

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

CONTENTS

Company Information	3
Notice of Annual General Meeting	4
Chairman's Review.....	6
Directors' Report	7
Financial Highlights	11
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.....	12
Independent Auditors' Review Report to the Member on statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017	14
Independent Auditors' Report	15
Statement of Financial Position	19
Statement of Profit or Loss	20
Statement of Comprehensive Income	21
Statement of Cash Flows.....	22
Statement of Changes in Equity.....	23
Notes to the Financial Statements	24
Pattern of Share Holding	43
ڈائریکٹرز رپورٹ	49
سالانہ اجلاس عام	51
Jama Punji	
Form of Proxy	

COMPANY INFORMATION**BOARD OF DIRECTORS**

Executive Directors	:	Mr. Ishtiaq Ahmed - Chief Executive Officer & Director
Non-Executive Director	:	Mr. Ghazanfar Baber Siddiqui (Chairman, Board of Director) Mr. Imran Ahmed Javed Syed Maqbool Ali Mr. Muhammad Baqar Jafferri Mr. Zafar Asim
Independent Director	:	Mr. Aziz-ul-Haque
Audit Committee	:	Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Imran Ahmed Javed (Member)
Human Resources & Remuneration Committee	:	Mr. Aziz-ul-Haque - Chairman Syed Maqbool Ali (Member) Mr. Ishtiaq Ahmed -(Member)
Auditors	:	Faruq Ali & Co. C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz Road, Opp. Maritime Museum 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 Standard Chartered Bank Pakistan Limited Meezan Bank Limited United Bank Limited Bank Al-Falah Ltd Silk Bank Limited NIB Bank Limited Summit Bank Limited Faysal Bank Limited MCB 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	:	H/20 & H/26, S.I.T.E., Kotri, District Dadu, Sind, Pakistan
Website	:	www.yousufdewan.com



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty One Annual General Meeting of **Dewan Textile Mills Limited** (“DTML” or “the Company”) will be held on **Monday, October 26, 2020, at 09:30 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, 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 Extra Ordinary 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

Date : September 28, 2020

Place : Karachi

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 above said 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/DTML/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.

Ghazanfar Babar Siddiqui
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, 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	(152,473,011)
GROSS LOSS	(152,473,011)
ADMINISTRATIVE EXPENSES	(5,622,147)
OPERATING LOSS	(158,095,158)
FINANCE COST	(394,269,651)
OTHER CHARGES	(73,689,788)
OTHER INCOME	--
LOSS BEFORE TAXATION	(626,054,597)
TAXATION	19,277,069
LOSS AFTER TAXATION	(606,777,528)

Company's operational sales for the year remained nil due to closure of operations, the sales appearing in financial statements represent raw material sales during the year under consideration. The Company, for the time being, has suspended its manufacturing operations since December 2015 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. 419.065 million, did not accept the restructuring proposal at that time. 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 along with related non-provisioning of mark-up and litigation with its lenders, non provisioning of markup and trade debtors.

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. Management is hopeful that such revision will be finalized soon. Moreover, the markup outstanding up to the date of restructuring is Rs.1.452 billion, which the company would be liable to pay in the event of default of terms of agreement. Since 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.

Certain lenders did not become signatory of the compromise agreement and continued to pursue their suits filed in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount in respect of these is Rs.419.065 million, out of total suits amount a bank having suit amount of Rs.193.266 million has also filed winding up petition u/s 305 of the repealed Companies Ordinance, 1984 (now 301 of the Companies Act, 2017). The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favorable outcome.

Company has not made the provision of markup for the year amounting to Rs. 41.194 million (upto June 30, 2019: Rs. 475.812 million) in respect of borrowings from 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. Accordingly, no provision of the said mark-up has been made in these financial statements.

Auditors have also recommended for additional provision in respect of trade debtors whereas management of the company is confident and hopeful that these debtors would be recovered on the resumption of company's operations.

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 20, 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. It is difficult to compete in international market, at present, due to higher cost of production, uncertainties in currency devaluation and increase in inflation. In this regard, 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.

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:

DEWAN TEXTILE MILLS LIMITED

1. The financial Statements presented by the management of the Company give 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, except as disclosed in auditors review report.
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 no 2 to the financial statements.
10. Information regarding the outstanding taxes and Levis 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.Aziz-ul-Haq	3
Mr.Ishtiaq Ahmed	3
Mr.Ghazanfar Babar Siddiqi	3
Mr.Muhammad Baqar Jafferi	3
Mr.Imran Ahmed Javed	3
Mr.Zafar Asim	3
Syed Maqbool Ali	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 / Eligibility to attended Meetings
Mr. Aziz-UI-Haque – Chairman	3/3
Syed Maqbool Ali	3/3
Mr. Imran Ahmed Javed	3/3

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-UI-Haque – Chairman	1
Syed Maqbool Ali	1
Mr. Ishtiaq Ahmad	1

Earnings per Share

Loss per share during the period under report worked out to Rs. (13.17) [2019: Rs. (18.98)]

Appointment of Auditors

The present auditors, M/s. Faruq Ali & 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. Faruq Ali & 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

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)
By and under Authority of the Board of Directors

Zafar Asim
Director

Date: September 28, 2020
Place: Karachi.

FINANCIAL HIGHLIGHTS

(Rupees in Million)

	2015	2016	2017	2018	2019	2020
Sales (Net)	2,156	333	85	-	132	-
Gross (Loss) /profit	(287)	(372)	(329)	(193)	(437)	(152)
(Loss) /profit before Tax	(434)	(871)	(760)	(628)	(894)	(626)
(Loss) / profit after Tax	(425)	(853)	(738)	(602)	(874)	(607)
Current Assets	2,554	1,854	1,382	1,116	630	481
Shareholder's Equity	162	(960)	(1,332)	(1,927)	(2,795)	(3,401)
Current Liabilities	2,053	2,574	3,068	4,491	4,778	5,120
Current ratio (Times)	1.24	0.72	0.45	0.25	0.13	0.09
(Loss) / Earning Per Share (Rs.)	(26.88)	(18.51)	(16.01)	(13.07)	(18.98)	(13.17)
Breakup Value per Share (Rs.)	9.62	(20.84)	(28.94)	(41.84)	(60.67)	(73.84)
Gross (Loss) / Profit Ratio (%)	-13.28%	-111.61%	-385.21%	0.00%	-0.30%	0.00%
Net (Loss) / Profit Ratio (%)	-19.73%	-255.58%	-863.33%	0.00%	-1.50%	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:

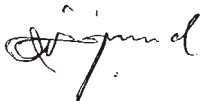
1. The total number of directors are seven as per the following:
 - a) Male : 7
 - b) Female : None*

*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. Ghazanfar Baber Siddiqi
Mr. Imran Ahmed Javed
Syed Maqbool Ali
Mr. Muhammad Baqar Jafferi
Mr. Zafar Asim
 - 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. Four 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 Chairman
Syed Maqbool Ali Member
Mr. Imran Ahmed Javed Member
 - b) HR and Remuneration Committee : Mr. Aziz-ul-Haque Chairman
Syed Maqbool Ali Member
Mr. Ishtiaq Ahmed Member

DEWAN 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



Zafar Asim
Director

Date : September 28, 2020
Place : Karachi



C-88, Ground Floor, KDA Scheme No. 1, Telephone : (021) 34301966
Main Karsaz Road, Opp. Maritime : (021) 34301967
Museum, Karachi-75350 : (021) 34301968
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Fax : (021) 34301965

Independent Auditors' Modified Review Report to the Members of Dewan Textile Mills Limited

Review Report to the Members 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 ('the Board') of Dewan Textile Mills Limited ('the Company') for the year ended 30 June 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-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- a) The independent directors shall not be less than two or one third of total members of the board, whichever is higher, whereas board includes one independent director, who in our view does not meet the criteria of independence on account of his cross directorship in associated companies; accordingly, due to the foregoing reasons, requirements of chairman of audit and HR Remuneration Committee to be an independent director has also not been complied with.

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 Regulations as applicable to the Company for the year ended 30 June 2020.

Further, we highlight that the Company has no female director on its Board and one of the director of the Company is serving as director in more than five listed companies as disclosed in the paragraph 1 and 3 of the Statement of Compliance.

Furthermore, we highlight that only fifty percent of the directors are qualified under the Directors' Training Program.

