



**Condensed Interim  
Un-Audited Financial Statements  
For the 1st Quarter Ended  
September 30, 2021**





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## COMPANY INFORMATION

|  |   |   |
|--|---|---|
| <b>Board of Directors</b>                            | Mr. Faisal Mukhtar<br>Ms. Abida Mukhtar<br>Mrs. Nilofar Mukhtar<br>Mrs. Mahwesh Faisal Mukhtar<br>Mr. Muhammad Gul Nawaz<br>Mr. Muhammad Yousaf<br>Mr. Ejaz Hussain | Chairperson & Director<br>Chief Executive Officer |
| <b>Audit committee</b>                               | Mr. Muhammad Gul Nawaz<br>Mrs. Mahwesh Faisal Mukhtar<br>Mrs. Nilofar Mukhtar   | Chairman<br>Member<br>Member                      |
| <b>HR &amp; Remuneration Committee</b>               | Mr. Muhammad Yousaf<br>Mrs. Mahwesh Faisal Mukhtar<br>Mrs. Nilofar Mukhtar  | Chairman<br>Member<br>Member                      |
| <b>Chief Financial Officer<br/>Company Secretary</b> | Mr. Shahid Amin Chaudhry  |   |
| <b>Share Registrar</b>                               | M/s. Corplink (Pvt) Ltd.<br>Wing Arcade, 1-K, Commercial<br>Model Town, Lahore.<br>Tel: 042-35839182, 35869037  |   |
| <b>Auditors</b>                                      | M/s Rizwan & Co. Chartered Accountants  |   |
| <b>Bankers</b>                                       | National Bank of Pakistan<br>The Bank of Punjab<br>United Bank Limited<br>Faysal Bank Limited<br>Silk Bank Limited<br>Summit Bank Limited                           |   |
| <b>Registered Office</b>                             | H.No. 37, Street No.14, Cavalry Ground,<br>Lahore-Cantt.<br>Phones: (042) 36610643-44   |   |
| <b>Factory</b>                                       | 10th Km Muridke-Sheikhupura Road, Muridke.  |   |

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## DIRECTORS' REPORT

The Directors of Dar es Salaam Textile Mills Limited ("the Company") take pleasure in presenting the First Quarter Accounts for the period 30<sup>th</sup> September 2021.

### Outlook

Over the last year, the increasing rate of vaccination has greatly reduced the number of new cases of COVID-19, while the expansive policy of the government has resulted in the economy heating up. As a result, the economy is dealing with high inflation but is expected to grow about 5% in the current fiscal year that ends in June 2022. Although, these times will continue to be trying times, the falling Covid cases will hopefully revive economic sentiment.

The management held its Annual General Meeting on 20<sup>th</sup> November 2021 and obtained approval from the shareholders to change its name to DTM Real Estate Limited and permission to sell its land and building. The management took the decision to change its main line of business as it had seen success in renting / leasing its premises on a competitive rate. It also believes that this is the opportune time for the Company to seek new investment opportunities that can yield beneficial returns and better ratios for the Company and its shareholders. With the approval, the management plans to settle its liabilities and implement alternate business plan and to reinvest the proceed towards higher yielding investments. The management continues to be excited about its new line of business and is in process of its implementation.

The company net profit for the year ended September 30<sup>th</sup> 2021, PKR 1.94 million with EPS of PKR 0.24 per share vis-à-vis net profit of PKR 1.68 million and EPS of PKR 0.21 per share.

