹ گورننس کے تحت مقررہ شیئر ہولڈنگ کی معلومات مرتب کی گئی ہیں جو کہ اس رپورٹ کے ساتھ منسلک ہیں۔

اہم آپریٹنگ اور مالیاتی تفصیل:

چھ سالہ اہم آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

بعد از واقعات:

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں نہیں کی گئیں۔

اظہار تشکر اور نتیجہ:

بورڈ کی جانب سے میں تمام ایگزیکٹو، اسٹاف ممبران اور ورکرز کا کمپنی کیلئے ان کی بہترین خدمات پر شکریہ ادا کرتا ہوں۔

نتیجہ کے حوالے سے میں اللہ تعالیٰ رحمن و رحیم سے دعا کرتا ہوں کہ وہ اپنے حبیب حضرت محمد ﷺ کے طفل 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 امت کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین شہ آمین۔

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

بورڈ آف ڈائریکٹرز کی جانب سے

اشتیاق احمد

چیف ایگزیکٹو آفیسر اور ڈائریکٹر

ہارون اقبال

چیئر مین بورڈ آف ڈائریکٹر

کراچی؛

تاریخ: 28 ستمبر 2020ء

ڈائریکٹرز	ممبرز
☆ مرد	7
☆ عورت	کوئی نہیں *
تفصیل	ممبرز
☆ آزاد ڈائریکٹر	1
☆ دیگر غیر ایگزیکٹو ڈائریکٹرز	5
☆ ایگزیکٹو ڈائریکٹرز	1

* کمپنی کے بورڈ میں خواتین کی نمائندگی کی ضرورت کو بورڈ کی تنظیم نو کے بعد پورا کیا جائے گا۔

اس سال کے دوران بورڈ کی تین میٹنگوں کا انعقاد ہوا جس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے:

میٹنگ میں شرکت کنندہ کی تعداد

نام:

3	جناب ہارون اقبال
3	جناب عزیز الحق
3	جناب محمد باقر جعفری
3	جناب اشتیاق احمد
3	جناب محمد نعیم الدین ملک
3	جناب عمران جاوید
3	جناب ظفر عاصم

وہ ڈائریکٹرز جو میٹنگ میں شرکت نہیں کر سکے ان ڈائریکٹرز کو غیر حاضری پر چھٹی عنایت کر دی گئی تھی۔

آڈٹ کمیٹی:

بورڈ نے اپنے ڈائریکٹرز کو کارپوریٹ گورننس، مالیاتی رپورٹنگ اور کارپوریٹ کنٹرول کیلئے ان کی ذمہ داریوں کی تکمیل میں تعاون کیلئے آڈٹ کمیٹی تشکیل دی تھی۔ یہ کمیٹی تین ممبران پر مشتمل ہے، ممبران کی اکثریت بشمول کمیٹی کے چیئرمین اور غیر ایگزیکٹو ڈائریکٹر پر مشتمل ہے۔

سال کے دوران آڈٹ کمیٹی کی تین میٹنگوں کا انعقاد کیا گیا تھا جس میں درج ذیل نے شرکت کی تھی:

میٹنگ میں شرکت کنندہ کی تعداد

نام:

3	جناب عزیز الحق۔ چیئرمین
3	جناب ہارون اقبال
3	محمد نعیم الدین ملک

ہیومن ریسورس اور اجرتی کمیٹی:

ہیومن ریسورس اور اجرتی کمیٹی کی تشکیل بورڈ نے کی تھی تاکہ ہیومن ریسورس کی پالیسیوں پر میعادى جائزے سے متعلق ان کی ذمہ داریوں میں تعاون فراہم کر سکیں۔ اس کے علاوہ انتخاب، تخمینہ، معاوضہ اور انتظامیہ کی اہم کامیابی کی منصوبہ بندی بورڈ کے ساتھ تعاون کر سکے۔

**YD****A YOUSUF DEWAN COMPANY**

صحت، حفاظت اور ماحول:

