

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

QUARTERLY REPORT

SEPTEMBER 30, 2020

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Board of Directors of your Company is pleased to present unaudited condensed interim financial statements for the first quarter ended September 30, 2020 in compliance with the requirements of section 237 of the Companies Act, 2017 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

Operating results (Factory Shutdown):

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

The condensed interim financial statements have been prepared using going concern assumption as the company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon which will enable the company to resume its operations.

Future Outlook

Management is endeavoring to resume the production of the company as soon as the situation in near future improves, restructuring of the company is finalized and sufficient working capital is provided. Overall economic position of the country has remained stable. After pandemic, the demand for Textiles started to show some positive improvement as all export orders which were on hold due to pandemic are being followed. Pakistan textile industry contributes more than 60 percent to the country's total exports. However currently this industry is facing challenges due to continues decline in its growth rate. Major reasons for this decline may include global recession, higher cost of production that includes but not limited to increase in energy costs, costly labor, higher inflation, and overall economic slowdown. However, reduction in power crises, government subsidies to industries in the form of grants and low mark-up along with stability of dollar rate can outgrowth the economy.

At present, it is difficult to compete in international market, due to increase in cost of doing business, inflation, and overall political & economic conditions. In order to bring economic stability, multiple strategies have been applied by the government by reducing markup rates, controlling exchange rate, release of tax refunds, stability in fuel price, continuous supply of power to export oriented sectors at concessionary rates to increase not only the exports but also to maintain forex reserves to make Pak Rupee competitive.


It is expected that these steps will help to improve the economic activity during remaining period of this financial year.

Conclusion

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

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

By and under Authority of the Board of Directors



Ishtiaq Ahmed
Chief Executive Officer



Zafar Asim
Director

دیوان مشتاق فیکسٹائل بلائیڈز ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز،
السلام علیکم،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی میٹنگ، 2017 کی دفعہ 237 اور سیکورٹی اینڈ ایڈجسٹمنٹ کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کے تحت 30 ستمبر 2020ء کو ختم ہونے والی پہلی سرمایہ کے غیر آڈٹ شدہ عبوری مالیاتی حسابات پیش کر رہے ہیں۔

مالیاتی نتائج اور کارکردگی (پیداوار معطل)

کمپنی کی فروخت اس سال اور گزشتہ سال کی پہلی سرمایہ میں پیداوار معطل ہونے کی وجہ سے صفر رہی۔ کمپنی نے وقتی طور پر جولائی 2016ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نامساعد مشکلات، مارکیٹ میں طلب کی کمی اور کام چلانے کے لیے سرمایہ میں کمی کی وجہ سے ہے۔

مالیاتی حسابات چلتی ہوئی کمپنی کے جاری کردہ امور کے تحت مرتب کئے گئے ہیں کیونکہ کمپنی نے اپنے قرضہ جات کے حوالے سے دوبارہ ترتیب کیلئے قرض خواہوں سے رابطہ کیا ہے جو ان کے زیر غور ہے۔ انتظامیہ کا امید ہے کہ یہ نظر ثانی جلد مکمل ہو جائے گی جس سے کمپنی کو اپنی پیداوار بحال کرنے میں مدد ملے گی۔

مستقبل پر ایک نظر:

ملک کی معاشی حالت مجموعی طور پر مستحکم ہے۔ کوویڈ وبا کے بعد فیکسٹائل کی طلب میں کچھ مثبت بہتری آنے لگی کیونکہ برآمدات کے تمام آرڈرز جو کوویڈ وبا کے باعث رُکے ہوئے تھے ان پر عمل کیا جا رہا ہے۔ پاکستان کی فیکسٹائل صنعت ملک کی مجموعی برآمدات میں 60 فیصد سے زائد شراکت کرتی ہے۔ تاہم فی الحال اس کی ترقی کی شرح میں مسلسل کمی کے باعث اس صنعت کو مشکلات کا سامنا ہے۔ اس کمی کی بڑی وجوہات میں عالمی کساد بازاری، پیداوار کی زیادہ لاگت جس میں توانائی کی قیمتوں میں اضافہ، مہنگی مزدوری، زیادہ اخراجات زراعت اور مجموعی معاشی سستکی شامل ہو سکتی ہے۔ تاہم توانائی کے بحران میں کمی، گرانٹ کی شکل میں صنعتوں کو سرکاری سہڈی اور ڈالر کے نرخ میں استحکام کے ساتھ معیشت بہتر ہو سکتی ہے۔