On behalf of the Board of Directors

  
**Abida Mukhtar**  
Chief Executive Officer

  
**Nilofer Mukhtar**  
Director

Lahore: November 29, 2021

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## ڈائریکٹرز کی رپورٹ

دارالسلام ٹیکسٹائل ملز لمیٹڈ ("کمپنی") کے ڈائریکٹرز 30 ستمبر 2021 کی مدت کے لیے پہلی سہ ماہی کے اکاؤنٹس پیش کرنے میں خوشی محسوس کر رہے ہیں۔

### منظر نامہ

گذشتہ سال کے دوران، ویکسینیشن کی بڑھتی ہوئی شرح نے COVID-19 کے نئے کیسز کی تعداد میں کافی حد تک کمی کی ہے۔ جب کہ حکومت کی توسیع پسندانہ پالیسی کے نتیجے میں معیشت میں تیزی آئی ہے۔ اس کے نتیجے میں، معیشت بلند افراط زر سے نمٹ رہی ہے لیکن جون 2022 میں ختم ہونے والے مالی سال میں اس میں تقریباً 5 فیصد اضافہ متوقع ہے۔

انتظامیہ نے 20 نومبر 2021 کو اپنی سالانہ جنرل میٹنگ کا انعقاد کیا اور شیئر ہولڈرز سے اس کا نام تبدیل کر کے ڈی ٹی ایم ریئل اسٹیٹ لمیٹڈ کی منظوری حاصل کی اور اپنی زمین اور عمارت فروخت کرنے کی اجازت حاصل کی۔ انتظامیہ نے اپنے کاروبار کی مرکزی لائن کو تبدیل کرنے کا فیصلہ کیا کیونکہ اس نے اپنے احاطے کو مسابقتی شرح پر کرایہ پر لینے / لیز پر دینے میں کامیابی دیکھی تھی۔ اس کا یہ بھی ماننا ہے کہ یہ کمپنی کے لیے سرمایہ کاری کے نئے مواقع تلاش کرنے کا مناسب اور بہتر وقت ہے جو کمپنی اور اس کے شیئر ہولڈرز کے لیے فائدہ مند منافع اور بہتر تناسب فراہم کر سکتے ہیں۔ منظوری کے ساتھ، انتظامیہ اپنی ذمہ داریوں کا تصفیہ کرنے اور متبادل کاروباری منصوبہ کو نافذ کرنے اور زیادہ پیداواری سرمایہ کاری کے لیے آگے بڑھنے کی دوبارہ سرمایہ کاری کرنے کا ارادہ رکھتی ہے۔ انتظامیہ اپنے کاروبار کی نئی لائن کے بارے میں پر جوش ہے اور اس کے نفاذ کے عمل میں ہے۔

30 ستمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کا خالص منافع PKR 1.94 بلین PKR 0.24 فی شیئر EPS کے ساتھ PKR 1.68 بلین کا خالص منافع اور PKR 0.21 فی شیئر EPS۔