کمپنی کی انتظامیہ اپنی ذمہ داری سے آگاہ ہے جس کے تحت ہمارے متعلقین کو محفوظ اور صحت مندانہ ماحول فراہم کرنا ہے۔ ہماری حفاظتی ثقافت کا مقصد یہ ہے کہ ہر طرح کے مسائل سے محفوظ رہا جائے۔ ملازمین کیلئے محفوظ صحت مندانہ اور پرسکون کام کے حالات پیدا کرنے کیلئے مستقل جدوجہد کرتے ہیں۔ ہم تمام تر حادثات وغیرہ کی صورت میں مکمل تفتیش کرتے ہیں اور اس کا سبب معلوم کرتے ہیں۔ ہمیں یقین ہے کہ تحفظ اور صحت مندانہ عمل بہتری کیلئے مستقل اصلاح کا راستہ ہے۔ ہم اپنے اور اپنے متعلقین کیلئے مستقل بنیاد پر تحفظ اور صحت مندانہ امور کی اصلاح کیلئے اقدامات کرتے رہتے ہیں۔

انسانی ذرائع (ہیومن ریسورس):

کمپنی کی انتظامیہ اس بات پر واضح یقین رکھتی ہے کہ بہترین پیداواری صلاحیت کیلئے انسانی ذرائع اور مستحکم قیادت بے حد اہم ہے۔ لہذا کمپنی کی انتظامیہ انسانی ذرائع کے استعمال کو بے حد اہمیت دیتی ہے، اس سلسلے میں ملازمین کیلئے مناسب تربیت، ہدایات اور مراعاتی اسکیمیں فراہم کرتے ہیں۔

کوڈ آف کارپوریٹ گورننس پر عملدرآمد:

آپ کی کمپنی بہتر کارپوریٹ گورننس کیلئے پرعزم ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے سلسلے میں اپنی ذمہ داری بخوبی سمجھتا ہے اور ڈائریکٹرز اس بات کی تصدیق کرتے ہیں:

- ۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے کاروباری نتائج، نقد رقم کی ترسیل اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- ۲۔ کھاتے مناسب طریقہ سے مرتب کئے جاتے ہیں۔
- ۳۔ اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ محاسبی کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- ۴۔ مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات جیسے پاکستان میں نافذ العمل ہیں، اور باقاعدہ طور پر اس کا لحاظ رکھا جاتا ہے۔
- ۵۔ اندرونی کنٹرول کے نظام منظم ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- ۶۔ کارپوریٹ گورننس پر عملدرآمد کے حوالے سے کوئی بھی انحراف نہیں کیا گیا سوائے ان کے جن کا ذکر آڈیٹرز کی جائزہ رپورٹ میں ہے۔
- ۷۔ کمپنی نے اپنے بورڈ کے غیر ایگزیکٹو ممبران میں سے ایک آڈٹ کمیٹی تشکیل دی ہے۔
- ۸۔ بورڈ نے اپنے ممبران اور کمپنی کے ملازمین میں سے اسٹیٹمنٹ برائے اصول اور کاروباری عمل کیلئے مرتب کر کے جاری کیا ہے۔
- ۹۔ آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں ماسوائے وہ جس کا انکشاف مالیاتی حسابات کے نوٹ نمبر 1.1 میں کیا گیا ہے۔
- ۱۰۔ ٹیکسز، ڈیویڈنڈ اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- ۱۲۔ کوڈ آف کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کا پیٹرن

(۲) متعلقین اور دیگر افراد کے شیئرز

بورڈ:

بورڈ آف ڈائریکٹرز متنوع علم کے حامل افراد اور ماہرین پر مشتمل ہے جو کہ اپنی بہترین مہارت کے تحت کمپنی کے مقاصد پر عملدرآمد کرتے ہیں۔ 30 جون 2020ء تک بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل تھے:

کمپنی کے آڈیٹرز نے اپنی رپورٹ میں قرضہ جات کی اقساط کی واپسی میں کوتاہی پر اپنی ماہرانہ رائے کا اظہار کیا ہے اور مارک اپ ریکارڈ نہ کرنے پر بھی تحفظات کا اظہار کیا ہے۔