فی الحال کاروبار، لاگت میں اضافے اور مجموعی سیاسی اور معاشی حالات کے باعث بین الاقوامی مارکیٹ میں مقابلہ کرنا مشکل ہے۔ معاشی استحکام لانے کیلئے حکومت کی جانب سے مارک اپ ریٹ کو کم کرنے، زرمبادلہ کی شرح کو کنٹرول کرنے، ٹیکس ریفنڈز جاری کرنے، فیول کی قیمت میں استحکام، رعایتی نرخوں پر نہ صرف برآمدات میں اضافہ کرنے بلکہ پاکستانی روپیہ کو سائبانی بنانے کیلئے غیر ملکی کرنسی کے ذخائر کو بھی برقرار رکھنے کیلئے شعبوں کو پمپنی کی مستقل فراہمی کیلئے متعدد حکمت عملیوں کا اطلاق کیا ہے۔


توقع کی جارہی ہے کہ ان اقدامات سے رواں مالی سال کی باقی مدت کے دوران معاشی سرگرمیوں کو بہتر بنانے میں مدد ملے گی۔

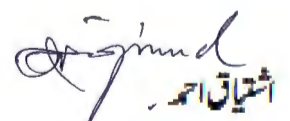
اتحاد و شکم اور نتیجہ:

آخر میں ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں کہ وہ اپنے حبیب حضرت محمد ﷺ کے فضل 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 و قوم 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۔

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

بورڈ آف ڈائریکٹرز کی جانب سے


ظفر عامر
ڈائریکٹر

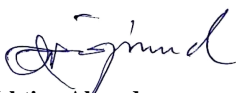

اشتیاق احمد
چیف ایگزیکٹو آفیسر
کراچی


سہ ماہ مورخہ: 23 اکتوبر 2020ء

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	(Un-Audited) July-Sept 2020	(Audited) June 30, 2020
Notes	----- (Rupees) -----	
<u>EQUITY AND LIABILITIES</u>		
<u>CAPITAL & RESERVES</u>		
<u>Authorized</u>		
12,000,000 (June 30, 2020: 12,000,000) Ordinary Shares of Rs. 10/- each	120,000,000	120,000,000
Issued, Subscribed and Paid-up Capital	115,610,280	115,610,280
Revenue Reserves	(552,428,352)	(539,938,998)
Revaluation surplus on property plant and equipment (Capital Reserve)	583,483,673	588,561,751
	146,665,601	164,233,033
<u>NON-CURRENT LIABILITIES</u>		
<u>Deferred Liabilities</u>		
Provision for staff gratuity	42,443,114	42,443,114
Deferred taxation	81,077,215	83,151,359
	123,520,329	125,594,473
<u>CURRENT LIABILITIES</u>		
Trade and other Payables	102,107,572	101,756,018
Mark-up accrued on loans	105,127,588	102,236,154
Unclaimed dividend	308,319	308,319
Current and over due portion long term loans	176,358,892	176,358,892
Short Term Borrowings	205,338,173	205,338,173
Provision for Taxation	5,607,122	5,607,122
	594,847,666	591,604,678
Contingencies and Commitments	6 -	--
	865,033,596	881,432,184
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	7 731,302,698	742,728,810
Long term Investment	8 -	--
Long Term Deposits	2,329,728	2,329,728
<u>CURRENT ASSETS</u>		
Stores, Spares and Loose Tools	15,849,249	15,849,249
Stock-in-Trade	37,638,566	37,638,566
Trade Debts - Considered Good	30,905,585	36,076,887
Advances - Considered good	3,027,312	3,006,247
Short term deposits and other receivable	15,814,943	15,814,943
Other Receivables - Unsecured, Considered good	7,441,000	7,441,000
Income Tax Refunds and Advances	17,094,086	17,093,768
Cash and Bank Balances	3,630,429	3,452,986
	131,401,170	136,373,646
	865,033,596	881,432,184