منجانب / برائے بورڈ آف ڈائریکٹرز

Muhammad Nadeem  
نیلو فر مختار  
ڈائریکٹر

عابدہ مختار  
چیف ایگزیکٹو آفیسر

لاہور: 29 نومبر 2021

**Condensed Interim Statement of Financial Position (Un-audited)**  
**As at September 30, 2021**

|   | Note | 30-Sep-2021<br>Rupees<br>(Un-Audited) | 30-Jun-21<br>Rupees<br>(Audited) |
|---|------|---------------------------------------|----------------------------------|
| <b>ASSETS</b>   |      |                                       |                                  |
| <b>Non-current assets</b>   |      |                                       |                                  |
| Investment property   | 6    | 341,891,000                           | 341,891,000                      |
| Long term deposits  |      | <u>1,426,354</u>                      | <u>1,426,354</u>                 |
|   |      | <b>343,317,354</b>                    | <b>343,317,354</b>               |
| <b>Current Assets</b>   |      |                                       |                                  |
| Advances, deposits, prepayments and other receivables   |      | 1,641,667                             | 1,709,883                        |
| Tax refunds due from government   |      | 4,056,968                             | 4,056,968                        |
| Advance income tax  |      | 21,674,963                            | 20,774,963                       |
| Cash and bank balances  |      | <u>86,634</u>                         | <u>1,692,778</u>                 |
|   |      | <b>27,460,232</b>                     | <b>28,234,592</b>                |
| <b>Current liabilities</b>  |      |                                       |                                  |
| Trade and other payables  | 7    | 123,459,632                           | 124,829,776                      |
| Unclaimed dividend  |      | 1,159,777                             | 1,159,777                        |
| Accrued markup  |      | 101,972,527                           | 101,709,853                      |
| Short term borrowings   | 8    | 116,220,088                           | 116,220,088                      |
| Current portion of long term financing  |      | 144,233,020                           | 146,558,020                      |
| Provision for taxation  |      | <u>5,654,394</u>                      | <u>4,334,024</u>                 |
|   |      | <b>492,699,438</b>                    | <b>494,811,538</b>               |
| <b>Working capital employed</b>   |      | <b>(465,239,206)</b>                  | <b>(466,576,946)</b>             |
| <b>Less: Non-current liabilities</b>  |      |                                       |                                  |
| <b>Long Term Financing</b>  | 9    | <u>(16,207,566)</u>                   | <u>(14,309,630)</u>              |
| <b>NET CAPITAL EMPLOYED</b>   |      | <b>(138,129,418)</b>                  | <b>(137,569,222)</b>             |
| <b>Represented by:</b>  |      |                                       |                                  |
| <b>Share capital and reserves</b>   |      |                                       |                                  |
| Authorized share capital<br>15,000,000 (June 30, 2020: 15,000,000)<br>ordinary shares of Rupees 10 each |      | <u>150,000,000</u>                    | <u>150,000,000</u>               |
| Issued, subscribed and paid up share capital  |      | 80,000,000                            | 80,000,000                       |
| Accumulated loss  |      | (320,472,254)                         | (322,412,058)                    |
| Revaluation surplus   |      | 6,663,300                             | 6,663,300                        |
| Loan from sponsors  |      | <u>95,679,536</u>                     | <u>98,179,536</u>                |
| <b>TOTAL EQUITY</b>   |      | <b>(138,129,418)</b>                  | <b>(137,569,222)</b>             |

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

**Condensed Interim Profit and Loss Account (Un-audited)**  
**for the three months ended September 30, 2021**

|  | <b>Three months period ended</b> |                               |
|--|----------------------------------|-------------------------------|
|  | <b>September<br/>30, 2021</b>    | <b>September<br/>30, 2020</b> |
|  | <b>(Rupees)</b>                  |                               |
| Sales                                  | -                                | -                             |
| Cost of sales                          | -                                | -                             |
| <b>Gross profit / (loss)</b>           | <b>-</b>                         | <b>-</b>                      |
| Administrative expenses                | <b>(2,378,520)</b>               | (2,440,352)                   |
|  | <b>(2,378,520)</b>               | (2,440,352)                   |
| Other income                           | <b>6,000,000</b>                 | 5,098,407                     |
|  | <b>3,621,480</b>                 | 2,658,055                     |
| Finance costs                          | <b>(361,306)</b>                 | (2,466)                       |
| <b>Profit / (loss) before taxation</b> | <b>3,260,174</b>                 | 2,655,589                     |
| Taxation                               | <b>(1,320,370)</b>               | (967,846)                     |
| <b>Profit / (loss) after taxation</b>  | <b>1,939,804</b>                 | 1,687,743                     |
| Earnings per share                     | <b>0.242</b>                     | 0.211                         |

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
 Abida Mukhtar  
 Chief Executive Officer

  
 Shahid Ameen Chaudhry  
 Chief Financial Officer

  
 Nilofar Mukhtar  
 Director



**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
for the three months ended September 30, 2021

|                                     | <b>Three months period ended</b> |                               |
|-------------------------------------|----------------------------------|-------------------------------|
|                                     | <b>September<br/>30, 2021</b>    | <b>September<br/>30, 2020</b> |
|                                     | <b>(Rupees)</b>                  |                               |
| Profit / (loss) after taxation      | <b>1,939,804</b>                 | 1,687,743                     |
| Other comprehensive income / (loss) | -                                | -                             |
| Total comprehensive income / (loss) | <b><u>1,939,804</u></b>          | <b><u>1,687,743</u></b>       |