مالیاتی حسابات جاری کردہ امور کے تحت مرتب کئے گئے ہیں کیونکہ کمپنی نے اپنے قرضہ جات کے حوالے سے دوبارہ ترتیب کیلئے رابطہ قائم کیا ہے جو کہ زیر غور ہے۔ انتظامیہ کو امید ہے کہ یہ نظر ثانی جلد موثر ہوگی اور کمپنی کی فنڈنگ کی ضروریات کو پورا کرے گی اس کے علاوہ انتظامیہ کو آپریشن کے حوالے سے بھی مدد فراہم کرے گی تاکہ پیداواری گنجائش کو بہتر طریقہ سے استعمال کیا جاسکے۔ جیسا کہ رپورٹ میں حالات کا ذکر کیا گیا ہے اس کی وضاحت مالیاتی حسابات کے نوٹ 1.1 میں کی گئی ہے۔

چونکہ 275.008 ملین روپے کے کیس پر محیط کچھ بینکوں نے ابھی تک تنظیم نو کی تجویز کو قبول نہیں کیا ہے اور بینکوں میں سے ایک ٹیکنیز آرڈیننس 1984ء کے سیکشن 305 کے تحت وائٹنگ اپ پٹیشن بھی دائر کی تھی۔ بینکوں کے غلط دعوے دائر کرنے پر کمپنی نے مقدمات کا سخت مقابلہ کیا۔ کمپنی کی انتظامیہ کو امید ہے کہ یہ بینک مستقبل قریب میں تنظیم نو کی تجویز کو بھی قبول کریں گے۔ اس کے مطابق ان مالیاتی حسابات میں مذکورہ مارک اپ کی کوئی فراہمی نہیں کی گئی ہے۔

کمپنی نے اپنے قرضہ جات کو دوبارہ مرتب کرنے کے لئے اپنے قرض خواہوں سے رابطہ کیا ہے جو کہ زیر غور ہے۔ انتظامیہ پُر امید ہے کہ مالیاتی حسابات کے نوٹ 7.1.2 میں مکمل طور پر وضاحت کردہ طریقہ کار کے تحت جلد از جلد اسے مکمل کر دیا جائے گا اس کے علاوہ دوبارہ ترتیب کردہ تاریخ تک مبلغ 85.516 ملین روپے واجب الادا مارک اپ پر لازم ہو گئے اور کمپنی معاہدہ کی شرائط میں کوتاہی کی صورت میں یہ ادائیگی کرنے کی ذمہ دار ہوگی۔ چونکہ دوبارہ ترتیب کا عمل زیر غور ہے لہذا انتظامیہ کو یقین ہے کہ یہ رقم واجب الادا نہیں ہوگی۔ اسی لئے ان مالیاتی حسابات میں مذکورہ مارک اپ کو ریکارڈ نہیں کیا گیا ہے۔

مستقبل کا نظریہ:

انتظامیہ کاروباری ماحول سے متعلق پُر امید ہے کیونکہ Covid-19 کی وباء کی حالت میں حکومت کی جانب سے قرضوں کی اصل ادائیگی کو موخر کرنے، سود کی شرح میں کمی اور مزدوروں کی اجرتوں کی ادائیگی کیلئے معمولی قیمت پر قوم کی دستیابی کے باعث کاروباری استحکام میں مدد ملی۔ پاکستان نے اپنی لاک ڈاؤن حکمت عملی کے ذریعے معاشی اثرات پر قابو پایا اور ہم پہلے ہی بحالی کے آثار دیکھ رہے ہیں کیونکہ عالمی اقتصادی سرگرمیوں نے لاک ڈاؤن میں نرمی کے بعد کچھ زور پکڑا ہے۔ اسی طرح جولائی 2020ء میں پاکستان کی صورتحال میں تیزی سے بحالی دیکھنے میں آئی ہے۔ اسی عرصے کے مقابلے میں برآمدات میں 14.40 اضافہ ہوا ہے۔ اگر صورتحال مزید بہتر ہوتی رہی اور عالمی معیشت بحران میں رکاوٹ کا مشاہدہ کرتی ہے تو ہم امید کر سکتے ہیں کہ معاشی سرگرمیوں میں مزید اضافہ ہوگا۔

