



Mission Statement

The Mission of Dewan Mushtaq Textile Mills Limited is to be the finest Organisation, and to conduct business responsibly and in a straight forward way.

Our basic aim is to benefit the customers, employees and shareholders and to fulfill our commitments to the society. Our hallmark is honesty, innovation, teamwork of our people and our ability to respond effectively to change in all aspects of life including technology, culture and environment.

We will create a work environment, which motivates, recognizes and rewards achievements at all levels of the Organisation because

In Allah We Believe & In People We Trust

We will always conduct ourselves with integrity and strive to be the best.

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Board of Directors	:	Dewan Mohammad Yousuf Farooqui Chairman, Board of Directors
		Dewan Abdullah Ahmed Chief Executive Officer
		Dewan Abdul Baqi Farooqui Managing Director
		Dewan Abdul Rehman Farooqui
		Dewan Asim Mushfiq Farooqui
		Mr. Haroon Iqbal
		Mr. Aziz-ul-Haque
Audit Committee	:	Dewan Abdul Baqi Farooqui - Chairman Dewan Asim Mushfiq Farooqui - Member Mr. Haroon Iqbal - Member
Auditors	:	Messrs Feroze Sharif Tariq & Co. Chartered Accountants 4/N/H, Block-6, P.E.CH.S. Karachi.
Company Secretary	:	Mr. Muhammad Faisal Sultan
Tax Advisors	:	Sharif & Company Advocates
Legal Advisor	:	A. K. Brohi & Co. Advocates
Bankers	:	Muslim Commercial Bank Limited Habib Bank Limited Silk Bank Limited
Registered Office	:	Finance & Trade Centre Block-A, 8th Floor, Shahrah-e-faisal, Karachi.
Factory Office	:	A-30, S.I.T.E. Hyderabad Sind, Pakistan.



NOTICE OF 48TH ANNUAL GENERAL MEETING

ANNUAL REPORT 2009

NOTICE IS HEREBY GIVEN that the Forty Eighth Annual General Meeting of Dewan Mushtaq Textile Mills Limited (“DMTML” or “the Company”) will be held on Thursday, October 29, 2009, at 02:30 p.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:

1. To confirm the minutes of the preceding Annual General Meeting of the Company held on Wednesday, October 29, 2008;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2009, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By Order of the Board

Muhammad Faisal Sultan
Company Secretary

Date : October 06, 2009

Place : Karachi

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 23, 2009 to October 29, 2009 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent Raoji Consulting Associates (Private) Limited, located at 4th Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, Karachi 75350, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the abovesaid address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:
 - a) **For Attending Meeting:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.
 - b) **For Appointing Proxies:**
 - i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.



- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished alongwith 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, alongwith the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.



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, other members of the management of your Company are pleased to present the Annual Audited Financial Statements of the Company for the year ended June 30, 2009 together with the Auditors' Report thereon.

An overview of the current year operations

Our Company has incurred after tax loss of Rs. 69.3 million in this year. The operating results for the year under review are as follows:

	“Rupees”
SALES (NET)	1,033,717,254
COST OF SALES	(997,035,442)
GROSS PROFIT	36,681,812
OPERATING EXPENSES	39,844,082
OTHER CHARGES	5,300,257
FINANCE COST	69,798,740
	114,943,079
LOSS BEFORE TAXATION	(78,261,267)
TAXATION	8,915,916
LOSS AFTER TAXATION	(69,345,351)

The turnover of the Company decreased by Rs 536 million and the gross profit margins decreased from 76.01 million to 36.68 million due to increased cost of production. Your company incurred a pretax loss of Rs. 78.2 million and post-tax loss of Rs. 69.3 million.

The above result reflects the worst economic turmoil, Inflation, liquidity crunch, energy crises, devaluation of Pak rupee, increase in interest rates, worse law and order situation, increase in transportation cost due to rise in petroleum products were the major factors for the above mentioned results.



Increased input cost and utilities witnessed a sharp rise. During the year, the cost of raw material and yarn remained volatile.

Pak rupee lost 19.2% of its value up to June 2009 and still showing a consistent upward trend till date.

Future Outlook

The management of your company is optimistic to run the company on full capacity instead of such a dire situation of the textile industry. Expectations of the global recovery from the recession seem to be positive. Schemes of technological up-gradation, textile cities and freight subsidies could also assist textile exports to face the WTO regime challenges. Textiles are Pakistan's biggest export, bringing in around \$8-\$9 billion every year. Yarn sales account for about 13% of exports, and towels, raw cotton, bed sheets, garments and fabrics contribute the remainder.

The Company has already started cost cutting measure and increases its efficiency to counter the cost increases and unfair competition being faced from Bangladesh, India and China, which are giving huge subsidies to their textile industry.

Post Balance Sheet Events

There has been no event subsequent to the balance sheet date that would require an appropriate disclosure or adjustment to the financial statements referred herein.

Statements of Compliances under the Code of Corporate Governance

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 as required under the Companies Ordinance, 1984.
3. Except as provided hereafter, appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. As per the directives of SECP vide S.R.O. 150 (I)/2009 dated February 13, 2009 the Company has shown impairment loss due to valuation of listed equity investments held as "Available for Sale" under Equity. The impact of normal and the opted method has been disclosed in note 13.1 to the accounts.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from 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 are no significant doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the corporate governance.
8. The Company has constituted an Audit Committee from amongst the non-executive members of its Board.
9. The Board has prepared and circulated a Statement of Ethics and Business Practices amongst its members and the company's employees.



10. 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; and

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

Names	No. of Meetings attended
Dewan Muhammad Yousuf Farooqui	4
Dewan Abdullah Ahmed	4
Dewan Abdul Baqi Farooqui	4
Dewan Abdul Rehman Farooqui	4
Dewan Asim Mushfiq Farooqui	2
Mr. Shahid Anwar	1
Mr. Muhammad Azimuddin	2
Mr. Muhammad Mudassir	1
Mr. Haroon Iqbal	2

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

Earnings per Share

Loss per Share during the period under report worked out to Rs.(20.19) 2008: Rs.(2.36)

Appointment of Auditors

The present auditors, M/s. Feroze Sharif Tariq & Co., Chartered Accountants, Karachi, retire and being eligible for reappointment under the Companies Ordinance, 1984, and the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, have offered themselves for the same. The Board of Directors of your company, based on the recommendations of the Audit Committee of the board, propose M/s. Feroze Sharif Tariq & Co., Chartered Accountants, for reappointment as auditors of the company for the ensuing year.



Pattern of Shareholding

The prescribed shareholding information, both under the Companies Ordinance, 1984, and the Listing Regulations, vis-à-vis, Code of Corporate Governance, is attached at the end of this report.

Vote of Thanks & Conclusion

On the behalf of the Board, I 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.

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

By and under Authority of the Board of Directors

Dewan Abdullah Ahmed
Chief Executive

Date: October 06, 2009

Place: Karachi.