Chartered Accountants

Date : September 28, 2020
Place : Karachi



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 Museum, Karachi-75350 : (021) 34301968
 E-mail: info@fac.com.pk : (021) 34301969
 Fax : (021) 34301965

INDEPENDENT AUDITORS' REPORT

To the members of Dewan Textile Mills Limited

Report on the audit of the financial statements

Adverse Opinion

We have audited the annexed financial statements of Dewan Textile Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 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, because of the significance of the matters discussed in the basis for adverse opinion section of our report, The statement of financial position, 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 (XIX of 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 30 June 2020 and of the loss, 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 for the year ended 30 June 2020 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.606.778 million and as of that date it has negative revenue reserves of Rs.4,608.829 million which resulted in negative equity of Rs.3,401.289 million and its current liabilities exceeded its current assets by Rs.4,639.864 million and total assets by Rs.3,111.482 million (excluding the effect of non-provided markup as disclosed in note 25.1). The Company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs. 2,945.483 million along with markup of Rs.1,463.615 million (eligible for waiver outstanding as of date of restructuring) have become immediately payable, therefore provision for markup should be made in these financial statements. Further, the Company's manufacturing operations have been suspended since December 2015 and could not be resumed till the date of this report. These conditions lead us to believe that going concern assumption used in preparation of these financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realisable and settlement amounts respectively.
- b) The Company has not made provision of markup for the year amounting to Rs.41.194 million (up to year ended 30 June 2020: Rs.517.005 million) (refer note 25.1) on account of restructuring proposal offered to the lenders. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of markup should be made in these financial statements. Had the provisions of markups been made in these financial statements, the loss after taxation would have been higher by Rs. 41.194 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 517.005 million.



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- c) The trade debts amounting to Rs.666.089 million are past due and impaired, against which the provision for doubtful debts to the extent of Rs.507.216 million has been made up to 30 June 2020, which should have been increased by Rs.158.873 million. Had the provision been made in these financial statements, the loss after taxation would have been higher, trade debts and shareholders' equity would have been lower by Rs.158.873 million.

Key audit matters

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 period. 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.

We have determined that there are no key audit matters to communicate in our report other than the matters described in the basis for adverse opinion section.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report 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 we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the basis for adverse opinion section of our report, we have concluded that the other information is materially misstated for the same reason.

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 the accounting and reporting standards as applicable in Pakistan and the 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.

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.



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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 with 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.



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Report on Other Legal and Regulatory Requirements

Based on our audit, 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 Fasihuz Zaman.

Date : September 28, 2020
Place : Karachi

Chartered Accountants
(Fasihuz Zaman)

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

	Notes	2020 ------(Rupees)-----	2019
Authorised share capital 50,000,000 (2019: 50,000,000) Ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up share capital	5	460,646,090	460,646,090
Revenue reserves			
General reserve		333,000,000	333,000,000
Accumulated losses		(4,941,829,473)	(4,382,247,527)
Capital reserves			
Surplus on revaluation of property, plant and equipment	6	746,894,701	794,090,283
		(3,401,288,682)	(2,794,511,154)

NON-CURRENT LIABILITIES

Long term financing	7	131,461,304	132,766,516
Deferred taxation	8	158,345,188	177,622,257
		289,806,492	310,388,773

CURRENT LIABILITIES

Trade and other payables	9	181,456,407	179,890,705
Mark-up accrued		1,389,200,387	1,030,753,421
Short term borrowings	10	552,562,806	586,010,566
Liability for staff gratuity	11	50,770,926	50,808,126
Unclaimed dividend		254,206	254,206
Current and overdue portion of long term financing	7	2,945,482,769	2,930,630,586
		5,119,727,501	4,778,347,610

CONTINGENCIES AND COMMITMENTS

	12	--	--
		2,008,245,311	2,294,225,229

ASSETS

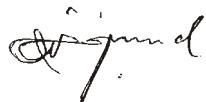
NON-CURRENT ASSETS

Property, plant and equipment	13	1,516,369,727	1,651,726,329
Long term investment	14	--	--
Long term deposits	15	12,012,134	12,012,134
		1,528,381,861	1,663,738,463


CURRENT ASSETS

Stores and spares	16	30,677,433	37,758,307
Stock in trade	17	256,310,135	256,310,135
Trade debtors - Unsecured	18	158,872,828	278,657,082
Advances - Considered good	19	1,685,365	2,360,359
Short term deposits and other receivable	20	4,120,116	4,120,116
Taxes recoverable - Net		23,129,092	44,081,312
Cash and bank balances	21	5,068,481	7,199,455
		479,863,450	630,486,766
		2,008,245,311	2,294,225,229

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



Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director



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

	Notes	2020 ------(Rupees)-----	2019
Sales - Net	22	--	132,472,393
Cost of sales	23	(152,473,011)	(569,733,861)
Gross loss		(152,473,011)	(437,261,468)
Operating expenses			
Administrative and general expenses	24	(5,622,147)	(5,763,517)
Operating loss		(158,095,158)	(443,024,985)
Finance cost	25	(394,269,651)	(318,936,210)
Other charges	26	(73,689,788)	(172,530,268)
Other income	27	--	39,995,677
		(467,959,439)	(451,470,801)
Loss before taxation		(626,054,597)	(894,495,786)
Taxation			
- Current	28	--	(1,655,905)
- Deferred		19,277,069	21,980,019
		19,277,069	20,324,114
Loss for the year		(606,777,528)	(874,171,672)
Loss per share - Basic and diluted	29	(13.17)	(18.98)

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

Ishtiaq Ahmed
CEO & Director

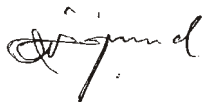
Muhammad Irfan Ali
Chief Financial Officer

Zafar Asim
Director


**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	Notes	2020 ------(Rupees)-----	2019
Loss for the year		(606,777,528)	(874,171,672)
Other comprehensive income:			
Effect of change in tax rates on balance of revaluation on property, plant and equipment	6	--	6,882,837
Total comprehensive loss for the year		(606,777,528)	(867,288,835)

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



Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director



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

	Notes	2020 ------(Rupees)-----	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(626,054,597)	(894,495,786)
<i>Adjustment for non-cash and other items:</i>			
Depreciation / amortisation expense	13.1	135,356,602	152,672,789
Provision for doubtful debts	18.1	66,608,914	113,739,690
Provision for obsolete stock	17.2	--	50,431,244
Provision for slow moving stores	16.1	7,080,874	8,359,334
Gain on sale of fixed assets	27	--	(530,265)
Unwinding of discount	25	14,796,074	14,039,943
Finance cost		379,473,577	304,896,267
Cash outflows before working capital changes		(22,738,556)	(250,886,784)
<i>Working capital changes</i>			
<i>(Increase) / decrease in current assets</i>			
Stores and spares		--	2,806,388
Stock in trade		--	399,303,040
Trade debtors		53,175,340	(91,652,551)
Advances		674,994	145,685
Short term deposit and other receivable		--	--
		53,850,334	310,602,562
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		1,565,702	503,839
Short term borrowings		(33,447,760)	--
		(31,882,058)	503,839
Cash (used in) / generated from operations		(770,280)	60,219,617
<i>Payments for:</i>			
Income tax refund / (paid) - Net		20,952,220	(61,328)
Gratuity paid		(37,200)	--
Finance cost paid		(21,026,611)	(18,171,281)
Net cash (used in) / generated from operating activities		(881,871)	41,987,008
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds against sale of fixed assets		--	1,200,000
Long term deposits		--	--
Net cash generated from investing activities		--	1,200,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing paid		(1,249,103)	(44,461,826)
Net decrease in cash and cash equivalents		(2,130,974)	(1,274,818)
Cash and cash equivalents at the beginning of the year		7,199,455	8,474,273
Cash and cash equivalents at the end of the year		5,068,481	7,199,455

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

Ishtiaq Ahmed
CEO & Director

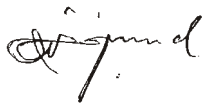
Muhammad Irfan Ali
Chief Financial Officer

Zafar Asim
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020**

	Revenue Reserves			Capital Reserves	Total equity	
	General Reserve	Accumulated Loss	Total revenue reserves	Surplus on revaluation of property, plant and equipment		
----- (Rupees) -----						
Balance as on 1 July 2018	460,646,090	333,000,000	(3,561,889,004)	(3,228,889,004)	841,020,595	(1,927,222,319)
Total comprehensive loss for the year						
Loss for the year	--	--	(874,171,672)	(874,171,672)	--	(874,171,672)
Other comprehensive income	--	--	--	--	6,882,837	6,882,837
	--	--	(874,171,672)	(874,171,672)	6,882,837	(867,288,835)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	53,813,149	53,813,149	(53,813,149)	--
Balance as at 30 June 2019	460,646,090	333,000,000	(4,382,247,527)	(4,049,247,527)	794,090,283	(2,794,511,154)
Total comprehensive loss for the year						
Loss for the year	--	--	(606,777,528)	(606,777,528)	--	(606,777,528)
Other comprehensive income	--	--	--	--	--	--
	--	--	(606,777,528)	(606,777,528)	--	(606,777,528)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	47,195,582	47,195,582	(47,195,582)	--
Balance as at 30 June 2020	460,646,090	333,000,000	(4,941,829,473)	(4,608,829,473)	746,894,701	(3,401,288,682)

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



Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director



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

1 STATUS AND NATURE OF BUSINESS

Dewan Textile Mills Limited ('the Company') was incorporated in Pakistan on 16 April 1970 as a public limited company and is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. However, the Company has suspended its manufacturing operations since December 2015.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.