مزید یہ کہ اس ملک میں سب سے بڑا چیلنج کپاس کی فصل کی کم پیداوار ہے جس کے باعث کپاس کو درآمد کرنا پڑتا ہے جس کی وجہ سے ملکی مصنوعات کو دوسرے پیداواری ممالک کے مقابلے میں نسبتاً نقصان ہوتا ہے۔ ملکی محاز پر پاکستانی روپے کی قدر میں کمی، خام تیل کی عالمی قیمتوں میں ریکوری سے افراط زر متاثر ہو سکتا ہے جس سے مستحکم معاشی نقطہ نظر کو خطرہ لاحق ہو سکتا ہے۔ ان تمام عوامل کو مد نظر رکھنے کے بعد، آپ کی کمپنی کی انتظامیہ کو توقع ہے کہ ملکی مارکیٹ میں معاشی سرگرمیوں میں بتدریج بہتری کی امید ہے۔ ٹیکسٹائل کی صنعت کو مستحکم بنانے کیلئے حکومت کی جانب سے مزید اقدامات کی اشد ضرورت ہے۔

کارپوریٹ معاشرتی ذمہ داریاں:

ہم کارپوریٹ معاشرتی ذمہ داریوں (CSR) کے حوالے سے اس بات کا بھی عہد کرتے ہیں کہ ہم اپنی معمول کے مطابق کاروباری سرگرمیوں کے عمل کو مضبوط کرنا چاہتے ہیں۔ کمپنی تمام اسٹیک ہولڈرز، خاص طور پر جس معاشرے میں ہم رہتے ہیں اور ایسے درکرز جو ہمارے کاروبار کا محور ہیں، کے مفادات پر غور اور توازن پیدا کرنے کیلئے شعوری طور پر کوشش کرنے کیلئے پرعزم ہیں۔ ہم نے اپنی کامیابی کو نہ صرف مالیاتی سرگرمیوں کیلئے وقف کیا ہے بلکہ ہم اپنے صارفین کا اطمینان بھی چاہتے ہیں اور ان تمام برادریوں کو بھی سپورٹ کرنا چاہتے ہیں جن کی ہم خدمت کرتے ہیں۔

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ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،

السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اختتامی مالیاتی سال 30 جون 2020ء کے لئے سالانہ آڈٹ شدہ مالیاتی حسابات جمع آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

جائزہ:

پاکستان میں ٹیکسٹائل کی صنعت ایک وسیع پیداواری اور دوسرا بڑا روزگار فراہم کرنے والا شعبہ ہے اور غیر ملکی زرمبادلہ کی آمدنی میں اہم شراکت دار ہے۔ زیر جائزہ مالیاتی سال 2019-20 کی پہلی ششماہی کے دوران ملکی صنعت کو حالیہ دنوں میں افراط زر کی شرح کے ساتھ ساتھ معاشرتی پالیسیوں کے چیلنجز کا سامنا کرنا پڑا۔ Covid-19 کی وباء کے باعث موجودہ مالی سال کی دوسری ششماہی میں اس صورتحال میں مزید اضافہ ہوا جس نے پاکستان سمیت دنیا بھر کی معاشی سرگرمیوں میں رکاوٹیں پیدا کر دیں۔ Covid-19 کی وباء پاکستان کی کمزور معیشت کیلئے بھی تباہ کن تھی۔ اس وباء نے ملک کی معاشی نمو ختم کر دی جس نے گزشتہ 68 سالوں میں بدترین کارکردگی کا مظاہرہ کیا، عارضی تخمینے کے مطابق مالیاتی سال 2020ء میں پاکستان کی GDP 0.4 فیصد پر طے پائی ہے۔ ملکی اور عالمی طلب میں کمی نے معیشت پر تناؤ کو مزید پیچیدہ کر دیا۔ مالیاتی سال 2020ء کے دوران مہنگائی اور روپے کی قدر میں کمی نے عام طور پر مجموعی معیشت اور خاص طور پر مینوفیکچرنگ انڈسٹری پر نمایاں دباؤ ڈالا ہے۔