(Rupees in Million)

	2003	2004	2005	2006	2007	2008	2009
Sales (Net)	668	997	584	1,065	1,136	1,570	1,034
Gross Profit	98	87	55	96	94	76	37
(Loss) / Profit before Tax	20	22	18	20	16	3	(78)
(Loss) / Profit After Tax	4	9	6	11	10	(8)	(69)
Assets Employed	1,284	1,278	1,320	1,436	1,381	896	724
Return on Equity	2.67 %	6.33 %	3.83 %	3.12 %	3.01 %	(3.64 %)	(77.25 %)
Current Assets	827	815	868	821	802	458	389
Shareholder's Equity	136	145	151	345	342	223	90
Deferred Liabilities	34	42	51	58	56	56	55
Current Liabilities	945	983	1,056	1,033	982	618	392
Gross Profit Ratio	14.72 %	8.72 %	9.49 %	8.99 %	8.24 %	4.84 %	3.55 %
Net Profit / (Loss) Ratio	0.55 %	0.92 %	0.99 %	1.01 %	0.91 %	(0.52 %)	(6.70 %)
Earning / (Loss) per Share	1.56	3.25	1.86	3.13	3.00	(2.36)	(20.19)
Dividend (%)							
cash	-	-	-	-	-	-	-
stock	10%	10%	10%	10%	-	-	-
Production							
Actual Production							
at Actual Avg. Count	7,138,846	6,829,282	4,785,201	7,089,662	7,259,365	6,981,430	6,033,631
Actual Production							
converted to 20 count	8,943,083	9,747,460	9,912,772	12,617,208	11,923,759	11,062,114	9,492,977



This statement is being presented to comply with the code of Corporate Governance contained in listing regulations of Karachi Stock Exchange for the purpose of establishing the framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principals contained in the Code in the following manner:

1. The company encourages representation of Independent non-executive directors. At present, the Board includes four non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including Dewan Mushtaq Textile Mills Limited.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of stock exchange, has been declared as a defaulter by that Stock Exchange.
4. Casual Vacancies occurring in the board during the Financial year were duly filled up by the Board.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.
6. 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.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
8. The meetings of the board were presided over by the Chairman, if he is available, and the Board met once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged an orientation course for its directors during the year to appraise them of their duties and responsibilities.
10. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The directors CEO and executives do not hold any interest in the shares of the Company other than that has already been disclosed in the pattern of shareholder.
12. The company has complied with all the corporate and financial reporting requirements of the code.
13. The Board has formed an audit committee. It comprises three members, including the chairman.



14. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference to the committee have been formed and advised to the committee for compliance.
15. The Board has set-up an effective internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants 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 Institute of Chartered Accountants of Pakistan.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other material principals contained in the Code have complied with.

Dewan Abdullah Ahmed
Chief Executive

Date : October 06, 2009
Place : Karachi

Partners: **FEROZE QAISER F.C.A., I.C.A.E.W.**
ALI HUSAIN, F.C.A.
MOHAMMAD TARIQ, F.C.A., A.C.M.A.

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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the 'Statement of Compliance with the Best Practices' contained in the 'Code of Corporate Governance' as applicable to the company for the year ended June 30, 2009 prepared by the Board of Directors of Dewan Mushtaq Textile Mills Limited to comply with the Listing Regulation No(s). 37 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for compliance with the 'Code of Corporate Governance' is that of the board of directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the 'Statement of Compliance' reflects the status of the company's compliance with the provisions of the 'Code of Corporate Governance', and report if it does not. A review is limited primarily to inquiries of the company personnel and review of the various documents prepared by the company to comply with the code.

As 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the board's statement on internal control covers all controls, and the effectiveness of such controls.

Based on our review, nothing has come to our attention that causes us to believe, that the 'Statement of Compliance' does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2009.



Feroze Sharif Tariq & Company
Chartered Accountants
Mohammad Tariq

Date : October 06, 2009
Place : Karachi

Partners: **FEROZE QAISER F.C.A., I.C.A.E.W.**
ALI HUSAIN, F.C.A.
MOHAMMAD TARIQ, F.C.A., A.C.M.A.

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of *Dewan Mustaq Textile Mills Limited*, as at June 30, 2009, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof, for the period then ended, 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 purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the Balance Sheet and Profit & Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied,
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2009 and of the loss its Cash flow and Changes in Equity for the year then ended; and
- d) In our opinion, "no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980".



Feroze Sharif Tariq & Company
Chartered Accountants
Mohammad Tariq

Date : October 06, 2009
Place : Karachi



BALANCE SHEET

BALANCE SHEET AS AT JUNE 30, 2009

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EQUITY AND LIABILITIES

CAPITAL & RESERVES

Authorized

10,000,000 (2008: 10,000,000) Ordinary Shares of Rs. 10/- each

Issued, Subscribed and Paid-up Capital

General Reserve - (a Revenue Reserve)

Unrealized gain due to change in fair value of investment

Impairment loss on Investment to be charge in future

Unappropriated Profit

Shareholders Equity

NON-CURRENT LIABILITIES

Long Term Finances - Secured

Deferred Liabilities

Provision for Staff Gratuity

Deferred taxation

CURRENT LIABILITIES

Trade and Other Payables

Mark-up accrued on loans

Current Portion of Long Term Loan

Short Term Borrowings - Secured

Provision for Income Tax

Contingencies and Commitments

ASSETS

NON-CURRENT ASSETS

Tangible Fixed Assets

Available for Sale Investment - at fair value

Long Term Deposits

CURRENT ASSETS

Stores, Spares and Loose Tools

Stock-in-Trade

Trade Debts - Considered Good

Loans and Advances - Unsecured, Considered good

Trade Deposits, Prepayments and Statutory Balances - Considered good

Other Receivables - Unsecured, Considered good

Income Tax Refunds and Advances - net

Cash and Bank Balances

	Notes	June 30, 2009	June 30, 2008
		(Rupees)	
		100,000,000	100,000,000
		34,340,280	34,340,280
		45,000,000	45,000,000
		--	58,329,364
		(5,300,256)	--
		15,725,206	85,070,557
		89,765,230	222,740,201
		187,500,000	--
		23,671,766	25,843,484
		31,327,002	30,139,341
		54,998,768	55,982,825
		107,733,276	464,616,704
		40,513,694	4,633,545
		62,500,000	--
		171,337,212	129,674,207
		9,629,817	18,588,005
		391,713,999	617,512,461
		723,977,997	896,235,487
		304,313,909	338,622,346
		29,399,487	98,329,364
		840,510	840,510
		9,574,862	10,672,668
		112,119,684	257,230,215
		223,608,633	129,843,626
		16,459,567	10,499,064
		6,588,739	6,803,009
		4,321,055	2,423,329
		10,738,217	13,162,498
		6,013,334	27,808,858
		389,424,091	458,443,267
		723,977,997	896,235,487

The annexed notes form an integral part of these accounts.