- Company's production plant is situated at H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan.

2 GOING CONCERN ASSUMPTION

The financial statements of the Company for the year ended 30 June 2020 reflect that the Company has sustained a net loss after taxation of Rs.606.778 million (2019: Rs.874.172 million) and as of that date the Company's negative revenue reserves of Rs.4,608.829 million (2019: Rs.4,049.248 million) have resulted in negative equity of Rs.3,401.289 million (2019: Rs.2,794.511 million) and its current liabilities exceeded its current assets by Rs.4,639.864 million (2019: Rs.4,147.861 million) and total assets by Rs.3,111.482 million (2019: Rs.2,484.122 million). Further the Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of liabilities due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and one lender had also filed winding up petitions under section 301 of the Companies Act, 2017 as more fully explained in note 12.1 and note 12.2 to the financial statement. The Company has suspended its manufacturing operations since December 2015. 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 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 requirement 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.

3 BASIS OF PREPARATION

3.1 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.

3.2 Basis of measurement

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

3.3 Changes in accounting standards, interpretations and pronouncements

3.3.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

The following amendments to existing standards and interpretations have been published and are mandatory for the year ended 30 June 2020 and are considered to be relevant to the Company's financial statements:

	Effective date (annual periods Beginning on or after)
IFRS 9 Financial Instruments [Amendments]	01 January 2019
IAS 23 Borrowing costs [Amendments]	01 January 2019
IFRS 16 Leases	01 January 2019
Annual improvements to IFRSs (2015-2017 Cycle)	01 January 2019

The following standards, amendments and interpretations thereto as notified under the Companies Act, 2017 are either not relevant to the Company's operations or are not likely to have significant impact on the Company's financial statements:

IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019
IAS 28 Investments in Associates and Joint Ventures [Amendments]	01 January 2019
IAS 19 Employee Benefits [Amendments]	01 January 2019
IFRS 3 Business Combinations [Amendments]	01 January 2019
IFRS 11 Joint Arrangement [Amendments]	01 January 2019

3.3.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

Conceptual Framework in IFRS Standards [Amendments]	01 January 2020
IFRS 7 Financial Instruments: Disclosures [Amendments]	01 January 2020
IFRS 9 Financial Instruments [Amendments]	01 January 2020
IAS 16 Property, Plant and Equipment [Amendments]	01 January 2020
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	01 January 2020
IFRS 16 Leases [Amendments]	01 June 2020
IAS 1 Presentation of Financial Statements [Amendments]	01 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	01 January 2020
Annual improvements to IFRS Standards 2018-2020	01 January 2020

3.4 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 and have been rounded off to the nearest rupee.

3.5 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 effect on the amounts recognised in the financial statements are as follows:

3.5.1 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.



3.5.2 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.

3.5.3 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.

3.5.4 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.

3.5.5 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 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These accounting policies have been applied consistently except as disclosed in note 4.9 and 4.13 to these financial statements due to adoption of IFRS 9 and IFRS 15

4.1 Property, plant and equipment

Owned

Item of property, plant and equipment is recognized as asset when it is probable that future economic benefits associated with the asset will flow to the company and its cost to the company can be measured reliably.

An item of property, plant and equipment, which qualifies for recognition as an asset, is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet date.

Any revaluation increase arising on the revaluation of assets 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 assets 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 reserve is not available for distribution to the Company's shareholders. The surplus on revalued assets to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is charged so as to write off the cost or revaluation of assets, other than leasehold land and capital work-in-process, over their estimated useful lives, using the reducing balance method, on the basis of rates specified in note 13 to the financial statements. The depreciation for assets acquired or disposed of during the year is charged from the month of acquisition or up to the month of disposal of such assets respectively.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations under the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets and depreciation is computed commencing from the month in which the assets are first put to use.

Cost in relation to certain plant and machinery signifies historic cost, mark-up, interest, profit and other charges on counter liabilities up to the date of commissioning of the respective plant and machinery acquired against such liabilities. All other mark-up, interest, profit, and other charges are charged to income.

Major repairs and renewals are capitalised. Gains or losses on disposals of property, plant and equipment are included in income currently.

Intangible assets

Computer software acquired by the Company are stated at cost less accumulated amortisation. Cost represents the expense incurred to acquire the software license and bring them to use. The cost of computer software is amortised over the estimated useful life i.e. 4 years.

Cost associated with maintaining computer software is charged to the profit and loss account.

4.2 Capital work-in-progress

All expenditure connected with specific assets incurred during development, installation and construction period are carried as capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

4.3 Stores and spares

These are valued at average cost except for those in transit, which are valued at cost.

4.4 Stock in trade

These are valued at lower of average cost and net realizable values, the cost is determined as follows:

Raw material	-	Average cost
Packing material	-	Average cost
Work in process	-	Average cost
Waste	-	Selling price
Finished goods	-	Average cost

Cost of finished goods comprise of prime cost and appropriate portion of production overheads.

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

4.5 Investment in associates

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 recognising its share of further losses. If the associate subsequently reports profits, the investor or joint venture resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

**4.6 Staff retirement benefits*****Defined benefit plan***

The Company up to 30 June 2010 was operating an unfunded gratuity scheme for its management employee. Provision was made accordingly in the financial statements to cover obligation under the scheme. The Company has fully provided for the liability under the gratuity scheme as of 30 June 2010. Effective from 01 July 2010, the Company has, in place of gratuity scheme, established a recognised provident fund for its permanent management staff. Equal contributions are being made in respect thereof by the Company and the employees in accordance with terms of the fund.

4.7 Taxation***Current***

Provision for current taxation is based on current rates of tax after taking into account available tax credits and rebates available, if any.

Deferred

Deferred tax is recognised on all timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.8 Provision

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation 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 a reliable estimate can be made of the amount of obligation.

4.9 Financial instruments**4.9.1 Initial measurement of financial asset**

The Company classifies its financial assets into following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement**Debt Investments at FVOCI**

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss account.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognised in the statement of profit or loss account.

Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss account.

4.9.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.9.2.1 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.9.2.2 Cash and cash equivalents

For the purpose of presentation in statement of cash flow, cash and cash equivalents includes cash in hand, balances with banks and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value and short term borrowings availed by the Company, which are repayable on demand and form an integral part of the Company's cash management.

4.9.3 Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

4.9.3.1 Mark-up bearing borrowings and borrowing costs

Mark-up bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the statement of profit or loss account over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the relevant asset.

4.9.3.2 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

4.9.4 Derivative financial instruments - other than hedging

Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.9.5 Derivative financial instruments - cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and accumulated in hedging reserve. Any ineffective portion of changes in fair value of derivative is recognised immediately in the statement of profit or loss account. The amount accumulated in equity is removed therefrom and included in the initial carrying amount of non-financial asset upon recognition of non-financial asset.

The fair value of forward exchange contracts is estimated using appropriate valuation techniques. These are carried as assets when the fair value is positive and liabilities when the fair value is negative.



4.9.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has currently legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counter parties.

4.10 Impairment

4.10.1 Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

4.10.2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

4.11 Foreign currency translation

Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of transaction.

Assets and liabilities in foreign currencies, if any, are translated into rupees at the exchange rates prevailing on the balance sheet date except where forward exchange contracts have been entered into in which case the rates contracted for are used.

4.12 Transactions with related parties

All dealings with associated companies are carried out at arm's length using the Comparable Uncontrolled Price method.