حکومت پاکستان نے اس صورتحال کا فوری جواب دیا اور اس کے مطابق اسٹیٹ بینک آف پاکستان (SBP) نے مجموعی طور پر بنیادی پوائنٹس 625 سے پالیسی کی شرح میں کمی کر دی۔ اسٹیٹ بینک نے روزگار، نئی سرمایہ کاری اور BMR کی مدد کیلئے نئی ری فنانسنگ اسکیموں کا آغاز کیا۔ حکومت کے اس پیکج کے ساتھ ان اقدامات سے Covid-19 کی وباء کے اثرات کو پھیلنے سے روکنے میں مدد مل رہی ہے۔ ان مثبت اثرات سے ہٹ کر، ان اقدامات سے Covid-19 کے بعد کی معاشی استحکام کی بھی توقع کی جا رہی ہے۔

مالیاتی نتائج اور کارکردگی:

زیر جائزہ سال کے دوران مالیاتی نتائج درج ذیل ہیں:

(روپے)

--
(69,680,849)
(69,680,849)
3,998,900
(65,681,949)
(22,664,922)
(88,346,871)
14,057,969
(74,288,902)

فروخت (صافی)

فروخت کی لاگت

کل خسارہ

آپریٹنگ اخراجات

آپریٹنگ خسارہ

مالیاتی لاگت

قبل از ٹیکس خسارہ

ٹیکسیشن

بعد از ٹیکس خسارہ

دوران سال کمپنی کی خالص فروخت آپریشن بند ہونے کے باعث صفر رہی۔ کمپنی نے اس وقت اگست 2016ء سے اپنی مینوفیکچرنگ آپریشنز معطل کر دیے ہیں جن پر صنعت کو درپیش منفی صورتحال، مارکیٹ کی کم طلب اور ورکنگ کپٹل کی رکاوٹوں کے باعث دوبارہ کام نہیں ہو سکا۔

سال 2011-12 میں کمپنی نے اپنے قرض خواہوں کے ساتھ مصالحتی معاہدہ کے ذریعہ تصفیہ کر لیا تھا جس کے تحت محترم ہائی کورٹ آف سندھ کراچی نے ڈکری پاس کی تھی، کمپنی کے مختصر مدتی اور طویل مدتی قرضوں کو طویل مدتی قرضہ جات کی شکل میں دوبارہ مرتب کیا گیا۔ تاہم کچھ بینکوں نے جن کا مبلغ 275.008 ملین روپے کا کیس ہے، نے تنظیم نو کی تجویز کو قبول نہیں کیا۔ مصالحتی معاہدہ کے مطابق قرض دہندگان نے قرضہ جات کی دوبارہ تنظیم نو کی دوبارہ ادائیگی میں کوتاہی کیلئے ایگزیکوشن ڈکری دائر کی۔ کمپنی نے محترم ہائی کورٹ آف سندھ کراچی میں مقدمہ دائر کیا جس میں اس کا سخت مقابلہ کیا گیا کہ ایگزیکوشن دائر کرنا غیر منصفانہ اور قانون کے منافی ہے۔ کمپنی کی انتظامیہ کو آنے والے دنوں میں اچھے نتائج کی توقع ہے۔

(5) تاحال سی این آئی سی فراہم نہ کرنے والے شیئرز ہولڈرز کو نوٹس

سیکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 831(1)/2012 مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارنٹس وغیرہ کے اجرا کے لیے سی این آئی سی لازمی ہے جس کی عدم موجودگی میں ڈیویڈنڈ کی ادائیگی ایس ای سی پی کی مندرجہ بالا ہدایات کے مطابق روکی جاسکتی ہے لہذا جن حصص یافتگان نے تاحال اپنے سی این آئی سی فراہم نہیں کیے ہیں ان کو ایک بار پھر ہدایت کی جاتی ہے کہ اپنے سی این آئی سی کی تصدیق شدہ کاپی بلا تاخیر براہ راست ہمارے شیئر رجسٹرار کو فراہم کر دیں۔