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

**Condensed Interim Statement of Cash Flows (Un-audited)**  
for the three months ended September 30, 2021

|   | <b>Three months period ended</b> |                               |
|---|----------------------------------|-------------------------------|
|   | <b>September<br/>30, 2021</b>    | <b>September<br/>30, 2020</b> |
|   | <b>(Rupees)</b>                  |                               |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                                  |                               |
| Profit / (loss) before taxation                                 | 3,260,174                        | 2,655,589                     |
| <b>Adjustments for non-cash charges/items:</b>                  |                                  |                               |
| Finance cost  | 361,306                          | -                             |
| <b>(Increase) / decrease in current assets:</b>                 |                                  |                               |
| Advances, deposits, prepayments and other receivables           | 68,216                           | (4,946,251)                   |
| <b>Increase / (decrease) in current liabilities:</b>            |                                  |                               |
| Trade and other payables  | (1,370,144)                      | 4,293,798                     |
| <b>Changes in working capital</b>                               | <b>(1,301,928)</b>               | <b>(652,453)</b>              |
| <b>Cash used in operating activities</b>                        | <b>2,319,552</b>                 | <b>2,003,136</b>              |
| Income tax paid   | (900,000)                        | (675,000)                     |
| Finance cost paid   | (114,696)                        | -                             |
| <b>Net cash used in operating activities</b>                    | <b>1,304,856</b>                 | <b>1,328,136</b>              |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                                  |                               |
| Addition in investment property                                 | -                                | (20,000)                      |
| <b>Net cash generated from investing activities</b>             | <b>-</b>                         | <b>(20,000)</b>               |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                                  |                               |
| Loan from sponsors  | (2,500,000)                      | (705,000)                     |
| Long term finance   | (411,000)                        | -                             |
| <b>Net cash (used in) / generated from financing activities</b> | <b>(2,911,000)</b>               | <b>(705,000)</b>              |
| <b>Net increase in cash and cash equivalents</b>                | <b>(1,606,144)</b>               | <b>603,136</b>                |
| <b>Cash and cash equivalents at the beginning of the period</b> | <b>1,692,778</b>                 | <b>295,806</b>                |
| <b>Cash and cash equivalents at the end of the period</b>       | <b>86,634</b>                    | <b>898,942</b>                |

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)  
for the three months ended September 30, 2021**

|  | Share capital | Accumulated loss | Revaluation surplus | Loan from sponsors | Total         |
|--|---------------|------------------|---------------------|--------------------|---------------|
| (Rupees)   |               |                  |                     |                    |               |
| <b>Balance as at June 30, 2020 (Audited)</b>         | 80,000,000    | (343,523,929)    | 6,663,300           | 100,869,536        | (155,991,093) |
| Loss after taxation                                  | -             | 1,687,743        | -                   | -                  | 1,687,743     |
| Other comprehensive income / (loss)                  | -             | -                | -                   | -                  | -             |
| Total comprehensive loss                             | -             | 1,687,743        | -                   | -                  | 1,687,743     |
| <b>Transactions with sponsors</b>                    |               |                  |                     |                    |               |
| Loan received from sponsors                          | -             | -                | -                   | (705,000)          | (705,000)     |
| <b>Balance as at September 30, 2020 (Un-audited)</b> | 80,000,000    | (341,836,186)    | -                   | 100,164,536        | (155,008,350) |
| <b>Balance as at June 30, 2021 (Audited)</b>         | 80,000,000    | (322,412,058)    | 6,663,300           | 98,179,536         | (137,569,222) |
| Profit after taxation                                | -             | 1,939,804        | -                   | -                  | 1,939,804     |
| Other comprehensive income / (loss)                  | -             | -                | -                   | -                  | -             |
| Total comprehensive income                           | -             | 1,939,804        | -                   | -                  | 1,939,804     |
| <b>Transactions with sponsors</b>                    |               |                  |                     |                    |               |
| Loan repaid from sponsors                            | -             | -                | -                   | (2,500,000)        | (2,500,000)   |
| <b>Balance as at September 30, 2021 (Un-audited)</b> | 80,000,000    | (320,472,254)    | 6,663,300           | 95,679,536         | (138,129,418) |