4.13 Revenue recognition

Sale of goods

Revenue from sale of goods is recognized upon passing of title to the customers, which generally coincides with physical delivery.

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 ---- (Number of shares) ----	2019		2020 ----- (Rupees) -----	2019
34,060,000	34,060,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	340,600,000	340,600,000
225,000	225,000	Ordinary shares of Rs. 10/- each issued for consideration other than cash	2,250,000	2,250,000
11,779,609	11,779,609	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	117,796,090	117,796,090
<u>46,064,609</u>	<u>46,064,609</u>		<u>460,646,090</u>	<u>460,646,090</u>

5.1 Dewan Motors (Private) Limited, an associated company held, 1,306,887 (2019: 1,306,887) ordinary shares of Rs. 10/- each.

6 SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT

Balance as at 1 July	971,712,540	1,047,505,708
Transferred to accumulated losses in respect of incremental depreciation for the year	(66,472,651)	(75,793,168)
	905,239,889	971,712,540
<i>Deferred tax liability</i>		
Opening balance	177,622,257	206,485,113
Incremental depreciation	(19,277,069)	(21,980,019)
Effect of change in tax rates	-	(6,882,837)
	158,345,188	177,622,257
Balance as at 30 June	<u>746,894,701</u>	<u>794,090,283</u>

6.1 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.



7 LONG TERM FINANCING		2020	2019
<i>Banks and financial institutions - Secured</i>	Notes	----- (Rupees) -----	
Restructured long term financing	7.1	2,925,634,170	2,925,634,170
Restructured lease liability	7.2	21,097,702	26,094,116
Payments during the year		(1,249,103)	(4,996,414)
		19,848,599	21,097,702
		2,945,482,769	2,946,731,872
<i>Sponsor - Unsecured</i>			
Sponsor loan	7.3	269,114,373	269,114,373
Unwinding of interest		59,098,492	44,302,418
Present value adjustment		(196,751,561)	(196,751,561)
		131,461,304	116,665,230
		3,076,944,073	3,063,397,102
Current and overdue portion - Shown under current liabilities		(2,945,482,769)	(2,930,630,586)
		131,461,304	132,766,516

7.1 Compromise agreement dated 23 December 2011 was executed between the Company and majority of its lenders, consequent to which consent decrees were granted by the Honourable High Court of Sindh, Karachi. Company's liabilities in respect of short term borrowings, long term loans, leases and overdue letters of credit were rescheduled in the form of a syndicated long term financing of Rs.3.930 billion repayable in nine and half years with progressive mark-up rates ranging from 2% to 13% over the period on outstanding principal. As per the agreement, mark-up outstanding as on 21 December 2011 is Rs.1.621 billion, which the Company would be liable to pay in the event of default of terms of agreement. Moreover, banks / financial institutions had also agreed to provide further working capital to the Company amounting to Rs.916.800 million. The Company has defaulted in payment of restructured liabilities as more fully explained in note 12.1 and 12.2 to the financial statement. The Company has approached the lenders for further restructuring of liabilities as more fully explained in note 2 which is expected to be finalised soon.

The loan is secured against first pari passu hypothecation charge over stock, book debts, present and future property, plant and equipment of the Company.

7.2 Settlement agreement dated 21 January 2014 was executed between the Company and a leasing company, consequent to which consent decrees have been granted by the Honourable High Court of Sindh, Karachi. Company's liabilities in respect of overdue lease liability has been rescheduled thereby the liability of Rs. 42.215 million is now repayable in 10 years with progressive mark-up rates ranging from 2% to 10.04% over the period on outstanding principal. As per agreement, mark-up relating to prior periods amounting of Rs. 11.005 million will be waived subject to the payment of restructured liability as per terms of agreement.

7.3 This represents unsecured interest free loan payable to a sponsor against liabilities of a bank assumed by the sponsor. The loan is repayable in lump sum on 30 June 2026. The loan has been measured at amortised cost in accordance with International Financial Reporting Standard 9, Financial Instruments, and has been discounted using the effective interest rate of 12% per annum.

8 DEFERRED TAXATION

Credit balance arising due to:

- Accelerated tax depreciation	77,063,824	100,036,354
- Revaluation - Net of related depreciation	158,345,188	177,622,257
- Finance lease transactions	5,678,185	6,586,421

Debit balance arising due to:

- Staff gratuity	(14,723,569)	(14,734,357)
- Provision for doubtful debts	(147,092,730)	(127,776,145)
- Provision for obsolete stock	(14,625,061)	(14,625,061)
- Provision for slow-moving stores and spares	(7,264,924)	(5,211,471)
- Carried over losses	(699,379,617)	(742,924,399)

Deferred tax asset not recognised	800,343,892	798,648,658
	158,345,188	177,622,257

DEWAN TEXTILE MILLS LIMITED

	Notes	2020 ----- (Rupees) -----	2019 -----
8.1 Movement of deferred tax liabilities			
Balance as at beginning of the year		177,622,258	206,485,113
Tax charge recognised in statement of profit or loss		(19,277,069)	(21,980,019)
Tax charge recognised in other comprehensive income		--	(6,882,837)
Balance as at end of the year		158,345,189	177,622,257
9 TRADE AND OTHER PAYABLES			
Creditors for goods and services	9.1	117,770,216	117,804,543
Accrued expenses		43,017,524	40,409,680
Workers' Welfare Fund		15,536,001	15,536,001
Workers' Profit Participation Fund	9.2	5,117,274	4,808,116
Sales tax payable		--	1,324,733
Provident fund payable		15,392	7,632
		181,456,407	179,890,705
9.1	This includes amount of Rs.97.484 million (2019: Rs.97.484 million) being amount payable to the banks in respect of outstanding letter of credits.		
9.2 Workers' Profit Participation Fund			
Balance as at 1 July		4,808,116	4,301,850
Interest provided for the year		309,158	506,266
Balance as at 30 June		5,117,274	4,808,116
10 SHORT TERM BORROWINGS			
<i>Banks and financial institutions - Secured</i>			
Short term running finances	10.1	183,818,932	183,818,932
Short term loans	10.2	368,743,874	369,746,634
		552,562,806	553,565,566
<i>Sponsor - Unsecured</i>			
Sponsor loan	10.4	--	32,445,000
		552,562,806	586,010,566
10.1	The facilities for running finance under mark-up arrangement obtained from various commercial banks against available limits of Rs. 215 million at mark-up rate ranging from 2% to 3% per annum over three months KIBOR payable quarterly in arrears. The facilities are secured by way of hypothecation of stock in trade, book debts and other current assets of the Company and personal guarantees of directors. These facilities have expired and not been renewed by the banks.		
10.2	The facilities for short term loans under mark-up arrangement obtained from various commercial banks against available limits of Rs. 916.800 million at mark-up rate ranging from 0% to 3.25% per annum over one / three months KIBOR payable quarterly in arrears. The facilities are secured by way of hypothecation of stock in trade, book debts, property, plant and equipment and other current assets and effective pledge on raw material and finished goods of the Company and personal guarantees of directors. These facilities have expired and not been renewed by the banks.		
10.3	Certain banks have filed recovery suits as more fully explained in note 12.1 and 12.2 to the financial statements.		
10.4	This represented unsecured interest free loan for the purpose of working capital requirements and is payable on demand. The interest free and unsecured loan has been provided by sponsor considering financial crunch being faced by the company. The loan has been repaid during the year.		
11 LIABILITY FOR STAFF GRATUITY			
Balance as at 1 July		50,808,126	50,808,126
Payments during the year		(37,200)	--
Balance as at 30 June		50,770,926	50,808,126



12 CONTINGENCIES AND COMMITMENTS
Contingencies

12.1 In respect of liabilities towards banks / financial institutions disclosed in note 7 and 10 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.3,590.431 million and mark-up thereon of Rs.1,452.610 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 against the said executions in the 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 favourable outcome therefrom.

12.2 Out of the lenders as disclosed in note 9.1 and note 10 to the financial statements, some lenders did not become signatory of the compromise agreement and continued to pursue their suits filed in Honourable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount in respect of these is Rs.419.065 million, out of total suits amount a bank having suit amount of Rs.193.266 million has also filed winding up petition u/s 305 of the repealed Companies Ordinance, 1984 (now 301 of the Companies Act, 2017). The Company strongly contested the cases as banks have filed wrong claims. The management of the Company expects favourable outcome.