(6) شیئر ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میکنزم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرونک طور پر وصول کر سکتے ہیں اس طریقہ سے ڈیویڈنڈ ان کے بینک اکاؤنٹ میں منتقل ہو جائے گا اور بذریعہ ڈاک گمشدگی، عدم وصولی اور غلط پتے پر وصولی وغیرہ کے خدشات نہیں ہوں گے، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹس نمبر 8(4) ایس ایم/سی ڈی سی 2008ء مورخہ 5 اپریل 2013ء کے ذریعہ تمام لسٹڈ کمپنیوں کو حصص ہولڈرز کے مفاد میں ای ڈیویڈنڈ میکنزم کو اختیار کرنے کی ہدایات جاری کی گئی ہیں، مندرجہ بالا کے پیش نظر آپ کو ڈیویڈنڈ مینڈیٹ فارم پر اور دستخط کے ہمراہ جمع کر کے ڈیویڈنڈ مینڈیٹ فراہم کیا جا رہا ہے۔

(7) مالی گوشواروں وغیرہ کی الیکٹرونک منتقلی

ایس ای سی پی نے اپنے اعلامیہ نمبر ایس آر او 787(1)/2014 مورخہ 8 ستمبر 2014 کمپنیوں کو سالانہ آڈٹ شدہ مالی گوشواروں مع سالانہ اجلاس کے نوٹس ڈاک کی بجائے بذریعہ ای میل ان ممبران کو ارسال کرنے کی اجازت دی ہے جو اس سہولت سے استفادہ حاصل کرنے کے متنبی ہیں مذکورہ بالا گوشوارے اور سالانہ اجلاس عام کے نوٹس بذریعہ ای میل وصول کرنے کے خواہشمند ممبران سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ <http://www.yousufdewan.com/DKTML/index.html> اسٹینڈرڈ ریکورڈس فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

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دیوان خالد ٹیکسٹائل ملز لمیٹڈ سالانہ اجلاس عام

ہذا کو مطلع کیا جاتا ہے کہ دیوان خالد ٹیکسٹائل ملز لمیٹڈ (ڈی کے ٹی ایم ایل یا کمپنی) کا تیسرا ایسوا (43) سالانہ اجلاس عام پیر 26 اکتوبر 2020 کو صبح 11:30 بجے دیوان سینٹ لمیٹڈ فیکٹری سائٹ واقع دیہڑ ہنڈو۔ دھانی پٹی ضلع ملیر کراچی پاکستان میں مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا۔ اجلاس کا آغاز تلاوت کلام پاک سے ہوگا۔

عمومی امور

- (1) کمپنی کے گزشتہ سالانہ اجلاس عام منعقدہ جمعرات 24 اکتوبر 2019ء کی کارروائی کی توثیق۔
- (2) 30 جون 2020ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مالی گوشواروں معاً ڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2021ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹرز کی تقرری اور ان کے مشاہرہ کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

محمد حنیف جومان

کمپنی سیکریٹری

کراچی

28 ستمبر 2020ء

نوٹ:

- (1) کمپنی کی منتقلی حصص کی کتب 19 اکتوبر 2020ء تا 26 اکتوبر 2020ء (دونوں دن شامل) بند رہیں گی۔
- (2) ممبران سے پتہ میں کسی قسم کی تبدیلی سے فوری طور پر ہمارے شیئرز رجسٹر انٹرنیشنل ایسوسی ایشن پاکستان (پرائیویٹ) لمیٹڈ واقع انیم اسٹیٹ بلڈنگ کمرہ نمبر 310 اور 311 تھرڈ فلور 49 دارالامان سوسائٹی مین شاہراہ فیصل متصل بلوچ کالونی پل، کراچی پاکستان کو مطلع کرنے کی درخواست کی جاتی ہے۔
- (3) اجلاس ہذا میں شرکت اور رائے دی کا اہل ممبر اپنی جانب سے شرکت اور رائے دی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کر سکتا ہے۔ تاہم پروکسی کی تقرری کی دستاویز اجلاس کے انعقاد سے کم از کم اڑھتالیس 48 گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکل نمبر 1 مورخہ 20 جنوری 2000ء میں درج مندرجہ ذیل ہدایت پر عمل کرنا ہوگا۔

