



DEWAN TEXTILE MILLS LTD.
HALF YEARLY REPORT **2005**



COMPANY INFORMATION

- Board of Directors** : **Dewan Zia-ur-Rehman Farooqui**
Chairman
- Dewan Ghulam Mustafa Khalid**
Chief Executive / Managing Director
- Dewan Muhammad Ayub Khalid**
Resident Director
- Dewan Mohammad Yousuf Farooqui**
- Dewan Mohammad Hamza Farooqui**
- Dewan Abdul Rehman Farooqui**
- Mr. Iqbal Naeem Pasha**
- Audit Committee** : **Dewan Mohammad Yousuf Farooqui - Chairman**
Dewan Muhammad Ayub Khalid - Member
Dewan Abdul Rehman Farooqui - Member
- Auditors** : **Messrs Faruq Ali & Co.**
Chartered Accountants
- Chief Financial Officer** : **Mr. Mohammad Nadeem**
- Company Secretary** : **Mansoor Ahmed Siddiqui**
- Tax Advisors** : **Sharif & Company**
Advocates
- Bankers** : Muslim Commercial Bank Limited
Citibank N.A.
Habib Bank Limited
Standard Chartered Bank
Union Bank Limited
Meezan Bank Limited
ABN Amro Bank
United Bank Limited
Bank Al Falah
- Registered Office** : **Dewan Centre**
3-A, Lalazar,
Beach Hotel Road,
Karachi-74000,
Pakistan.
- Factory Office** : H/20 & H/26, S.I.T.E.,
Kotri, District Dadu,
Sind, Pakistan.



DIRECTORS' REPORT

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

The Board of Directors takes pleasure in presenting the Un-audited Financial statements for the half-year ended March 31, 2005.

During the period under review, your company made a profit before tax of Rs. 16.73 million as compared to the profit of Rs. 28.09 million for the corresponding period of the last year. Sales revenue was decreased by Rs. 132.83 million where as gross profit ratio is improved from 9.92 % to 10.39 % in the current period. Your company earned a profit after taxation of Rs. 10.76 million as compared to the profit of Rs. 15.47 million in the corresponding period.

The Management of your Company is putting all possible efforts in maximizing the production of quality Yarn & minimizing associated costs by timely conducting BMR activities because the economic success of any industry especially in the Post WTO regime depends on effective arrangements for the replacement and maintenance of its manufacturing assets.

The Board is extremely grateful to our valued customers, who have placed their confidence in our products. We are also thankful to our financial Institutions who have directly or indirectly helped us in our growth. The Board appreciate for team work, discipline of the employees of the Company who have made it fine place to work.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet, peace be upon him, for continued showering of His Blessings, Guidance, Strength, Health and Prosperity to us, our Company, Country and Nation; and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa-Ameen.

اِنَّ رَبِّيْ لَسَمِیْعُ الدَّعَاۗءِ (القرآن)
حقیقت میں میرا رب دعا کا بڑا سننے والا ہے۔

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

For and on behalf of Board of Directors

Dewan Mohammad Ayub Khalid

Resident Director

30 May, 2005

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Dewan Textile Mills Limited as at March 31, 2005, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'financial statement') for the half year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

Dated: May 30, 2005
Place: Karachi



FARUQ ALI & CO.
CHARTERED ACCOUNTANTS



BALANCE SHEET (Un audited) As at March 31, 2005

| | (Un-audited) March 31, 2005 | (Audited) Sep. 30, 2004 |
|--|--------------------------------|----------------------------|
| | (Rs. in '000') | |
| CAPITAL AND LIABILITIES | | |
| SHARE HOLDERS' EQUITY | | |
| Share Capital | | |
| Authorized Capital | | |
| 30,000,000 Ordinary Shares of Rs.10/- each | 300,000 | 300,000 |
| Issued, Subscribed and Paid up Capital | 111,608 | 101,462 |
| Reserves and Surplus | 642,203 | 641,587 |
| | 753,811 | 743,049 |
| Redeemable Capital - Secured, Non participatory | 125,000 | 175,000 |
| Long Term Loan - Secured | 57,750 | 66,000 |
| LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured | 51,044 | 17,675 |
| DEFERRED LIABILITIES | | |
| Staff Gratuity | 24,285 | 24,859 |
| Taxation | 38,359 | 42,004 |
| | 62,644 | 66,863 |
| CURRENT LIABILITIES | | |
| Current Portion of Redeemable Capital & Long Term Loan | 108,250 | 100,000 |
| Current Portion of Lease Liabilities | 51,535 | 66,084 |
| Short Term Running Finances - Secured | 1,573,356 | 1,629,719 |
| Creditors, Accrued Expenses and Other Liabilities | 673,953 | 641,087 |
| Dividend | 256 | 256 |
| Provision for Taxation | 252,653 | 243,035 |
| | 2,660,003 | 2,680,181 |
| Contingent Liabilities and Commitments | -- | -- |
| | 3,710,252 | 3,748,768 |
| PROPERTY AND ASSETS | | |
| OPERATING FIXED ASSETS | | |
| - at cost less accumulated depreciation | 832,964 | 876,907 |
| WORK IN PROGRESS - At cost | 263,153 | 204,183 |
| | 1,096,117 | 1,081,090 |
| LONG TERM INVESTMENT | 210,000 | 210,000 |
| LONG TERM DEPOSIT | 15,953 | 15,953 |
| CURRENT ASSETS | | |
| Stores and Spares | 26,895 | 28,232 |
| Stock-in-Trade | 1,684,750 | 1,694,624 |
| Trade Debts | 312,427 | 317,421 |
| Advances, Deposits, Prepayments & Other Receivables | 357,652 | 394,615 |
| Cash and Bank Balances | 6,458 | 6,833 |
| | 2,388,182 | 2,441,725 |
| | 3,710,252 | 3,748,768 |

The annexed notes form an integral part of these accounts.