Dewan Abdul Baqi Farooqui
Managing Director

Dewan Abdullah Ahmed
Chief Executive



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2009

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	Note	June 30, 2009	June 30, 2008
		(Rupees)	
SALES - Net	20	1,033,717,254	1,569,775,319
Cost of Sales	21	(997,035,442)	(1,493,755,667)
Gross Profit		<u>36,681,812</u>	<u>76,019,652</u>
Operating Expenses			
Distribution Costs and Selling Expenses	22	(18,173,433)	(23,035,687)
Administrative and General Expenses	23	(21,670,649)	(17,819,250)
		<u>(39,844,082)</u>	<u>(40,854,937)</u>
OPERATING LOSS		<u>(3,162,270)</u>	<u>35,164,715</u>
Other Operating Income	24	--	173,450
Loss from Operations		<u>(3,162,270)</u>	<u>35,338,165</u>
Finance Cost	25	(69,798,740)	(32,044,854)
		<u>(72,961,010)</u>	<u>3,293,311</u>
Other Charges	26	-	(164,666)
Impairment loss		(5,300,257)	--
(LOSS) / PROFIT BEFORE TAXATION		<u>(78,261,267)</u>	<u>3,128,645</u>
Taxation			
- Current	10.2	(263,674)	(7,909,226)
- Prior		10,367,251	--
- Deferred	7.1	(1,187,661)	(3,339,708)
		<u>8,915,916</u>	<u>(11,248,934)</u>
LOSS AFTER TAXATION		<u>(69,345,351)</u>	<u>(8,120,289)</u>
Loss Per Share - Basic	27	<u>(20.19)</u>	<u>(2.36)</u>

The annexed notes form an integral part of these accounts.

Dewan Abdul Baqi Farooqui
Managing Director

Dewan Abdullah Ahmed
Chief Executive



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2009

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	June 30, 2009	June 30, 2008
	(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit before Taxation	(78,261,267)	3,128,646
Adjustment for Non-Cash and Other Items:		
Depreciation	34,970,988	35,880,405
Gain on Sale of Fixed Assets	--	(173,450)
Impairment Loss	5,300,257	--
Provision for Gratuity	6,161,563	6,024,146
Financial Expenses	69,798,740	32,044,854
	116,231,548	73,775,955
	37,970,281	76,904,601
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stores, Spares and Loose Tools	1,097,806	(3,364,602)
Stock-in-Trade	145,110,532	313,836,227
Trade Debts	(93,765,007)	(5,117,129)
Loans and Advances	(5,960,503)	(4,536,483)
Trade deposits, Prepayments & Statutory balances	214,271	1,338,007
Other Receivables	(1,897,726)	(532,510)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	(352,185,210)	(166,175,596)
	(307,385,837)	135,447,914
Taxes Paid - net of refunds	(1,128,546)	(3,971,747)
Gratuity Paid	(8,333,284)	(9,871,642)
	(9,461,830)	(13,843,389)
<i>Net Cash Inflow/ (Outflow) from Operating Activities</i>	(278,877,386)	198,509,126
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(662,550)	(6,228,161)
Sale Proceed of Fixed Assets	--	330,000
<i>Net Cash Inflow/ (Outflow) from Investing Activities</i>	(662,550)	(5,898,161)
CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Financing	250,000,000	--
Financial Expenses Paid	(33,918,593)	(31,518,059)
Dividend Paid	--	(8,044)
<i>Net Cash Inflow/ (Outflow) from Financing Activities</i>	216,081,407	(31,526,103)
Net Increase in Cash and Cash Equivalents	(63,458,529)	161,084,862
Cash and Cash Equivalents at the Beginning	(101,865,349)	(262,950,211)
Cash and Cash Equivalents at the End (Note 31)	(165,323,878)	(101,865,349)

The annexed notes form an integral part of these accounts.

Dewan Abdul Baqi Farooqui
Managing Director

Dewan Abdullah Ahmed
Chief Executive



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2009

ANNUAL REPORT 2009

	Share Capital	General Reserve	Unrealized gain/(deficit) due to change in fair value of Investment	Impairment Loss on available for sale investment	Unappropriated Profit	Total
	(Rupees'000')					
Balance as on July 01, 2007	34,340,280	45,000,000	169,570,665	--	93,190,845	342,101,790
Loss after Tax	--	--	--	--	(8,120,288)	(8,120,288)
Deficit due to change in fair value of investment	--	--	(111,241,301)	--	--	(111,241,301)
Balance as on June 30, 2008	34,340,280	45,000,000	58,329,364	--	85,070,557	222,740,201
Loss after Tax	--	--	--	--	(69,345,351)	(69,345,351)
Deficit due to change in fair value of investment	--	--	(58,329,364)	(10,600,513)	--	(68,929,877)
Impairment loss Charged to P&L	--	--	--	5,300,257	--	5,300,257
Balance as on June 30, 2009	34,340,280	45,000,000	--	(5,300,256)	15,725,206	89,765,230

The annexed notes form an integral part of these accounts.

Dewan Abdul Baqi Farooqui
Managing Director

Dewan Abdullah Ahmed
Chief Executive



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 Ordinance, 1984) and its shares are listed on the Karachi Stock Exchange in Pakistan. The registered office of the company is located at Finance & Trade Centre, Block-A, 8th Floor, Shahrah-e-faisal, 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.

2. Basis of Preparation

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Cost Convention

The financial statements have primarily been prepared under the historical cost convention without any adjustments for the effect of inflation or current values, except for the financial assets and liabilities which are carried at their fair values and certain employee benefits are based on actuarial valuation and stock intrade which are valued at net realizable value, if it is less than the cost. Further, accrual basis of accounting is followed except for cash flow information.

2.3. Approval of Financial Statements

These financial statements were approved by the Board of Directors and authorized for issue on October 06, 2009.

2.4. Significant accounting judgments and Estimates

The preparation of 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, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of approved accounting standard as, applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

- a) Provision for taxes.
- b) Provision for obsolescence of stock.
- c) Provision for post employment benefit.

2.4.1 Property, Plant and Equipments

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the recommendation of technical team of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of tangible fixed assets with a corresponding affect on the depreciation charge and impairment.

2.4.2 Income Taxes

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax departments at the assessment stage and where the company Conceder's that its view on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities. Furthermore, the company may be able to avail the benefit of the payment of turnover tax, provided sufficient taxable profits are available in in next five years when this credit can be utilized.

2.4.3 Staff Retirement Benefits- gratuity

Certain actuarial assumptions have been adopted as disclosed in note no. 6 to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

2.4.4 Trade debts and other receivables

Impairment loss against doubt ful trade and other debts is made on a judgemental basis, which provions may differ in future years based on the actual experience. The diffreance in the provision if any, is recognised in the future period.

2.4.5 Stock-in-Trade and Strores and Spares

The company's management reviews the net realisable value (NRV) and impairment of Staoock in trade and stores and spares to assess and dimution in the respective carrying values and wherever required provision for NRV/impairmant is made. The diffreance in provisions, if any, is recognised in future periods.

2.5. Initial Application of a standard or and Interpretation

The following standards, amendments and Interpretations become effective during the current year.