الف) برائے اجلاس میں شرکت

- (i) انفرادی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا افراد کی صورت میں یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈڈ ہوں اپنی شناخت کے لیے اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اجلاس میں شرکت کے موقع پر پیش کرنا ہوگا۔
- (ii) کارپوریٹ انٹیلیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) اجلاس کے موقع پر پیش کرنا ہوگا۔

ب) پروکسی کی تقرری

- (i) انفرادی اکاؤنٹ ہولڈر یا سب ہولڈر اور یا افراد کی صورت میں جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈڈ ہوں پروکسی فارم مندرجہ بالا شرائط کے مطابق داخل کرانے ہوں گے۔
- (ii) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیے جن کے نام پچھ اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) ممبر اور پروکسی کسی سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم سے منسلک کرنی ہوں گی۔
- (iv) پروکسی کو اجلاس کے موقع پر اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ انٹیلیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کیے گئے ہوں) پروکسی فارم ہر اکھٹی کو پیش کرنے ہوں گے۔

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DEWAN KHALID TEXTILE MILLS LIMITED

43RD ANNUAL GENERAL MEETING

FORM OF PROXY

This form of Proxy duly completed must be deposited at our Shares Registrar Transfer Agent **BMF Consultants Pakistan (Private) Ltd.** Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent Baloch Colony Bridge, Karachi-75350, Pakistan. Not later than 48 hours before the time of holding the meeting A Proxy should also be a member of the Company.

I/we _____

of _____ being a member (s) of

DEWAN KHALID TEXTILE MILLS LIMITED and holder of _____

Ordinary Shares as per Registered Folio No./CDC Participant's ID and Account No. _____

hereby appoint _____

of _____

or failing him _____

of _____

who is also member of DEWAN KHALID TEXTILE MILLS LIMITED vide Registered Folio

No./CDC Participant's ID and Account No. _____ as my/our proxy to vote for me/us and

on my/our behalf at the 43rd Annual General Meeting of the Company to be held on **Monday, October**

26th, 2020 at 11:30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2020.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

Signature

Name: _____

Address: _____

Witness: _____

Signature

Name: _____

Address: _____

پراکسی فارم ۴۳ واں سالانہ اجلاس عام

اہم اعلان

یہ پراکسی فارم مکمل پر کر کے ہمارے رجسٹرار شیئر ٹرانسفر ایجنٹ، بی ایم ایف کنسلٹنٹ (پرائیوٹ) لمیٹڈ، انعم اسٹیٹ بلڈنگ، روم نمبر 310 اور 311، تیسری منزل، 49، دارالمان سوسائٹی، شاہراہ فیصل، ملحقہ بلوچ کالونی پل، کراچی۔ 75350، پاکستان۔ کے آفس میں، میٹنگ کے انعقاد سے اڑتالیس گھنٹے پہلے یہ فارم ضرور جمع کروادیں، کسی بھی پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

میں / ہم _____ کا (مکمل پتہ)

_____ بحیثیت ممبر

دیوان خالد ٹیکسٹائل ملز لمیٹڈ کے _____ حصص کے مالک، رجسٹرڈ فوئیو نمبر /

سی ڈی سی آئی ڈی اور کھاتہ نمبر _____ میں

بطور پراکسی تقرر کرتا / کرتی ہوں _____ کا (مکمل پتہ)

_____ جو بذات خود بھی

_____ دیوان خالد ٹیکسٹائل ملز لمیٹڈ

_____ سی ڈی سی آئی ڈی اور کھاتہ نمبر

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۴۳ واں سالانہ اجلاس عام جو کہ بروز پیر، ۲۶ اکتوبر ۲۰۲۰ کو 11:30 p.m. ہے، میری / ہماری جانب سے ووٹ دے۔

بطور گواہ میں / ہم نے بروز _____ بتاریخ _____ ۲۰۲۰ کو میرے / ہمارے ہاتھ سے مہر لگائی۔

Affix
Revenue
Stamp
Rs. 5/-

دستخط _____

گواہ: _____

نام: _____

مکمل پتہ: _____

گواہ: _____

نام: _____

مکمل پتہ: _____