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


Ishtiaq Ahmed
 CEO & Director



Muhammad Irfan Ali
 Chief Financial Officer



Zafar Asim
 Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Notes	July-Sept 2020 ----- (Rupees) -----	July-Sept 2019 -----
Sales - Net		-	--
Cost of Sales		<u>(13,016,763)</u>	<u>(15,949,153)</u>
Gross (Loss)		<u>(13,016,763)</u>	<u>(15,949,153)</u>
Operating expenses			
Administrative and General Expenses		<u>(2,578,881)</u>	<u>(3,041,803)</u>
Operating (Loss)		<u>(15,595,644)</u>	<u>(18,990,956)</u>
Finance Cost		<u>(4,045,932)</u>	<u>(10,359,694)</u>
(Loss) before taxation		<u>(19,641,576)</u>	<u>(29,350,650)</u>
Taxation			
Deferred		<u>2,074,144</u>	<u>2,322,563</u>
		<u>2,074,144</u>	<u>2,322,563</u>
(Loss) after taxation		<u><u>(17,567,432)</u></u>	<u><u>(27,028,087)</u></u>
(Loss) Per Share - Basic and diluted (Rupees)	11	<u><u>(1.52)</u></u>	<u><u>(2.34)</u></u>

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


Ishfaq Ahmed
 CEO & Director



Muhammad Irfan Ali
 Chief Financial Officer



Zafar Asim
 Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	July-Sept 2020	July-Sept 2019
	----- (Rupees) -----	
(Loss) for the period	(17,567,432)	(27,028,087)
Other comprehensive Income:		-
Effect of change in tax rates on balance of revaluation on property, plant and equipment	-	-
Total comprehensive (Loss) for the period	(17,567,432)	(27,028,087)

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


Ishtiaq Ahmed
CEO & Director



Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

Notes	July-Sept 2020 ----- (Rupees) -----	July-Sept 2019 -----
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before Taxation	(19,641,576)	(29,350,650)
Adjustment for Non-Cash and Other Items:		
Depreciation	11,426,112	12,866,238
Finance Cost	4,045,932	10,359,694
	15,472,044	23,225,932
	(4,169,532)	(6,124,718)
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Trade Debts	5,171,302	5,410,155
Loans and Advances	(21,065)	--
Trade deposits, Prepayments & Statutory balance	-	37,715
(Increase) / Decrease in Current Liabilities		
Trade Creditors, Payable & others borrowings	351,554	1,435,199
	5,501,791	6,883,069
Taxes Paid	(318)	(831)
Net Cash Inflow/ (Outflow) from Operating Activities	1,331,941	757,520
CASH FLOW FROM INVESTING ACTIVITIES		
Long term deposits	-	--
Net Cash Inflow / (Outflow) from Investing Activities	-	--
CASH FLOW FROM FINANCING ACTIVITIES		
Finance Cost Paid	(1,154,498)	(841,693)
Net Cash Inflow/ (Outflow) from Financing Activities	(1,154,498)	(841,693)
Net (decrease) / Increase in Cash and Cash Equivalents	177,443	(84,173)
Cash and Cash Equivalents at the Beginning of the period	3,452,986	3,438,957
Cash and cash equivalents at the end of the period	3,630,429	3,354,784

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


Ishtiaq Ahmed
CEO & Director

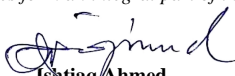

Muhammad Irfan Ali
Chief Financial Officer



Zafar Asim
Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserves	Total
		General Reserve	Accumulated Loss	Revaluation Surplus on property, plant & equipment	
----- (Rupees) -----					
Balance as at 1st July 2019	115,610,280	45,000,000	(503,671,894)	611,306,848	268,245,234
Total comprehensive (Loss) for period					
(Loss) for the period	-	-	(27,028,087)	-	(27,028,087)
Other comprehensive income for the period	-	-	-	-	-
Transfer to accumulated loss in respect of incremental depreciation - net of tax	-	-	(27,028,087)	-	(27,028,087)
			5,686,275	(5,686,275)	-
Balance as at Sept. 30, 2019	115,610,280	45,000,000	(525,013,706)	605,620,573	241,217,147
Balance as at July 01, 2020	115,610,280	45,000,000	(584,938,998)	588,561,751	164,233,033
Total comprehensive (Loss) for period					
(Loss) for the period	-	-	(17,567,432)	-	(17,567,432)
Other comprehensive income for the period	-	-	-	-	-
Transfer to accumulated loss in respect of incremental depreciation - net of tax	-	-	(17,567,432)	-	(17,567,432)
			5,078,078	(5,078,078)	-
Balance as at Sept. 30, 2020	115,610,280	45,000,000	(597,428,352)	583,483,673	146,665,601

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


Ishtiaq Ahmed
 CEO & Director


Muhammad Irfan Ali
 Chief Financial Officer


Zafar Asim
 Director

DEWAN MUSHTAQ TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2020

1. Corporate Information

Dewan Mushtaq Textile Mills Limited (the Company) was incorporated in Pakistan, as a public limited company on November 04, 1970, under the Companies Act, 1913 (Now the Companies Act, 2017) and its shares are listed on Pakistan Stock Exchange Limited. The registered office of the company is located at 3-A, Lalazar, Beach Hotel Road, Karachi, Pakistan; while its manufacturing facilities are located at A-30, S.I.T.E., Hyderabad, Sindh, Pakistan. The principal activity of the Company is trading, manufacturing and sale of yarn, The operations /production of the company are suspended since July 2016.