12.3 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. The SCP has decided the case in favour of government on 13 August 2020, with directions to recover the arrears under GIDC Act 2015 from the Companies who have passed their burden to the consumers. SSGC has not charged GIDC on its bills and also the Company has not passed on the same to the consumers. Therefore, the management feels there is no need for any provision in these financial statements.

12.4 As of reporting date no guarantees were outstanding.

	Note	2020 ----- (Rupees) -----	2019 -----
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1	1,506,064,338	1,641,420,940
Capital work-in-progress - At cost (Civil work)		10,305,389	10,305,389
		1,516,369,727	1,651,726,329

13.1 Operating fixed assets

The following is a statement of operating fixed assets:

PARTICULARS	2020							Rate %
	COST / REVALUATION			DEPRECIATION			Written down	
	As at 1 July 2019	Additions during the year	As at 30 June 2020	As at 1 July 2019	Charge for the year	As at 30 June 2020	value as at 30 June 2020	
	----- (Rupees) -----							
Tangible assets:								
<i>Owned assets:</i>								
Lease hold land	360,000,000	--	360,000,000	--	--	--	360,000,000	--
Factory building on lease hold land	881,926,540	--	881,926,540	504,418,667	37,750,787	542,169,454	339,757,086	10
Non - factory building	84,556,644	--	84,556,644	42,315,719	4,224,093	46,539,812	38,016,832	10
Labour quarters	194,265,675	--	194,265,675	155,063,440	9,800,559	164,863,999	29,401,676	25
Plant, machinery and equipment	2,783,547,445	--	2,783,547,445	2,015,992,878	76,755,457	2,092,748,335	690,799,110	10
Electric installation	20,782,880	--	20,782,880	18,064,209	407,801	18,472,010	2,310,870	15
Vehicles	61,656,753	--	61,656,753	58,576,852	615,980	59,192,832	2,463,921	20
Furniture and fixture	10,160,706	--	10,160,706	8,183,549	197,716	8,381,265	1,779,441	10
Office equipment	14,910,678	--	14,910,678	12,432,027	371,798	12,803,825	2,106,853	15
	4,411,807,321	--	4,411,807,321	2,815,047,341	130,124,191	2,945,171,532	1,466,635,789	
<i>Leased assets:</i>								
Plant and machinery	128,705,731	--	128,705,731	84,896,232	4,380,950	89,277,182	39,428,549	10
	128,705,731	--	128,705,731	84,896,232	4,380,950	89,277,182	39,428,549	
Intangible assets:								
Software	3,632,900	--	3,632,900	2,781,439	851,461	3,632,900	--	25
TOTAL	4,544,145,952	--	4,544,145,952	2,902,725,012	135,356,602	3,038,081,614	1,506,064,338	

DEWAN TEXTILE MILLS LIMITED

2019										
PARTICULARS	COST / REVALUATION				DEPRECIATION			Written down	Rate %	
	As at 1 July 2018	Additions during the year	(Deletions)	As at 30 June 2019	As at 1 July 2018	(Adjustments)	Charge for the year	As at 30 June 2019		value as at 30 June 2019
(Rupees)										
Tangible assets:										
<i>Owned assets:</i>										
Lease hold land	360,000,000	--	--	360,000,000	--	--	--	--	360,000,000	--
Factory building on lease hold land	881,926,540	--	--	881,926,540	462,473,348	--	41,945,319	504,418,667	377,507,873	10
Non - factory building	84,556,644	--	--	84,556,644	37,622,283	--	4,693,436	42,315,719	42,240,925	10
Labour quarters	194,265,675	--	--	194,265,675	141,996,028	--	13,067,412	155,063,440	39,202,235	25
Plant, machinery and equipment	2,783,547,445	--	--	2,783,547,445	1,930,709,037	--	85,283,841	2,015,992,878	767,554,567	10
Electric installation	20,782,880	--	--	20,782,880	17,584,443	--	479,766	18,064,209	2,718,671	15
Vehicles	63,136,753	--	(1,480,000)	61,656,753	58,617,142	(810,265)	769,975	58,576,852	3,079,901	20
Furniture and fixture	10,160,706	--	--	10,160,706	7,963,865	--	219,684	8,183,549	1,977,157	10
Office equipment	14,910,678	--	--	14,910,678	11,994,618	--	437,409	12,432,027	2,478,651	15
	4,413,287,321	--	(1,480,000)	4,411,807,321	2,668,960,764	(810,265)	146,896,842	2,815,047,341	1,596,759,980	
<i>Leased assets:</i>										
Plant and machinery	128,705,731	--	--	128,705,731	80,028,510	--	4,867,722	84,896,232	43,809,499	10
	128,705,731	--	--	128,705,731	80,028,510	--	4,867,722	84,896,232	43,809,499	
<i>Intangible assets:</i>										
Software	3,632,900	--	--	3,632,900	1,873,214	--	908,225	2,781,439	851,461	25
TOTAL	4,545,625,952	--	(1,480,000)	4,544,145,952	2,750,862,488	(810,265)	152,672,789	2,902,725,012	1,641,420,940	

	Notes	2020 ----- (Rupees) -----	2019
13.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	23	134,763,855	151,959,255
Administrative and general expenses	24	592,747	713,534
		135,356,602	152,672,789

13.3 The Company commissioned independent valuation of leasehold land, factory building on leasehold land, non-factory building, labour quarters and plant, machinery and equipment during the years ended 30 June 2012. Subsequently, the Company has carried out revaluation of leasehold land, factory building on leasehold land, non-factory building, labour quarters and plant, machinery and equipment as of 21 December 2016 by M/s. K.G.Traders (Private) Limited (an independent valuer who is located in Karachi) on the basis of market value or depreciated replacement values as applicable. The revaluation resulted in increase in surplus amounting to Rs.461.551 million which was incorporated in the books of the Company as at 30 June 2017.

13.4 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. This comprises of two industrial plots of land bearing plot no. H-20 & H-26 with an accumulated area of 49.5 acres.

13.5 The forced sale value of the revalued property, plant and equipment owned by the Company had been assessed at Rs.1,635.089 million.

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

Leasehold land	778,000	778,000
Factory building on leasehold land	135,013,680	150,015,200
Non-factory building	27,211,650	30,235,167
Labour quarters	3,283,690	4,378,254
Plant, machinery and equipment	386,447,795	429,386,439
	552,734,815	614,793,060

14 LONG TERM INVESTMENT

Investment in associate

Dewan Salman Fibre Limited

	--	--
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14.1 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 and its ownership interest of 28.47% in investee company.

14.2 Investment in Dewan Salman Fibre Limited - At equity method



	Notes	2020 ----- (Rupees) -----	2019 -----
Number of shares held		104,288,773	104,288,773
Cost of investment (Rupees)		210,000,000	210,000,000
Fair value of investment (Rupees)		91,774,120	91,774,120
Ownership interest		28.47%	28.47%
14.3 Summarised financial information of associated company			
Total assets		8,143,557,000	9,125,084,000
Total liabilities		20,903,039,000	20,956,690,000
Net assets		(12,759,482,000)	(11,831,606,000)
Company's share of net assets		(3,632,624,525)	(3,368,458,228)
Revenue		--	--
Loss for the year		(927,876,000)	(1,709,795,000)
14.4			
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 19 February 2018.			
15 LONG TERM DEPOSITS			
Security deposits		12,012,134	12,012,134
16 STORES AND SPARES			
Stores and spares		45,675,669	45,675,670
Packing material		10,053,227	10,053,226
		55,728,896	55,728,896
Provision for slow-moving stores and spares	16.1	(25,051,463)	(17,970,589)
		30,677,433	37,758,307
16.1 Provision for slow-moving stores and spares			
Balance as at 1 July		17,970,589	9,611,255
Provision made during the year	26	7,080,874	8,359,334
Balance as at 30 June		25,051,463	17,970,589
17 STOCK IN TRADE			
Raw material		183,124,978	183,124,978
Work-in-process		2,211,117	2,211,117
Finished goods		121,405,284	121,405,284
	17.1	306,741,379	306,741,379
Provision for obsolete stock	17.2	(50,431,244)	(50,431,244)
		256,310,135	256,310,135
17.1			
Entire stock of raw material and finished goods is pledged with the banks against the financing facilities obtained by the Company.			
17.2 Provision for obsolete stock			
Balance as at 1 July		50,431,244	360,090,263
Provision made during the year	26	--	50,431,244
		50,431,244	410,521,507
Release of provision		--	(360,090,263)
Balance as at 30 June		50,431,244	50,431,244