IFRS 7 - Financial Instruments: Disclosures (effective for annual periods beginning on or after July 01, 2008) supersedes IAS 30 - Disclosures in the financial statements of Banks and similar Financial Institutions and the disclosure requirements of IAS 32 - Financial Instruments: Disclosure and presentation. The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IAS 29 - Financial Reporting in Hyperinflationary Economic (effective for annual periods beginning on or after July 01, 2008). The Company does not have any operations in hyperinflationary Economics and therefore the application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 12 - Service Concession Arrangements (effective for annual period beginning on or after January 1, 2008). The application of this standard did not affect the financial statements of the Company.

IFRIC 13 Customer Loyalty Programmes (effective for annual periods on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 IAS 19 - The limit on defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. The interpretation has no effect on Company's financial statements for the year ended 30 June 2009.

b) Standards, Interpretations and Amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

Revised IAS 1- Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a periods other than those changes resulting from transaction with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statements and all non-owner changes in equity in a single statement) or in an income statement and a separate statement of comprehensive income.

Revised IAS 23- Borrowing costs (effective for annual periods beginning on or after 1 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

IAS 27 Consolidated and separate financial statements (effective for annual periods beginning on or after 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

Amended IAS 27 Consolidated and separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former a subsidiary will be measured as fair value with gain or loss recognized in the profit or loss.

Amendment to IAS 32 Financial Instruments: Presentation and IAS I Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)- Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that on the entity an obligation to deliver to another party pro rate share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met.

Amendments to IAS 39 and IFRIC 9- Embedded derivative (effective for annual beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instruments when financial instrument when financial assets are reclassified out of the fair value.

Amendment to IAS 39 Financial Instruments: Recognition and measurement - Eligible hedged items (effective for annual periods beginning on or after 1 July 2009) clarifies the application of existing principles that determine whether specific risk or portions of cash flows are eligible for designation in a hedging relationship.



Amendment to IFRS 2 Share-based payment-vesting Conditions and Cancellation (effective for annual periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires no vesting condition to be reflected in grant -date fair value and provides the accounting treatment for non-vesting conditions and cancellations.

Amendment to IFRS 2 -Share-based payment- Group cash settled Share-based payments Transaction (effective for annual periods beginning on or after 1 January 2010) currently effective IFRS requires attribution of group share-based payment transaction only if they are equity-settled. The amendment resolve diversity in practice regarding attribution of cash-settled share-based payments transaction and require an entity receiving goods or services in either an equity-settled or a cash-settled payments transaction to account for the transaction in its separate or individual financial statements.

Revised IFRS 3 Business Combinations (Applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-exciting interest in an acquire to be measured at fair value with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, are at its proportionate interests in identification assets and liabilities of an acquire, on a transaction -by-transaction basis.

IFRS 4- insurance Contracts (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvement to accounting for insurance contracts until the Board completes second phase of its project on insurance contracts. The standards also require an entity issuing insurance (an insurance) to disclose information about those contracts.

Amendment to IFRS 7- Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009) These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the reliability of fair value measurements.

IFRS 8 Operating segments (effective for annual periods beginning on or after 1 January 2009) introduces the “ management approach “to segment reporting IFRS 8 will require a change in presentation and disclosure of segment information based in the internal reports that are regularly reviewed by the Company’s chief operating decision maker” in order to assess each segment’s performance and to allocate resources to them. Currently the Company present segment information in respect of its business segments.

IFRIC 15- Agreement for Construction of Real Estate (effective for annual periods on or after 1 October 2009) clarifies the recognition of revenues by real estate developers for sale of units, such as apartments of houses, off-plan. that is before construction is complete.

IFRIC 16 Hedge of Net Investment in a Foreign Operating (effective for annual periods beginning on or after 1 October 2008) clarifies that investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity’s functional currency and only in an amount equal to or less than the net assets of the foreign for operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determine to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used.

IFRIC-17 Distributions of Non-cash Assets to Owners (effective annual periods beginning on or after 1 July 2009) states that when Company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognized in the income statement.

IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as supply of electricity, gas or water).

3. Significant Accounting Policies

3.1 Post Employment Benefits - Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its staff. Provisions are made, based on actuarial recommendations. Actuarial valuation is carried out using the 'Projected Unit Credit' method, as required by International Accounting Standard 19 "Employee Benefits". In line with the recognition of the resulting actuarial gain or loss over a period of three years, the frequency of carrying out an actuarial valuation is three years.

3.2 Trade and Other Payables

Trade and other payables are stated at their cost.

3.3 Taxation

Current Year

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

Deferred

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

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

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

3.4 Property, Plant and Equipment

- *Owned*

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any; except for lease hold land and capital works in progress which are stated at cost accumulated upto the balance sheet date.

- *Leased*

The company accounts for fixed assets acquired under finance leases by recording the assets and the related liability. These amounts are determined as the fair values or discounted value of minimum lease payments; whichever is the lower, as at inception, less accumulated depreciation and impairment losses. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

- **Depreciation**

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

- **Repairs, renewals and maintenance**

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

3.5 Leases

Finance leases, which transfer to the company, substantially all the risks and benefits incidental to ownership, are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

3.6 Investment in Associated Companies (Available for sale)

Available for sale investments are initially recognized at cost being the fair value of the consideration given including acquisition charges associated with.

After initial recognition, investment which are classified as available for sale are remeasured at fair value. Unrealized gains and losses on available for sale investments are recognized in equity till the investment is sold or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in income.

3.7 Stores, Spares and Loose Tools

These are stated at the lower of cost and net realizable value. The cost of inventory is based on the weighted average cost. Items in transit are stated at cost accumulated upto the date of the balance sheet.

3.8 Stock-in-Trade

These are valued as follows :

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

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

3.9 Trade Debts & Other Receivables

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

3.10 Foreign Currency Translation

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

3.11 Revenue Recognition

- Revenue from sales is recognized on dispatch of goods to customers.
- Dividend income is recognized on the basis of declaration by the Investee company.

3.12 Borrowing Cost

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

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

3.13 Provisions

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

3.14 Financial Instruments Recognition

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities are taken to profit and loss account to which it arises.

Off Setting

Financial asset and financial liability is set off and the net amount is reported in the balance sheet if the company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

Derivatives

Derivatives that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.15 Cash and Cash Equivalents

Cash and Cash Equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Running finances facilities availed by the company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

3.16 Impairment of Assets

The carrying amounts of the assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount, whereby the asset is written down and that impairment losses are recognized in the profit and loss account.

**3.17 Related Party Transactions**

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

3.18 Loans, Advances and Other Receivables

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

3.19 Short Term and Long Term Loans

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

3.20 Dividend

Dividend is recognized as a liability in the period in which it is approved by the shareholders.

		June 30, 2009	June 30, 2008
		(Rupees)	
4. Issued, Subscribed and Paid-up Capital			
	<i>No. of Ordinary Shares of Rs. 10/- each</i>		
	2009	2008	
	690,000	690,000	Fully Paid in cash 6,900,000
	2,744,028	2,744,028	Issued as fully paid bonus shares 27,440,280
	<u>3,434,028</u>	<u>3,434,028</u>	<u>34,340,280</u> <u>34,340,280</u>

4.1 The shareholders are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the company. All shares rank equally in respect to the company's residual assets.