The annexed notes from 1 to 13 form an integral part of these condensed financial information.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director

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**Notes to the Condensed Interim Financial Information (Un-audited)  
for the three months ended September 30, 2021**

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**1 LEGAL STATUS AND OPERATIONS**

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Dar Es Salaam Textile Mills Limited ("the Company") was incorporated in Pakistan on September 28, 1989 as public unlisted company under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company became listed on Pakistan Stock Exchange in 1992. The registered office of the Company is located at House No 37 Street No 14, Cavalry Ground, Lahore Cantt. The Company was engaged in the business of manufacturing and sale of yarn.

**2 GOING CONCERN ASSUMPTION**

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The Company has closed its operation since 2014 and reported accumulated loss of Rupees 320.472 million (June 30, 2021: Rupees 322.412 million). The current liabilities exceeded its current assets by Rupees 467.714 million (June 30, 2021: Rupees 466.576 million) as of reporting date. Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. In order to settle the liabilities towards lenders and other creditors, the Company in Extra Ordinary General Meeting held on April 30, 2018 approved alternate business plan, settlement with lenders by disposal of property, plant and equipment. The management of the Company is in the process of reviewing another alternate business plan to revive the Company as previous approved business plan could not be implemented owing to non disposal of land, building and other assets for which fresh approval from shareholders may be taken once such business plan is approved by the Directors. During the last quarter of the financial year 2020, the Company was able to lease out its factory premises in accordance with the approval of the shareholders on April 20, 2020 to meet cash flow requirements of the Company. The Company is making its fullest efforts to sell factory premises in order to generate sufficient cash to settle its liabilities towards lenders and other creditors in foreseeable future and implement revised alternate business plan with the approval of the shareholders.

In view of the above, these financial statements have been prepared on going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose and bringing its liabilities to serviceable level and availability of adequate working capital through support from sponsors. The management is of the view that the Company will continue to get support of sponsors. The financial statements consequently do not include any adjustment relating to the realization of the assets and liquidation of its liabilities that might be necessary would the Company be unable to continue as a going concern.

**3 BASIS OF PREPARATION**

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**3.1 Statement of compliance**

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

**3.2** These interim financial statements are unaudited and being submitted to shareholders, as required by **Section 237** of the Companies Act, 2017. The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended September 30, 2021 and 2020 and the notes forming part thereof have not been reviewed by the auditors of the Company.

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**3.3** These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2021. The accounting policies and methods of computations adopted for the preparation of these interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

#### **4 ACCOUNTING POLICIES**

**4.1** The significant accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2021.

**4.2** There are certain International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2020. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

**4.3** Taxes on income in the interim periods are accrued using tax rate that would be applicable to expected annual profit or loss.

#### **4.4 Functional and presentation currency**

These interim financial statements is presented in Pak rupees, which is the functional and presentation currency for the Company.

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

The preparation of these condensed interim financial statements are in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2021.

|                              | <b>September<br/>30, 2021<br/>Rupees</b> | <b>June 30,<br/>2021<br/>Rupees</b> |
|------------------------------|--|-------------------------------------|
| <b>6 INVESTMENT PROPERTY</b> |  |                                     |
| Land                         | <b>151,157,000</b>                       | 151,157,000                         |
| Building                     | <b>190,734,000</b>                       | 190,734,000                         |
|                              | <b><u>341,891,000</u></b>                | <b><u>341,891,000</u></b>           |

**6.1** These are leased to third parties or held for appreciation in value. Changes in fair values are recognised and presented separately as "gain / (loss) from change in fair value of investment property" in statement of profit or loss.