2. Going Concern Assumption

These condensed interim financial statements of the company for the period ended September 30, 2020 reflect that company has sustained a net loss after taxation of Rs.17.567 million (2019: Rs.104.012 million) and as of that date company has negative reserves of Rs. 552.428 million have resulted in equity of Rs.146.666 million. Further the company's short term borrowing facilities having limit to the extent of Rs.100 million have expired and not been renewed. Company defaulted in repayment of its restructured liabilities due to liquidity crunch caused by the overall lesser market demand and adverse factors being faced by the textile industry in the country. Due to the aforementioned scenario, the Company, for the time being, has also suspended its manufacturing & other operations since July 2016. Accordingly, the entire restructured liabilities along with markup eligible for waiver become immediately repayable. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern, therefore the company may not be able to realize its assets and discharge its liabilities during the normal course of business.

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

3. Basis of Preparation

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

3.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2020.

4. Significant Accounting Policies and Estimates

4.1 The accounting policies and methods of computation adopted and applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2020.

4.2. Application of new and revised International Financial Reporting Standards

4.2.1 Standards, amendments to standards and interpretations becoming effective during the period

There are certain new standards, amendments to existing standards and new interpretations on approved accounting standards that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant or not to have any material effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

4.2.2 Standards, amendments to standards and interpretations becoming effective in future periods

There are certain new standards, amendments to standards and interpretations that will become effective in future accounting periods but are considered not to be relevant or not to have any material effect on the Company's operations and are, therefore, not disclosed in these condensed interim financial statements.

5. Accounting Estimates, Judgements and Financial Risk Management

5.1 The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. revision to accounting estimates are recognized prospectively commencing from the period of revision.

5.2 Judgements and estimates made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2020.

5.3 The Company's financial risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Company for the year ended June 30, 2020

6. Contingencies and Commitments

There has been no significant change in the contingencies and commitments since the last audited financial statements for the year ended June 30, 2020.

		Sept 30, 2020	June 2020
(Rupees)			
7 Property, Plant & Equipments			
Operating Fixed Assets	7.1	<u>731,302,698</u>	<u>742,728,810</u>
		<u>731,302,698</u>	<u>742,728,810</u>
7.1 Operating Fixed Assets			
Opening written down value		<u>742,728,810</u>	794,120,327
Depreciation during the period / year		<u>(11,426,112)</u>	(51,391,517)
Closing written down value		<u>731,302,698</u>	<u>742,728,810</u>

8 Long Term Investment

Investment in associate

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

8.2 Investment in Dewan Salman Fibre Limited - at equity method

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

8.3 Investment in associated company was made in accordance with the requirement of then effective Companies Act, 2017. As the Company's share of losses exceed its interest in the associate, the Company has discontinued recognising its share of further losses. Market value is based on last available quoted price as of February 19, 2018.

	Sept 30, 2020	Sept 30, 2019
(Rupees)		
9 Cash and Cash Equivalents		
Cash and Bank Balances	<u>3,630,429</u>	<u>3,354,784</u>
	<u>3,630,429</u>	<u>3,354,784</u>

10 Related Party Transactions

During the period provident fund contribution of Rs.0.146 million (Sept 2019: Rs.0.145 million).

	Sept 30, 2020	Sept 30, 2019
11 (Loss) Per Share - Basic and diluted		
(Loss) after Taxation	<u>(17,567,432)</u>	(27,028,087)
Weighted Average Number of Ordinary Share (Nos)	<u>11,561,028</u>	11,561,028
(Loss) Per Share - Basic and diluted (Rupees)	<u>(1.52)</u>	(2.34)

12 CORRESPONDING FIGURES

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

13 Date Of Authorization For Issue

This condensed interim financial statements was authorized for issue on October 23, 2020 by the Board of Directors of the Company.

14 General

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


Ishtiaq Ahmed
CEO & Director


Muhammad Irfan Ali
Chief Financial Officer


Zafar Asim
Director