4.2 The pattern of shareholding, as required under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan, is attached at the end of this report.

	June 30, 2009	June 30, 2008
	(Rupees)	
5. Long term Finances secured		
Term Finance	250,000,000	--
Less Current maturity shown under current liability	62,500,000	--
	<u>187,500,000</u>	<u>--</u>

The company has obtained long Term finance facility against sanctioned limit of 250 million from commercial Bank. It secured by way of first ranking charge over fixed assets of the company for Rs. 334 million margin 25% to be upgraded to first pari passu with in 60 days from date of disbursement. It carries markup at the rate of three month KIBOR plus 3.5% payable quarterly. It is repayable in 12 equal instalments commencing from october 21, 2009.



	Note	June 30, 2009	June 30, 2008
(Rupees)			
6 Provision for Staff Gratuity			
Balance at beginning		25,843,484	29,690,980
Payments during the year		8,333,281	9,871,642
		<u>17,510,203</u>	<u>19,819,338</u>
Provision for the year	6.2.	6,161,563	6,024,146
		<u>23,671,766</u>	<u>25,843,484</u>
6.1 Balance Sheet Reconciliation			
Present value of defined benefit obligations		17,510,203	19,638,546
Less : Unrecognized actuarial loss		6,161,563	6,204,938
		<u>23,671,766</u>	<u>25,843,484</u>
6.2 Charge for the Year			
Service cost		4,511,784	3,351,958
Interest cost		1,649,779	2,672,188
		<u>6,161,563</u>	<u>6,024,146</u>
6.3 Principal Actuarial Assumption			
Expected rate of increase in salaries		11 % per annum	11 % per annum
Discount factor used		12 % per annum	12 % per annum
Retirement age		6 years	6 years
6.4 The charge for the year has been allocated as follows			
Cost of Sales		5,296,325	5,121,085
Distribution Cost		316,753	299,040
Administrative expenses		548,486	604,021
		<u>6,161,563</u>	<u>6,024,146</u>
7 Deferred Taxation			
The liability for deferred taxation comprises of timing differences relating to:			
Deferred tax liability arising due to accelerated tax depreciation		39,431,472	38,732,241
Deferred tax assets arising out of staff gratuity and other provisions		(8,104,470)	(8,592,900)
		<u>31,327,002</u>	<u>30,139,341</u>



June 30, **June 30,**
2009 **2008**
(Rupees)

7.1 The movement for the year, in the company's net deferred tax position was as follows:

	Note	30,139,341	26,799,633
Balance at beginning		30,139,341	26,799,633
Increase in deferred tax liabilities		699,231	2,366,049
Decrease in deferred tax assets		488,430	973,659
Charge to income for the year		1,187,661	3,339,708
		31,327,002	30,139,341

8 Trade and Other Payables

Creditors

		85,613,143	414,510,221
Accrued Expenses		21,811,814	44,935,280
Unclaimed Dividend		308,319	308,319
Workers Welfare Fund		-	4,698,218
Workers' Profit Participation Fund	8.1	--	164,666
		107,733,276	464,616,704

8.1 Workers' Profit Participation Fund

Balance as at 1st July		164,666	792,395
Contribution for the year		--	164,666
		164,666	957,061
Payment made during the year		(164,666)	(792,395)
Balance as at 30th June		--	164,666

9 Short Term Borrowings - Secured

Short term Running Finances	9.1	156,743,530	127,804,467
Book overdraft	9.2	14,593,682	1,869,740
		171,337,212	129,674,207

9.1 The company has facilities for short term running finances under mark-up arrangements amounting to Rs. 150 million (2008: Rs. 150 million) from banks. The facility carries mark-up at the rate of 15.27%~17.17% (2008: 12%~13.50%). These facilities are secured against joint hypothecation charge on stocks-in-trade and trade debts amounting to Rs. 200 million (2008: Rs. 200 million). These facilities are renewable and expired latest by June, 2009. The mark-up on running finance facilities is payable on a quarterly basis.



The facility for opening of letters of credit as at June 30, 2009, amounted to Rs. 100 million (2008: Rs. 100 million).

The facility for post shipment export refinance as at June 30, 2009, amounted to Rs. 60 million (2008: Rs. 60 million). This facility is secured against lien on export bills/ contracts.

9.2 It represents unrepresented cheques.

	June 30, 2009	June 30, 2008
	(Rupees)	
10 Provision for Taxation		
Balance at the beginning	18,588,005	72,907,653
Add: Provisions for Taxation		
Current year	263,674	7,909,226
Less: Adjustment	(9,221,862)	(62,228,874)
	9,629,817	18,588,005

The income tax returns of the company has been filed upto tax year 2008 to income tax department and the assessments of the company have been finalized upto and including the tax year 2008. However, the commissioner of income tax may at any time during a period of five years from the date of filling of return may select the deemed assessment for audit.

10.1 Relationship between income tax expense and accounting profit

Accounting Profit as per accounts	(78,261,268)	3,128,646
Applicable tax rate	35%	35%
Tax payable on accounting profit	(27,391,444)	1,095,026
Tax effect of timing difference on depreciation	1,557,348	(1,322,433)
Tax effect of export sales subject to tax separately U/s.169	783,233	540,408
Tax effect of expenses / provision that are not deductible in determining taxable loss charged to profit and loss account	(760,101)	(1,288,991)
Tax payable under normal rules	(25,810,964)	(975,990)

10.2 Minimum tax payable under income tax ordinance 2001	263,674	7,909,226
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11 Contingencies and Commitments

11.1 Guarantees issued by banks	18.288 million	18.288 million
11.2 Local bills Discounted from Banks	18.913 million	61.577 million
11.3 Letters of Credit for other than capital expenditures	9.958 million	56.958 million

11.4 Certain appeals are pending with the Income tax authorities in respect of various assessment years. The appeals are related to the disallowances of expenses etc. The management feels that the outcome of the appeals will not be against the company.