DEWAN TEXTILE MILLS LIMITED

	Notes	2020 ----- (Rupees) -----	2019 -----
18 TRADE DEBTS - Unsecured			
Considered good		158,872,828	278,657,082
Considered doubtful		507,216,311	440,607,397
		<u>666,089,139</u>	<u>719,264,479</u>
Provision for doubtful debts	18.1	<u>(507,216,311)</u>	<u>(440,607,397)</u>
		<u>158,872,828</u>	<u>278,657,082</u>
18.1 Provision for doubtful debts			
Balance as at 1 July		440,607,397	326,867,707
Provision made during the year	26	66,608,914	113,739,690
Balance as at 30 June		<u>507,216,311</u>	<u>440,607,397</u>
19 ADVANCES - Considered good			
Employees - Interest free		1,175,717	1,850,711
Others		509,648	509,648
		<u>1,685,365</u>	<u>2,360,359</u>
20 SHORT TERM DEPOSITS AND OTHER RECEIVABLE			
Short term deposits and margin		1,749,732	1,749,732
Sales tax receivable		15,181,001	15,181,001
		<u>16,930,733</u>	<u>16,930,733</u>
Provision against sales tax receivable	26	<u>(12,810,617)</u>	<u>(12,810,617)</u>
		<u>4,120,116</u>	<u>4,120,116</u>
21 CASH AND BANK BALANCES			
Cash in hand		46,611	176,053
Cash at banks - Current accounts		5,021,870	7,023,402
		<u>5,068,481</u>	<u>7,199,455</u>
22 SALES - Net			
Cotton sales - Raw material		--	133,797,126
<i>Less:</i>			
Sales tax		--	(1,324,733)
		<u>--</u>	<u>132,472,393</u>
23 COST OF SALES			
Raw material sold	23.1	--	399,303,040
Salaries, wages and others benefits		15,793,931	16,479,661
Rent, rates and taxes		461,568	461,568
Repairs and maintenance		10,608	137,255
Vehicle running and maintenance		159,366	115,130
Insurance		1,251,852	1,239,852
Fuel and power		31,831	38,100
Depreciation	13.2	134,763,855	151,959,255
Total manufacturing cost		<u>152,473,011</u>	<u>569,733,861</u>
Work in process - Opening		<u>2,211,117</u>	<u>2,211,117</u>
Work in process - Closing		<u>(2,211,117)</u>	<u>(2,211,117)</u>
		<u>--</u>	<u>--</u>
Cost of goods manufactured		<u>152,473,011</u>	<u>569,733,861</u>
Finished goods - Opening		121,405,284	121,405,284
Finished goods - Closing		<u>(121,405,284)</u>	<u>(121,405,284)</u>
		<u>152,473,011</u>	<u>569,733,861</u>



	Notes	2020 ----- (Rupees) -----	2019 -----
23.1 Raw material sold			
Opening stock - Gross		183,124,978	942,518,281
Release of provision		--	(360,090,263)
Opening stock - Net		183,124,978	582,428,018
Closing stock		(183,124,978)	(183,124,978)
		--	399,303,040
24 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and others benefits	24.1	1,027,924	1,276,950
Fee and subscription		923,507	1,058,771
Auditor's remuneration	24.2	835,000	835,000
Vehicle expenses		780,045	779,592
Depreciation	13.2	592,747	713,534
Communication		378,036	463,205
Printing and stationery		211,069	348,461
Legal and professional		781,000	196,800
Entertainment		24,730	45,628
Traveling and conveyance		67,589	45,076
Repairs and maintenance		500	500
		5,622,147	5,763,517
24.1 Salaries, allowances and others benefit includes amount of Rs.0.0462 million (2019: Rs.0.043 million) in respect of staff retirement benefits.			
24.2 Auditor's remuneration			
Audit of annual financial statements		550,000	550,000
Review of half-yearly financial statements		200,000	200,000
Review report on code of corporate governance		50,000	50,000
Out of pocket expenses		35,000	35,000
		835,000	835,000
24.3 The investments by the provident fund in collective investment schemes, listed equity and debts securities have been made in accordance with the conditions specified in section 218 of the Companies Act, 2017 and rules specified thereunder.			
25 FINANCE COST			
Mark-up on long term financing		347,461,781	279,614,819
Mark-up on short term borrowings		30,139,463	23,184,063
Interest on Workers' Profit Participation Fund		309,158	506,266
Unwinding of discount		14,796,074	14,039,943
Bank charges		1,563,175	1,591,119
		394,269,651	318,936,210
25.1 In addition to the non-provisioning of mark-up eligible for waiver as disclosed in note 12.2, Company has not made the provision of mark-up for the year amounting to Rs.41.194 million (up to 30 June 2020: Rs.517.005 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 year would have been higher by Rs.41.194 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.517.005 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.			

DEWAN TEXTILE MILLS LIMITED

			2020		2019
	Notes	-----	(Rupees)	-----	-----
26 OTHER CHARGES					
Provision for obsolete stock	17.2	--	50,431,244		
Provision for doubtful debts	18.1	66,608,914	113,739,690		
Provision for slow-moving stores and spares	16.1	7,080,874	8,359,334		
		<u>73,689,788</u>	<u>172,530,268</u>		
27 OTHER INCOME					
Gain on disposal of fixed assets		--	530,265		
Present value adjustment		--	39,465,412		
		<u>--</u>	<u>39,995,677</u>		
28 TAXATION					
28.1 Current					
The Income tax assessment of the Company deemed to have been finalised up to and including tax year 2019.					
28.2 Relationship between income tax expense and accounting profit					
Numerical reconciliation between the average tax rate and the applicable tax rate has not been given as the Company is subject to the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001.					
29 LOSS PER SHARE - Basic and diluted					
There is no dilutive effect on loss per share of the Company which is based on:					
Loss after taxation		<u>(606,777,528)</u>	<u>(874,171,672)</u>		
		-----	(Number of shares)	-----	
Weighted average number of shares		<u>46,064,609</u>	46,064,609		
		-----	(Rupees)	-----	
Loss per share - Basic and diluted		<u>(13.17)</u>	<u>(18.98)</u>		
30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES					
30.1	Chief executive and directors of the Company did not charge any fee or other remuneration.				
30.2	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.				
31 TRANSACTIONS WITH RELATED PARTIES					
Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. The remuneration paid to chief executive, directors, executive and key management personnel in terms of their employment is disclosed in note 30 to the financial statements. Material transactions and balances with related parties consisted of payment of contribution to Staff provident fund of the Company amounting to Rs.92,352 (2019: Rs.86,804).					
32 NUMBER OF EMPLOYEES					
Number of employees as at 30 June		<u>55</u>	<u>69</u>		
Average number of employees during the year		<u>56</u>	<u>68</u>		
33 PLANT CAPACITY AND PRODUCTION					
Attainable capacity converted to 20 count (Kgs)		19,510,682	19,510,682		
Number of spindles installed		6,544	6,544		



33.1 The operations of the Company have been suspended since December 2015 consequently there have been no production ever since.

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Financial risk management

Overview

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.

34.2 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.

Exposure to credit risk

In summary, the maximum exposure to credit risk as at 30 June 2020 and 30 June 2019 was as follows:

	2020		2019	
	Financial assets	Maximum exposure	Financial assets	Maximum exposure
	----- (Rupees) -----		----- (Rupees) -----	
Trade debts	158,872,828	158,872,828	278,657,082	278,657,082
Deposits	3,435,097	3,435,097	4,110,091	4,110,091
Advances and other receivables	1,685,365	1,685,365	2,360,359	2,360,359
Bank balances (excluding cash in hand)	5,021,870	5,021,870	7,023,402	7,023,402
	169,015,160	169,015,160	292,150,934	292,150,934

Trade debts

The Company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The Company believes that it is not exposed to any major concentration of credit risk as the sufficient provision against doubtful debts has already been made in these financial statement.

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts except as provided in the financial statements.

Cash and cash equivalents

The cash and cash equivalents are held with banks with short term ratings from A1 to A+ and long term ratings from A+ to AAA.

None of the financial assets of the Company are secured.

34.3 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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments.