|                                   | September<br>30, 2021<br>Rupees | June 30,<br>2021<br>Rupees |
|-----------------------------------|---------------------------------|----------------------------|
| <b>7 TRADE AND OTHER PAYABLES</b> |                                 |                            |
| Trade creditors                   | 90,068,766                      | 90,782,912                 |
| Accrued liabilities               | 23,043,837                      | 23,521,617                 |
| Advance against lease of property | 1,000,000                       | 900,000                    |
| Workers welfare fund              | 580,561                         | 580,561                    |
| Withholding income tax payable    | 242,934                         | 242,934                    |
| Sales tax payable                 | -                               | 278,246                    |
| Others                            | 8,523,534                       | 8,523,534                  |
|                                   | <u>123,459,632</u>              | <u>124,829,804</u>         |

**8 SHORT TERM BORROWINGS**

These facilities were obtained from various banking companies for working capital requirements and were secured against first joint pari passu charge over current assets of the Company, pledge of stocks and personal guarantees of sponsors / directors of the Company, at reporting date balance of stock in trade does not support these pledge amounts. These finance facilities carry mark up of ranging from one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum (June 30, 2021: one to six months KIBOR plus a spread of 1.75 to 3.50 percent per annum), payable quarterly.

|  | September<br>30, 2021<br>Rupees | June 30,<br>2021<br>Rupees |
|--|---------------------------------|----------------------------|
| <b>9 LONG TERM FINANCING</b>                             |                                 |                            |
| <i>Demand finances from banking companies - secured:</i> |                                 |                            |
| - The Bank of Punjab                                     | 11,951,177                      | 12,362,177                 |
| - United Bank Limited                                    | 14,959,062                      | 14,959,062                 |
| - United Bank Limited                                    | 20,000,000                      | 20,000,000                 |
| - United Bank Limited (Forced Demand Finance)            | 10,000,000                      | 10,000,000                 |
| - National Bank of Pakistan                              | 78,749,958                      | 78,749,958                 |
| - National Bank of Pakistan (CF swap)                    | 15,976,000                      | 15,976,000                 |
| - National Bank of Pakistan (Frozen mark-up)             | 4,548,000                       | 4,548,000                  |
| - Bank of Punjab Frozen Mark up                          | 4,256,389                       | 4,272,453                  |
|  | <u>160,440,586</u>              | 160,867,650                |
| Current portion taken as current liability               | <u>(144,233,020)</u>            | (146,558,028)              |
|  | <u>16,207,566</u>               | <u>14,309,622</u>          |

There is no change in the terms of loans as referred in note 16 of the audited financial statements of the Company for the year ended June 30, 2020.

**10 CONTINGENCIES AND COMMITMENTS****10.1 Contingencies**

**10.1.2** The Company filed Income Tax Return for the Tax Year 2009 by declaring taxable loss of Rupees 14,534,816 for the year and claimed brought forward losses of Rupees 123,213,497. The assessment Order under Section 122 (5A) of the Income Tax Ordinance, 2001 was finalized by the Department at taxable income of Rupees 137,646,895 and computed tax payable of Rupees 47,443,907. The Company preferred an appeal before Commissioner Appeals [CIR(A)] whereby CIR concluded the matter by

deletion of proration of expenses, deletion of loan by Rupees 55,600,000, cash payments by Rupees 100,455,778 and understatement of imports by Rupees 11,565,330, School expenses by Rupees 349,422 and confirmation of addition of retirement by Rupees 3,166,000 benefits and department being aggrieved with the decision of CIR filed an appeal before ATIR which is pending for adjudication. The management is of the view that matter will be decided in the company's favour.