	June 30, 2009	June 30, 2008
	(Rupees)	
12 Tangible Fixed Assets		
12.1 Property, Plant and Equipment	304,122,009	338,430,446
12.2 Capital Works-in-Progress	191,900	191,900
	<u>304,313,909</u>	<u>338,622,346</u>

12.1 Property, Plant and Equipment - At cost less accumulated depreciation

Particulars	Cost				Rate %	Depreciation			Written Down	
	As at July 01, 2008	Additions/ Transfers	(Deletions)/ Transfers	As at Mar 31, 2009		As at July 01, 2008	Adjustment / Transfers	For the Year	As at June 30, 2009	Value As At June 30, 2009
	<i>Rupees</i>					<i>Rupees</i>				
Owned										
Lease hold land	730,000	--	--	730,000	--	--	--	--	730,000	
Factory Building on lease hold land	112,372,579	--	--	112,372,579	10	45,036,220	--	6,733,636	51,769,855	60,602,724
Non Factory Building on lease hold land	3,902,386	--	--	3,902,386	5	1,868,187	--	100,710	1,988,896	1,913,490
Labour Quarters	6,823,847	--	--	6,823,847	25	6,811,606	--	3,060	6,814,666	9,181
Plant and Machinery	576,172,848	--	--	576,172,848	10	324,095,915	--	25,207,693	349,303,608	226,869,240
Factory Equipments	1,616,065	17,450	--	1,633,515	10	1,420,520	--	19,699	1,440,220	193,295
Vehicles	29,307,801	641,600	--	29,949,401	20	16,759,621	--	2,554,461	19,314,082	10,635,319
Furniture and Fixture	7,850,854	3,500	--	7,854,354	10	4,333,865	--	351,728	4,685,593	3,168,761
2009	<u>738,776,380</u>	<u>662,550</u>	<u>--</u>	<u>739,438,930</u>		<u>400,345,933</u>		<u>34,970,988</u>	<u>435,316,921</u>	<u>304,122,009</u>
2008	<u>706,401,612</u>	<u>32,903,768</u>	<u>(529,000)</u>	<u>738,776,380</u>		<u>364,837,978</u>	<u>(372,450)</u>	<u>35,880,405</u>	<u>400,345,934</u>	<u>338,430,446</u>

	2009 RUPEES	2008 RUPEES
12.1.1 Allocation of Depreciation		
Depreciation for the year has been allocated as follows:		
Cost of Sales	32,064,799	32,678,954
Administrative and General Expense	2,906,189	3,201,451
	<u>34,970,988</u>	<u>35,880,405</u>

12.2 Capital Works-in-Progress

Buildings and Civil Works	191,900	191,900
	<u>191,900</u>	<u>191,900</u>



	June 30, 2009	June 30, 2008
13 Long Term Investment		
Shares in Dewan Salman Fibre Limited (A Listed Associated Company) 19,864,518 (2008: 19,864,518) fully paid up ordinary shares of Rs.10/- each. (including 15,864,518 bonus shares)	40,000,000	40,000,000
Deficit due to change in fair value of investments	(10,600,513)	58,329,364
Aggregate Market value as at June 30 (2008: June 30) @ Rs. 1.48 (2008: Rs.4.95) per share	<u>29,399,487</u>	<u>98,329,364</u>
Percentage of Equity held	<u>5.42%</u>	<u>5.42%</u>
13.1 Impairment in value of available for sale investment has been taken directly to equity as per relaxation provided by Securities & Exchange Commission of Pakistan vide its notification SRO 150(I)/2009 dated February 13, 2009. The aforesaid treatment is against the requirements of International Accounting Standard 39 'Financial Instruments - Recognition and Measurement' (IAS-39). IAS - 39 requires that any impairment in value of available for sale financial assets should be recognized in profit and loss account for the period. Had the treatment in accordance with IAS-39 been made, the loss for the period would have been higher by Rs.5.3 millions. The said impairment loss including any adjustment / effect for the price movements during the quarter of calendar year 2009 will be taken to Profit and Loss Account on quarterly basis during the calendar year ending on December 31, 2009. During the current year the Company charged Rs. 5.3 million in Profit & Loss Account.		
14 Stores, Spares & Loose Tools		
Stores and Spares	8,431,423	8,346,677
Packing Material	1,143,439	2,325,991
	<u>9,574,862</u>	<u>10,672,668</u>
15 Stock-in-Trade		
Raw Materials	4,190,963	50,638,188
Work-in-Process	3,479,656	7,740,374
Finished Goods	103,564,937	197,984,587
Waste	884,129	867,066
	<u>112,119,685</u>	<u>257,230,215</u>
15.1. Stock-in-trade and trade debtors are under hypothecation as security for the company's short term finances (See Note 9.1)		
16 Trade Debts - Considered Good		
Local Receivables - Unsecured	223,608,633	129,843,626
	<u>223,608,633</u>	<u>129,843,626</u>



	Note	June 30, 2009	June 30, 2008
(Rupees)			
16.1. The aging of Debtors at the reporting adte was:			
Up to one month		82,735,194	63,623,377
1 to 6 months		93,915,626	36,356,215
More than 6 months		46,957,813	29,864,034
		<u>223,608,633</u>	<u>129,843,626</u>

Based on past experience the management believes that no impairment allowance is necessary in respect of trade debts due to major amount of trade debts have been recovered subsequent to the balance sheet date and for the rest of the trade debts management believes that the same will be recovered in short course of time. The credit quality of the company's receivable can be measured with their past performance of no default.

17 Loans and Advances - Unsecured, Considered Good

Advance to suppliers and others		12,599,732	7,219,625
Loans and Advances employees	17.1	3,807,401	3,262,432
Advance against imports		52,434	17,007
		<u>16,459,567</u>	<u>10,499,064</u>

17.1 Advances include Rs. 0.800 million (2008: Rs. 1.378 million) due from executive of the company and maximum aggregate amount due from executives at the end of any month during the year was Rs. 0.875 million (2008: Rs. 1.520 million).

18 Trade Deposits, Prepayments and Statutory Balances - Considered good

Deposits		2,865,744	1,775,744
Prepayments		14,062	15,875
Sales Tax Receivable		3,708,933	5,011,390
		<u>6,588,739</u>	<u>6,803,009</u>

19 Cash and Bank Balances

Cash in Hand		271,142	919,946
Cash at Banks - Current Accounts		5,742,192	26,888,912
		<u>6,013,334</u>	<u>27,808,858</u>

20 SALES - Net

Yarn			
- Local		1,010,032,731	1,496,391,177
- Export		22,596,146	80,432,336
Waste	20.1	5,153,743	5,021,752
Gross Sales		1,037,782,620	1,581,845,265
Commission:			
- on Local Sales		(4,008,348)	(10,136,467)
- on Export Sales		(57,019)	(1,933,479)
		<u>(4,065,367)</u>	<u>(12,069,946)</u>
		<u>1,033,717,253</u>	<u>1,569,775,319</u>



	Note	June 30, 2009	June 30, 2008
(Rupees)			
21 Cost of Sales			
Raw Material Consumed	21.1	627,509,328	701,354,804
Packing Material		12,932,488	13,520,885
Stores and Spares Consumed		11,880,639	14,714,871
Fuel and Power		78,229,218	68,169,172
Salaries, Wages and Other Benefits	21.2	88,141,107	79,369,175
Insurance		3,326,359	2,677,900
Repairs and Maintenance		590,611	2,112,882
Depreciation	12.1.1	32,064,799	32,678,954
		<u>854,674,549</u>	<u>914,598,643</u>
Work-in-Process - Opening		7,740,374	7,181,580
Work-in-Process - Closing		(3,479,656)	(7,740,374)
Cost of Goods Manufactured		<u>858,935,267</u>	<u>914,039,849</u>
Finished Goods - Opening		198,851,653	547,130,637
Purchase of Yarn		43,697,586	231,436,834
Finished Goods - Closing		(104,449,065)	(198,851,653)
		<u>997,035,442</u>	<u>1,493,755,667</u>
21.1 Raw Material Consumed			
Opening Stock		50,638,188	16,754,226
Purchases - net		581,062,103	735,238,767
		<u>631,700,291</u>	<u>751,992,993</u>
Closing Stock		(4,190,963)	(50,638,188)
Raw Material Consumed		<u>627,509,328</u>	<u>701,354,805</u>
21.2 Salaries, wages and other benefits include Rs.5.296 million (2008: Rs.5.121 million) relating to staff retirement benefits.			
22 Distribution Costs and Selling Expenses			
Salaries and wages		5,271,376	4,634,674
Packing Expenses		633,525	621,619
Cartage Freight and Octroi		10,296,692	13,272,302
Export Expenses		823,533	1,262,365
Ocean Freight		-	824,379
Marketing Expenses		497,656	1,308,219
Others		650,651	1,112,129
		<u>18,173,433</u>	<u>23,035,687</u>