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to eight years
2020	----- (Rupees) -----				
<i>Non-derivative financial liabilities</i>					
Long term financing - Secured	3,076,944,073	4,494,076,614	4,224,962,241	--	269,114,373
Trade and other payables	181,456,407	181,456,407	181,456,407	--	--
Liability for staff gratuity	50,770,926	50,770,926	50,770,926	--	--
Unclaimed dividend	254,206	254,206	254,206	--	--
Mark-up accrued	1,389,200,387	1,389,200,387	1,389,200,387	--	--
Short term borrowings	552,562,806	662,283,728	662,283,728	--	--
	<u>5,251,188,805</u>	<u>6,778,042,268</u>	<u>6,508,927,895</u>	<u>--</u>	<u>269,114,373</u>
2019	----- (Rupees) -----				
<i>Non-derivative financial liabilities</i>					
Long term financing - Secured	3,063,397,102	3,943,080,180	3,651,845,707	3,301,684	287,932,789
Trade and other payables	179,890,705	179,890,705	179,890,705	--	--
Liability for staff gratuity	50,808,126	50,808,126	50,808,126	--	--
Unclaimed dividend	254,206	254,206	254,206	--	--
Mark-up accrued	1,030,753,421	1,030,753,421	1,030,753,421	--	--
Short term borrowings	586,010,566	644,210,585	644,210,585	--	--
	<u>4,911,114,126</u>	<u>5,848,997,223</u>	<u>5,557,762,750</u>	<u>3,301,684</u>	<u>287,932,789</u>

34.4 Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The Company is exposed to currency risk and interest rate risk only.

34.4.1 Currency risk

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

34.4.2 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:

Variable rate instruments at carrying amounts:

Financial liabilities

	2020	2019
	----- (Rupees) -----	
Long term financing	<u>2,945,482,769</u>	<u>2,946,731,872</u>
Short term borrowings	<u>552,562,806</u>	<u>553,565,566</u>

**Fair value sensitivity analysis for fixed rate instruments:**

The Company does not account for any fixed rate financial assets at fair value through profit or loss, therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flows sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased / decreased loss/profit for the year by the amounts shown below:

	2020	2019
	----- (Rupees) -----	
Effect on loss due to change of 100 bps		
Increase / decrease	<u>34,980,456</u>	<u>35,002,974</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

34.5 Capital risk management

The Company's prime objective when managing capital is to safe guard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

34.6 Fair values of financial instruments

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

35 IMPACT OF COVID 19 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 temporarily 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 revenue of the Company was not impacted by COVID-19 due to the closure of the company's plant operations since December 2015 and remained closed during the year. 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.

36 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified for the purpose of comparison and better presentation, However, there were no significant restatements or reclassifications.

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 28 September 2020 by the Board of Directors of the Company.

Ishtiaq Ahmed
CEO & Director

Muhammad Irfan Ali
Chief Financial Officer

Zafar Asim
Director

**PATTERN OF SHAREHOLDING
THE CODE OF CORPORATE GOVERNANCE
AS ON 30TH JUNE 2020**

*Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance
as at June 30, 2020*

Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	1,306,887	2.84%
2.	NIT and ICP	-	-	0.00%
3.	Directors, CEO, their Spouses & Minor Children	7	4,000	0.01%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	3	1,938	0.00%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	-	-	0.00%
7.	Individuals	317	44,751,784	97.15%
	TOTAL	328	46,064,609	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	1,306,887	2.84%
2.	<u>NIT and ICP</u>			
		-	-	0.00%
3.	<u>Directors, CEO, their Spouses & Minor Children</u>			
	<u>Directors and CEO</u>			
3.1	Mr. Aziz-Ul-Haq	1	1,000	0.00%
3.2	Mr. Muhammad Baqar Jafferi	1	500	0.00%
3.3	Mr. Gazanfar Babar Siddiqui	1	500	0.00%
3.4	Mr. Ishtiaq Ahmed	1	500	0.00%
3.5	Syed Maqbool Ali	1	500	0.00%
3.6	Mr. Imran Ahmed Javed	1	500	0.00%
3.7	Mr. Zafar Asim	1	500	0.00%
		7	4,000	0.01%
	<u>Spouses of Directors and CEO</u>			
		-	-	0.00%
		-	-	0.00%
	<u>Minor Children of Directors and CEO</u>			

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	31,040,518	67.38%
2	Dewan Abdul Rehman Farooqui	2	6,299,053	13.67%

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

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0003113**
2. Name of the Company **DEWAN TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the Shareholders as at **3 0 0 6 2 0 2 0**

Number of Shareholders	Shareholdings			Total Shares held
138	1	-	100 Shares	2,115
48	101	-	500 Shares	16,930
26	501	-	1,000 Shares	22,419
71	1,001	-	5,000 Shares	178,965
10	5,001	-	10,000 Shares	81,500
4	10,001	-	15,000 Shares	47,094
5	15,001	-	25,000 Shares	99,506
2	25,001	-	35,000 Shares	62,816
1	35,001	-	45,000 Shares	42,500
3	45,001	-	50,000 Shares	149,106
4	50,001	-	70,000 Shares	259,124
1	70,001	-	80,000 Shares	78,503
2	80,001	-	300,000 Shares	518,080
1	300,001	-	400,000 Shares	333,965
1	400,001	-	450,000 Shares	401,293
1	450,001	-	500,000 Shares	500,000
2	500,001	-	900,000 Shares	1,679,714
2	900,001	-	1,000,000 Shares	1,883,521
2	1,000,001	-	1,500,000 Shares	2,367,887
1	1,500,001	-	2,000,000 Shares	1,669,053
1	2,000,001	-	4,500,000 Shares	4,321,092
1	4,500,001	-	5,000,000 Shares	4,630,000
1	5,000,001	-	27,000,000 Shares	26,719,426
328	TOTAL			46,064,609

Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, their spouses and minor children	4,000	0.01%
5.2 Associated Companies, undertakings and related parties	1,306,887	2.84%
5.3 NIT and ICP	-	0.00%
5.4 Banks, Development Financial 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%	37,339,571	81.06%
5.8 <u>General Public</u>		0.00%
a. Local	44,751,784	97.15%
b. Foreign	-	0.00%
5.9 Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	1,938	0.00%

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، تنجینہ، معاوضہ اور انتظامیہ کی اہم کامیابی کی منصوبہ بندی بورڈ کے ساتھ تعاون کر سکے۔ 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:

3/3

جناب عزیز الحق۔ چیئر مین

3/3

سید مقبول علی

3/3

جناب اشتیاق احمد

آمدنی فی شیئر:

زیر جائزہ مدت کے دوران مبلغ (13.17) (2019: مبلغ (18.98)) فی شیئر خسارہ پایا گیا۔

آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز فاروق علی 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 فاروق علی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کی آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز کی ہے۔

شیئر ہولڈنگ کا پیٹرن:

کپینز ریکارڈ 2017ء کے تحت اسٹاک 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 طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین ثمہ آمین۔



ظفر عاصم

ڈائریکٹر

کراچی:

تاریخ: 28 ستمبر 2020ء

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)
بورڈ آف ڈائریکٹرز کی جانب سے



اشتیاق احمد

چیف ایگزیکٹو آفیسر اور ڈائریکٹر

**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 2020 تک بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل تھے:

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 عزیز الحق
3	جناب اشتیاق احمد
3	جناب غضنفر باہر صدیقی
3	جناب محمد باقر جعفری
3	جناب عمران احمد جاوید
3	جناب ظفر عاصم
3	سید مقبول علی

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 ہشول کمیٹی کے چیئرمین اور غیر ایگزیکٹو ڈائریکٹرز 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:

3/3	جناب عزیز الحق - چیئرمین
3/3	سید مقبول علی
3/3	جناب عمران احمد جاوید

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 درک ز 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 برادر یوں کو بھی سپورٹ کرنا چاہتے ہیں جن کی ہم خدمت کرتے ہیں۔

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۔ مجاسی 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 ڈکریٹری جوازہ 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 2 میں کیا گیا ہے۔
- ۱۰- ٹیکس، ڈیوٹیز اور دیگر چارجز سے متعلق معلومات مالیاتی گوشواروں میں دی گئی ہیں۔
- ۱۱- کوڈ آف کارپوریٹ گورننس کے حوالے سے مندرجہ ذیل معلومات منسلک ہیں:

(۱) شیئر ہولڈنگ کا پیٹرن

(۲) متعلقین اور دیگر افراد کے شیئرز



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 بیٹیکوں نے جن کا مبلغ 419.065 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۔