**10.1.3** The Company filed Income Tax Return for the Tax Year 2012 and paid minimum tax at the rate of 0.5% on the basis of Sindh High Court Judgment. However, the Department disputed the same and charged minimum tax at the 1% resulting in additional minimum tax liability of Rupees 3,527,145. Further, the Department levied penalties under Section 182 (1)(5) of the Ordinance amounting to Rupees 176,357 and Rupees 881,786 for non-payment of tax for first and second defaults respectively. The Company being aggrieved filed an appeal before CIR (A-I) whereby CIR (A-I) directed DCIR to delete the penalties after verification of available refunds. No further action is taken by the department so far.

**10.1.4** The Company was selected for audit under section 214D of the income tax ordinance, 2001, the correspondences on legal ground with the Department are in process. Notice was served by DCIR dated July 06, 2020, whereby the Company requested to join audit proceedings under section 177(1) read with section 214D of the Income Tax Ordinance, 2001, correspondences on legal ground with the Department are in process.

**10.1.5** The SNGPL levied surcharge of Rupees 22.954 million under Gas Infrastructure Development Cess on industrial undertakings during FY 2012 to May 2015. Lahore High Court passed an order and directed to constitute a High Power Committee of SNGPL to look into the case of industrial undertaking. Federal Government challenged the decision of the High Court of Sindh, which declared the GIDC as ultra vires and unconstitutional in case of another company, and obtained a direction from a Larger Bench of the High Court of Sindh suspending the order. In a separate case, Peshawar High Court passed a judgment on May 31, 2017 validating the Gas Infrastructure Development Cess Act, 2015 and the same has been challenged by the petitioners in the Supreme Court of Pakistan.

During the last year, Gas Infrastructure Development Cess Act, 2015 (Amendment) Ordinance, 2019 was promulgated by the Federal Government which provided for 50% waiver of outstanding liability as at December 31, 2018. Later, the said Ordinance was withdrawn by the Federal Government and pending decision with the Supreme Court of Pakistan. Now Subsequent to the reporting date; Supreme Court of Pakistan has announced on August 13, 2020 its reserved verdict on the Gas Infrastructure Development Cess (GIDC) and has rejected the appeals and ordered the companies to pay the outstanding amount. Despite the Supreme Court of Pakistan verdict, specifically the textile industrial units, feel grieved and levy of unjustified cess applied contrary to the provisions of the GIDC Act, 2015. The Textile companies through APTMA has filed review petition before the Honorable Supreme Court of Pakistan; therefore, the Company has not recognised the amount of Rupees 22.954 million in these financial statements as the management of the Company, as per advise of the legal counsel of Company, is of the view that decision on review petition shall be decided in favour of the Company.

**10.1.6** Faysal Bank Limited filed a suit against the Company and its management for recovery of Rupees 22,697,054 before the Banking Courts, Lahore. Said suit was decreed but was challenged by the Company on May 16, 2017 before the Division Bench of Lahore High Court, Lahore vide RFA No. 107003/2017. Said appeal is still pending for adjudication and the final outcome of this matter depends upon the decision of this appeal. The Bank has filed an Execution Petition before the Banking Court case Rt No. II Lahore which is also pending adjudication. The Company is vigilantly pursuing this case and is of the view that the case will be decided in the Company's favour.