	Note	June 30, 2009	June 30, 2008	
(Rupees)				
22.1	Salaries, wages and other benefits include Rs.0.316 million (2008: Rs.0.299 million) relating to staff retirement benefits.			
23	Administrative and General Expenses			
	Salaries, Allowances and Other Benefits	23.1	9,127,866	9,361,418
	Rent, Rates and Taxes		175,812	90,000
	Traveling, Conveyance and Entertainment		512,082	583,962
	Printing and Stationery		320,948	332,792
	Postage, Telephone and Telex		294,759	521,375
	Vehicles Expenses		2,214,881	2,071,301
	Legal and Professional Charges		425,653	16,900
	Advertisement		--	25,900
	Fees and Subscription		468,665	229,263
	Cartage General		--	136,011
	Depreciation	12.1.1	2,906,189	3,201,451
	Auditors Remuneration	23.2	3,25,000	122,500
	General Repair and Maintenance		2,246,070	810,914
	Donation	23.3	2,652,724	315,463
			<u>21,670,649</u>	<u>17,819,250</u>
23.1	Salaries, allowances and other benefits include Rs.0.548 million (2008: Rs.0.604 million) relating to staff retirement benefits.			
23.2	Represents Audit fee (Annual, Half year and Review of Code and corporate Governace) for the year.			
23.3	Interest of the directors or their spouses in the donations made during the year is as follows:			
	Dewan Farooque Trust - related party		<u>2,500,000</u>	<u>-</u>
	Dewan M. Yousuf Farooqui- Chairman board of Trustees			
	Dewan Abdullah Ahmed - Trustee			
	Dewan Asim Mushfiq Farooqui - Trustee			
	Dewan Abdul Baqi Farooqui - Trustee			
24	Other Operating Income			
	Gain on Sale/ Disposal of Fixed Assets		<u>-</u>	<u>173,450</u>



	Note	June 30, 2009	June 30, 2008
(Rupees)			
25 Finance Cost			
Mark-up on Short Term Borrowings		24,209,229	16,045,244
Mark up on Long Term loan		40,513,694	--
Discounting Charges on Sales		4,228,815	13,568,153
Bank Charges and Commission		847,002	2,431,457
		<u>69,798,740</u>	<u>32,044,854</u>
26 Other Charges			
Workers Profit Participation Fund	8.1	--	164,666
		<u>--</u>	<u>164,666</u>
27 Earnings Per Share - Basic			
Profit after Taxation		<u>(69,345,351)</u>	<u>(8,120,288)</u>
Weighted Average Number of Ordinary Shares		<u>3,434,028</u>	<u>3,434,028</u>
Earning Per Share - Basic		<u>(20.19)</u>	<u>(2.36)</u>
28 Remuneration of Chief Executive, Director and Executives			

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors Executives of the Company was as follows:

Particulars	2009				2008			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	<i>Rupees</i>				<i>Rupees</i>			
Managerial Remuneration	--	--	1,375,069	1,375,069	--	--	1,274,322	1,274,322
Meeting fees	--	10,000	--	10,000	--	15,000	--	15,000
House rent allowance	--	--	611,738	611,738	--	--	573,445	573,445
Utilities allowance	--	--	75,694	75,694	--	--	127,432	127,432
Conveyance	--	--	15,600	15,600	--	--	10,800	10,800
Total	-	10,000	2,078,100	2,088,100	-	15,000	1,985,999	2,000,999
Number of persons	0	1	4	5	0	1	3	4



	Note	June 30, 2009	June 30, 2008
		(Rupees)	

28.1 The Executives of the company is provided use of company maintained cars.

28.2 Amount paid as meeting fee to Directors was Rs. 10,000 (2008: Rs. 15,000)

29 Related Party Transactions

Sales	111.201 million	124.931 million
Purchases	489.915 million	903.235 million

All transactions were carried out on commercial terms and conditions and were valued at arm's length price. Reimbursement of expenses were on actual basis. Remuneration and benefits to key management personnel under the terms of their employment are given in Note 28 to the financial statements.

30 Plant Capacity and Production

Particulars	2009	2008
	Kgs	Kgs
Actual production at actual average count	6,033,631	6,981,430
Actual production converted to 20 count	9,492,977	11,062,114
Attainable capacity	10,522,629	10,522,629
Number of spindles installed	25,776	25,776
Worked during the year	22,913	25,776
Number of shifts worked during the year	1,065	1,080

The main reason for reduction in capacity utilization was due to short supply of raw material to the plant caused by the working capital constraints.

31 Cash and Cash Equivalents

Cash and Bank Balances	19	6,013,334	27,808,858
Short term Borrowings	9	(171,337,212)	(129,674,207)
		<u>(165,323,878)</u>	<u>(101,865,349)</u>

32 Financial Instruments

The Company has exposures to the following risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

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

**32.1 Credit risk**

Credit risk is the risk that one party to the financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Company believes that it is not exposed to major concentration of credit risk. However, to reduce exposure to credit risk, if any, the management monitors the credit exposure towards the customers and makes provisions against those balances considered doubtful of recovery.

The maximum exposure to credit risk at the reporting date is:

	June 30, 2009	June 30, 2008
	(Rupees)	
Lon term Investments	29,399,487	98,329,364
Trade Debts - Considered Good	223,608,633	129,843,626
Loans and Advances - Unsecured, Considered good	16,459,567	10,499,064
Trade Deposits, Prepayments and Statutory Balances - Considered good	2,865,744	1,775,744
Other Receivables - Unsecured, Considered good	4,321,055	2,423,329
Cash and Bank Balances	10,738,215	13,162,498
	<u>287,392,701</u>	<u>256,033,625</u>

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liability when due.

The company is exposed to liquidity risk in respect of non current interest bearing liabilities, short term borrowings, trade and other payable and mark up accrued.