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 جلد ہی اس نظر ثانی کو حتمی شکل دے دی جائیگی۔ مزید یہ کہ تنظیم نو کی تاریخ تک کا بقایا مارک اپ 1.452 ملین روپے ہے جو معاہدہ کی شرائط میں طے شدہ حالت میں کمپنی ادا کرے گی۔ چونکہ انتظامیہ کو یقین ہے کہ تنظیم نو کو حتمی شکل دینے پر یہ رقم چھوٹ کے اہل رہے گی۔ لہذا ان مالیاتی حسابات میں کوئی پروویژن فراہم نہیں کیا گیا ہے۔

کچھ قرض دہندگان نے مصالحتی معاہدے پر دستخط نہیں کئے اور کمپنی کی غیر منقولہ/ رہن جائیدادوں کی منسلکیت اور فروخت کے ذریعہ اپنی ذمہ داریوں کے حصول کیلئے محترم عدالت عالیہ سندھ کراچی میں دائر مقدمات کی پیروی کرتے رہے۔ اس سلسلے میں سوٹ کی مجموعی رقم مبلغ 419.065 ملین روپے ہے جو کہ ٹوٹل سوٹ جس میں سے ایک سوٹ بینک جس کی رقم مبلغ 193.266 ملین ہے جس کے نتیجے میں آڈیٹس 1984ء (کنپیز ایکٹ 2017 کے 301) کی درخواستوں کو وائسنگ اپ کر دیا ہے۔ کمپنی نے بیٹیکوں کے غلط دعوے دائر کرنے پر مقدمات کا سخت مقابلہ کیا۔ آنے والے دنوں میں کمپنی کی انتظامیہ کو بہتر نتائج کی توقع ہے۔

کمپنی نے کچھ بیٹیکوں سے قرض لینے کے سلسلے میں جنہوں نے ابھی تک تنظیم نو کی تجویز کو قبول نہیں کیا ہے کیلئے مبلغ 41.194 ملین روپے (30 جون 2019 تک: مبلغ 475.812 ملین روپے) کا مارک اپ پروویژن نہیں بنایا ہے۔ کمپنی کی انتظامیہ کو امید ہے کہ یہ بینک مستقبل قریب میں تنظیم نو کی تجویز کو بھی قبول کریں گے۔ اس کے مطابق مذکورہ مالیاتی بیانات کوئی مارک اپ فراہم نہیں کیا گیا ہے۔

آڈیٹرز نے تجارتی قرض دہندگان کے سلسلے میں اضافی فراہمی کی بھی سفارش کی ہے جبکہ کمپنی کی انتظامیہ کو امید ہے کہ کمپنی کے آپریشنز دوبارہ شروع کرنے پر ان قرض دہندگان کو دوبارہ اعتماد میں لیا جائے گا۔

مستقبل کا نظریہ:

انتظامیہ کاروباری ماحول سے متعلق پر امید ہے کیونکہ Covid-19 کی وبا 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 رقوم 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۔ اس وقت بین الاقوامی مارکیٹ میں مقابلہ کرنا مشکل ہے۔ اس وقت پیداواری زیادہ قیمت، کرنسی کی قدر میں کمی اور افراط زر میں اضافے کے باعث ٹیکسٹائل کی صنعت کو مستحکم بنانے کیلئے حکومت کی جانب سے مزید اقدامات کی اشد ضرورت ہے۔

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 بمع آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
جائزہ:

پاکستان میں نیکسٹل 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 معاہداتی معاشی 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 گذشتہ 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 بڑھانے کا باعث بنی۔ 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)	
--	فروخت (صافی)
(152,473,011)	فروخت کی لاگت
(152,473,011)	کل خسارہ
(5,622,147)	انتظامی اخراجات
(158,095,158)	آپریٹنگ خسارہ
(394,269,651)	مالیاتی لاگت
(73,689,788)	دیگر چارجز
--	دیگر آمدنی
(626,054,597)	قبل از ٹیکس خسارہ
19,277,069	ٹیکسیشن
(606,777,528)	بعد از ٹیکس خسارہ

دوران سال کمپنی کی خالص فروخت آپریشن بند ہونے کے باعث صفر رہی۔ مالیاتی حسابات میں ظاہر ہونے والی فروخت زیر جائزہ سال کے دوران خام مال کی فروخت کی نمائندگی کرتی ہے۔ کمپنی نے اس وقت دسمبر 2016ء سے اپنی مینوفیکچرنگ آپریشنز معطل کر دیئے ہیں جن پر صنعت کو درپیش منفی صورتحال، مارکیٹ کی کم طلب اور ورکنگ کپٹل کی رکاوٹوں کے باعث دوبارہ کام نہیں ہو سکا۔



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

سکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 831/1(1) مورخہ 5 جولائی 2012ء میں درج ذیل ہدایات کے مطابق شیئرز ہولڈرز کو ڈیویڈنڈ وارنٹس وغیرہ کے اجراء 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 شیئرز رجسٹرار کو فراہم کر دیں۔

(6) شیئرز ہولڈرز کے لیے ای ڈیویڈنڈ مینڈیٹ

نقد منافع منقسمہ کی ادائیگی کو مزید بہتر بنانے کے لیے ای ڈیویڈنڈ میگزیم متعارف کرایا گیا ہے جس کے تحت حصص یافتگان ڈیویڈنڈ کی رقم فوری طور پر اپنے متعلقہ بینک اکاؤنٹ میں الیکٹرونکلی 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، سکیورٹیز 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 میگزیم 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 کرا کے ڈیویڈنڈ مینڈیٹ فراہم کیا جا رہا ہے۔

(7) مالی گوشواروں وغیرہ کی الیکٹرونکلی منتقلی

ایس ای سی پی نے اپنے اعلامیہ نمبر ایس آر او 787/1(1) مورخہ 8 ستمبر 2014ء 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 متعلق 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/DMTML/index.html> اسٹینڈرڈ ریکورڈنگ سائٹ فارم پر اپنی خواہش تحریری طور پر فراہم کریں۔

دیوان ٹیکسٹائل ملز لمیٹڈ سالانہ اجلاس عام

ہذا مطلع کیا جاتا ہے کہ دیوان ٹیکسٹائل ملز لمیٹڈ (ڈی ٹی ایم ایل یا کمپنی) کا سالانہ اجلاس عام پیر 26 اکتوبر 2020ء کو صبح 09:30 بجے دیوان سینٹر لمیٹڈ فیکٹری سائٹ واقع دیہہ ڈھنڈو دھانچہ 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 مع آڈیٹرز اور ڈائریکٹرز کی رپورٹ کی وصولی، غور و خوض اور منظوری۔
- (3) 30 جون 2021ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کے مشاہیرہ کا تعین۔
- (4) چیئرمین کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بودڈ



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 انفرانسٹریکچر نی ایم ایف کنسلٹنٹس پاکستان (پرائیوٹ) 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 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 ہذا کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کو مندرجہ بالا پتہ پر مل جانی چاہیے۔
- (4) سی ڈی سی ممبران کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر I- 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 انفرادی صورت میں یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے مطابق اپ لوڈ 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 انٹسٹیٹی 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 انفرادی صورت میں جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان کی رجسٹریشن تفصیلات ضابطہ کے تحت اپ لوڈ 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 پتے اور سی این آئی سی نمبر فارم میں درج ہوں۔
- (iii) ممبر اور پروکسی کے 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 انٹسٹیٹی 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 ہمراہ کمپنی کو پیش کرنے ہوں گے۔

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DEWAN TEXTILE MILLS LIMITED
51st 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 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 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 51st Annual General Meeting of the Company to be held on **Monday, October 26,**

2020, at 9:30 a.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 ۵۱ واں سالانہ اجلاس عام

اہم اعلان

یہ پراکسی فارم مکمل پر کر کے ہمارے رجسٹرار شیئر ٹرانسفر ایجنٹ، بی ایم ایف کنسلٹنٹ (پرائیویٹ) 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 ٹیکسٹائل ملز لمیٹڈ کے _____ حصص کے مالک، رجسٹرڈ فولیو نمبر /

سی ڈی سی آئی ڈی اور کھاتہ نمبر _____ میں

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

جو بذات خود بھی _____

_____ دیوان ٹیکسٹائل ملز لمیٹڈ

_____ سی ڈی سی آئی ڈی اور کھاتہ نمبر

جو کہ میری / ہماری غیر موجودگی کی صورت میں کمپنی کے ۵۱ واں سالانہ اجلاس عام جو کہ بروز پیر، ۲۶ اکتوبر ۲۰۲۰ کو صبح ۹:۳۰ بجے، 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: _____