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- 10.1.7** National Bank of Pakistan has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 167921/2018, wherein the Bank claimed recovery of Rupees 100.628 million. The suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 10.1.8** United Bank Limited has filed a suit against the Company and its management before the Lahore High Court Lahore vide COS No. 221677/2018, wherein the Bank has claimed for recovery of Rupees 183.709 million from the Company. This suit is still pending for adjudication. This case is being vigorously and diligently contested by the Company and there are good chances of a favorable result in this case.
- 10.1.9** National Bank of Pakistan has lodged a frivolous and time barred claim of Rupees 51.48 million based upon the LC's facilities sanctioned about 7/8 years back. National Accountability Bureau has also taken up this matter, which act of the NBP and the NAB has been challenged in a Writ Petition No. 221742/2018 before the Lahore High Court, Lahore. Writ Petition along with other similar matters were allowed by the full Bench of Lahore High Court, Lahore on December 24, 2018. The NAB has assailed this judgment in Supreme Court of Pakistan vide CPLA No. 1478/2019, which is pending adjudication and there are good chances of a favorable result in this case. There is no scope of any fiscal loss to the Company in the instant matter.
- 10.1.10** The Company has filed a suit against National Bank of Pakistan, before the Lahore High Court, Lahore vide COS No. 220828/2018, challenging Bank's alleged claim based upon the LC's facilities sanctioned about 7/8 years back. The claim of the Bank is baseless and time barred. This suit is still pending adjudication. There is no scope of any fiscal loss to the Company in the instant matter. This case is being vigorously pursued by the Company.
- 10.1.11** Securities and Exchange Commission of Pakistan has initiated show cause proceedings against the Company under Section 301 of the Companies Act, 2017. The Company has submitted detailed reply to the show cause notice along with revival plan of the Company upon disposal of land and building and settlement of loans with lenders and creditors. The Company is making all its efforts to revive the Company by implementing revised business plan after approval of shareholders. We are hopeful that show cause proceedings shall be dropped in near future.

## **10.2 Commitments**

- 10.2.1** There are expired Letter of guarantees to Sui Northern Gas Pipelines Company Limited (SNGPL) amounting to Rupees 20.647 million (2021: Rupees 20.647 million) and Rupees 0.598 million (2020: Rupees 0.598 million ) from United Bank Limited and Faysal Bank Limited respectively for the various amounts. These guarantees have not yet been returned by the Sui Northern Gas Pipelines Company Limited for onward submissions to the banks for cancellation.

## **11 RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

Related parties comprise of directors of the Company, their close relatives and key management personnel. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

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**11.1 Name and nature of relationship****Sponsors**

Ms. Nilofer Mukhtar - Director

Ms. Abida Mukhtar - Director

**11.2 Transactions with related parties**

| <u>Nature of Relationship</u> | <u>Nature of Transaction</u> | <u>September 30,<br/>2021<br/>(Rupees)</u> | <u>June 30,<br/>2021</u> |
|-------------------------------|------------------------------|--|--------------------------|
| Sponsors                      | Loan repaid                  | <b>2,500,000</b>                           | 3,850,000                |

**12 FINANCIAL RISK MANAGEMENT****12.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

These interim financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2021.

**12.2 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these interim financial statements.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (Unobservable inputs) (level 3).

As at reporting date, the Company has following item to report in these levels:

|  | September 30, 2021 |             |             |             |
|--|--------------------|-------------|-------------|-------------|
|  | Level 1            | Level 2     | Level 3     | Total       |
| <b>Fair value measurements</b>                           | <b>(Rupees)</b>    |             |             |             |
| <b>Assets</b>  |                    |             |             |             |
| Assets at fair value through statement of profit or loss | -                  | 190,734,000 | 131,397,000 | 322,131,000 |
|  | June 30, 2021      |             |             |             |
|  | Level 1            | Level 2     | Level 3     | Total       |
| <b>Fair value measurements</b>                           | <b>(Rupees)</b>    |             |             |             |
| <b>Assets</b>  |                    |             |             |             |
| Assets at fair value through statement of profit or loss | -                  | 190,734,000 | 131,397,000 | 322,131,000 |

### 13 GENERAL AND CORRESPONDING FIGURES

**13.1** In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim statement of financial position comprise of balances as per the audited annual financial statements of the Company for year ended June 30, 2021 and the corresponding figures in the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity comprise of balances of comparable period as per the condensed interim financial statements of the Company for the three months period ended September 30, 2021.

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

### 14 DATE OF AUTHORIZATION

**14.1** These interim financial statements were approved by the Board of Directors of the Company and authorized for issue on November 29, 2021.

  
Abida Mukhtar  
Chief Executive Officer

  
Shahid Ameen Chaudhry  
Chief Financial Officer

  
Nilofar Mukhtar  
Director



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