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

	2009					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve	One year onward	Two to five years
Financial liabilities	Rupees					
Long term Finances	250,000,000	414,198,059	134,360,732.00	33,675,799.00	122,417,237	123,744,291
Trade and other payables	112,281,494	112,281,494	40,325,695	71,955,799	-	-
Short term Borrowings	171,337,212	197,037,794	197,037,794	-	-	-
	<u>533,618,706</u>	<u>723,517,347</u>	<u>371,724,221</u>	<u>105,631,598</u>	<u>122,417,237</u>	<u>123,744,291</u>
	2008					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve	One to two year	Two to five years
Financial liabilities	Rupees					
Trade and other payables	464,616,704	464,616,704	135,628,730	328,987,974	-	-
Short term Borrowings	129,674,207	149,125,338	149,125,338	-	-	-
	<u>594,290,911</u>	<u>613,742,042</u>	<u>284,754,068</u>	<u>328,987,974.00</u>	<u>-</u>	<u>-</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, 2009. The rates of markup have been disclosed in relevant notes to the financial statements.

32.3 Market risk

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

32.4 Currency risk

Foreign currency risk arises mainly due to conversion of foreign currency assets and liabilities into local currency. The Company is not materially exposed to foreign currency risk on foreign currency assets and liabilities.

32.5 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates, majority of the interest rate exposure arises from short and long term borrowings from bank and term deposits in profit and loss sharing accounts with banks. At the balance sheet date the interest rate profile of the company's interest-bearing financial instruments are:

	Carrying amounts	
	2009	2008
	Rupees	
Fixed rate instruments	-	-
Variable rate instruments	-	-
Financial assets	-	-
Financial liabilities	<u>(406,743,530)</u>	<u>(127,804,467)</u>
	<u>(406,743,530)</u>	<u>(127,804,467)</u>

32.6 Risk management policies

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

32.7 Capital risk management

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

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

	June 30, 2009	June 30, 2008
	(Rupees)	
Total Borrowings	421,337,212	129,674,207
Less Cash and Bank Balances	<u>6,013,334</u>	<u>27,808,858</u>
Net debt	415,323,878	101,865,349
Total equity	<u>89,765,229</u>	<u>222,740,201</u>
Total Capital	<u><u>505,089,107</u></u>	<u><u>324,605,550</u></u>
Gearing ratio	<u><u>82.23%</u></u>	<u><u>31.38%</u></u>

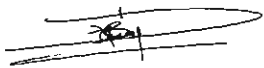
32.8 Fair value of financial instruments

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

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

33 General

- i) Figures have been rounded off to nearest rupee.
- ii) 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 Pakistani rupees, which is the Company's functional and Presentational currency.



Dewan Abdul Baqi Farooqui
Managing Director



Dewan Abdullah Ahmed
Chief Executive



Srl #	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	1	231,099	6.73%
2.	NIT and ICP	3	241,303	7.03%
3.	Directors, CEO, their Spouses & Minor Children	6	1,751,377	51.00%
4.	Executives	1	500	0.01%
5.	Public Sector Companies & Corporations	11	10,101	0.29%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	5	261,661	7.62%
7.	Individuals	659	937,989	27.31%
TOTAL		686	3,434,030	100.00%

DETAILS OF CATEGORIES OF SHAREHOLDERS

Srl #	Names	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies				
1.1	Dewan Motors (Pvt.) Limited	1	231,099	6.73%
2. NIT and ICP				
2.1	Investment Corp. of Pakistan	1	68	0.00%
2.2	IDBP (ICP UNIT)	1	811	0.02%
2.3	National Bank of Pakistan, Trustee Deptt.	1	240,424	7.00%
		3	241,303	7.03%
3. Directors, CEO, their Spouses & Minor Children				
Directors and CEO				
3.1	Dewan Muhammad Yousuf Farooqui	1	788,599	22.96%
3.2	Dewan Abdullah Ahmed Swaleh Farooqui	1	197,209	5.74%
3.3	Dewan Abdul Baqi Farooqui	1	207,386	6.04%
3.4	Dewan Asim Mushfiq Farooqui	1	215,168	6.27%
3.5	Dewan Abdul Rehman Farooqui	1	288,999	8.42%
3.6	Mr. Haroon Iqbal	1	500	0.01%
3.7	Mr. Mohammad Mudassir Iqbal (Nominee NIT)	1	Nominee NIT	0.00%
		7	1,697,861	49.44%
Spouses of Directors and CEO				
3.8	Mrs. Heena Yousuf	1	54,016	1.57%
		1	54,016	1.57%
Minor Children of Directors and CEO				
None				

SHAREHOLDERS HOLDING 10% 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	1	788,599	22.96%

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 0001561
2. Name of the Company DEWAN MUSHTAQ TEXTILE MILLS LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 6 2 0 0 9

4.	Number of Shareholders	Shareholdings				Total Shares held	
	340	1	-	100	Shares	6,811	
	242	101	-	500	Shares	56,662	
	44	501	-	1,000	Shares	31,787	
	30	1,001	-	5,000	Shares	63,548	
	7	5,001	-	10,000	Shares	47,795	
	8	10,001	-	15,000	Shares	97,262	
	1	15,001	-	25,000	Shares	21,228	
	3	25,001	-	55,000	Shares	161,901	
	1	55,001	-	145,000	Shares	144,974	
	1	145,001	-	150,000	Shares	148,547	
	1	150,001	-	200,000	Shares	197,209	
	1	200,001	-	210,000	Shares	207,386	
	1	210,001	-	220,000	Shares	215,168	
	1	220,001	-	235,000	Shares	231,099	
	1	235,001	-	240,000	Shares	236,973	
	1	240,001	-	245,000	Shares	240,424	
	1	245,001	-	250,000	Shares	247,658	
	1	250,001	-	290,000	Shares	288,999	
	1	290,001	-	790,000	Shares	788,599	
	686	TOTAL					3,434,030



5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	1,751,877	51.02%
5.2	Associated Companies, undertakings and related parties	231,099	6.73%
5.3	NIT and ICP	241,303	7.03%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	6	0.00%
5.5	Insurance Companies	13,876	0.40%
5.6	Modarabas and Mutual Funds	247,779	7.22%
5.7	Shareholders holding 10%	788,599	22.96%
5.8	<u>General Public</u>		0.00%
	a. Local	937,989	27.31%
	b. Foreign	-	0.00%
5.9	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	10,101	0.29%

DEWAN MUSHTAQ TEXTILE MILLS LIMITED

48TH ANNUAL GENERAL MEETING

FORM OF PROXY

IMPORTANT

This form of Proxy duly completed must be deposited at our Shares Registrar Transfer Agent **Raoji Consulting Associates (Private) Limited**, located at 4th Floor, A-14, Trade Centre, Block 7/8, K.C.H.S., Main Shahrah-e-Faisal, 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 MUSHTAQ 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 MUSHTAQ 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 48th Annual General Meeting of the Company to be held on Thursday, 29th

October, 2009 at 2.30 p.m. and any adjournment thereof.

Signed this _____ day of _____ 2009.

Affix
Revenue
Stamp
Rs. 5/-

Signature _____

Witness: _____

SIGNATURE

Name : _____

Address : _____

Witness: _____

SIGNATURE

Name : _____

Address : _____