Dewan Mohammad Ayub Khalid
Resident Director

Dewan Abdul Rehman Farooqui
Director

Note : Chief Executive of the Company is out of Pakistan, therefore the Financial Statements are signed by two Directors

PROFIT & LOSS ACCOUNT (Un-audited)
For the half year ended March 31, 2005

| | Half-Year Ended | | Quarter-Ended | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2005 | March 31, 2004 | March 31, 2005 | March 31, 2004 |
| | (Rs. in '000') | | (Rs. in '000') | |
| Sales | 1,424,671 | 1,557,504 | 724,163 | 807,021 |
| Sales tax, duties & commission | (140,363) | (132,485) | (74,000) | (70,891) |
| Sales (Net) | <u>1,284,308</u> | <u>1,425,019</u> | <u>650,163</u> | <u>736,130</u> |
| Cost of Sales | <u>1,150,926</u> | <u>1,283,634</u> | <u>573,500</u> | <u>661,990</u> |
| Gross Profit | 133,382 | 141,385 | 76,663 | 74,140 |
| OPERATING EXPENSES | | | | |
| Administrative and General Expenses | 10,368 | 15,502 | 4,470 | 8,138 |
| Selling and Distribution | 39,644 | 37,293 | 21,456 | 19,541 |
| | <u>50,012</u> | <u>52,795</u> | <u>25,926</u> | <u>27,679</u> |
| OPERATING PROFIT | <u>83,370</u> | <u>88,590</u> | <u>50,737</u> | <u>46,461</u> |
| OTHER CHARGES | | | | |
| Financial Charges | 64,985 | 58,372 | 37,821 | 28,121 |
| Donation | 96 | 281 | 96 | 281 |
| Worker's Welfare Fund | 673 | 1,317 | 673 | 723 |
| Worker's Profit Participation Fund | 881 | 527 | 607 | 306 |
| | <u>66,635</u> | <u>60,497</u> | <u>39,197</u> | <u>29,431</u> |
| Profit Before Taxation | 16,735 | 28,093 | 11,540 | 17,030 |
| Taxation | | | | |
| Current | 9,618 | 7,224 | 6,115 | 3,472 |
| Deferred | (3,645) | 5,403 | (3,645) | 5,403 |
| | <u>5,973</u> | <u>12,627</u> | <u>2,470</u> | <u>8,875</u> |
| Profit After Taxation | <u>10,762</u> | <u>15,466</u> | <u>9,070</u> | <u>8,155</u> |
| Unappropriated Profit Brought Forward | 298,441 | 288,187 | 300,133 | 295,498 |
| Unappropriated Profit Carried Forward | <u>309,203</u> | <u>303,653</u> | <u>309,203</u> | <u>303,653</u> |
| Earning per share - Basic | <u>1.06</u> | <u>1.52</u> | <u>0.89</u> | <u>0.80</u> |

The annexed notes form an integral part of these accounts.



Dewan Mohammad Ayub Khalid
Resident Director



Dewan Abdul Rehman Farooqi
Director

Note : Chief Executive of the Company is out of Pakistan, therefore the Financial Statements are signed by two Directors



CASH FLOW STATEMENT(Un-audited) For the half year ended March 31, 2005

| | March 31, 2005 | March 31, 2004 |
|--|-------------------|-------------------|
| | (Rs. in '000') | |
| Cash Flow from Operating Activities | | |
| Profit before taxation | 16,735 | 28,093 |
| Adjustment for non-cash and other items | | |
| Depreciation | 45,631 | 44,163 |
| Provision for gratuity | 5,259 | 5,259 |
| Financial charges | 64,985 | 58,372 |
| | <u>115,875</u> | <u>107,794</u> |
| | 132,610 | 135,887 |
| Changes in Operating Assets and Liabilities | | |
| (Increase) / Decrease in Current Assets | | |
| Stores and spare | 1,337 | (1,103) |
| Stock in trade | 9,874 | (586,458) |
| Trade debts | 4,994 | (17,767) |
| Loans, advances, deposits, prepayments and other receivables | 169 | 9,590 |
| Increase / (Decrease) in Current Liabilities | | |
| Short term running finances | (56,363) | 294,189 |
| Creditors, accrued and others liabilities | 51,650 | 453,433 |
| | <u>11,661</u> | <u>151,884</u> |
| Payments for | | |
| Income Tax | 36,794 | (24,814) |
| Gratuity | (5,833) | (23,896) |
| | <u>30,961</u> | <u>(48,710)</u> |
| Net cash flow from operating activities | 175,232 | 239,061 |
| Cash Flow from Investing Activities | | |
| Fixed capital expenditures | (60,658) | (87,393) |
| Long term deposits | .. | .. |
| Net cash flow from investing activities | (60,658) | (87,393) |
| Cash Flow from Financing Activities | | |
| Re-payment of Lease Liabilities-Net | 18,820 | (45,698) |
| Re-payment of Term Finance Certificate | (50,000) | (50,000) |
| Financial Charges Paid | (83,769) | (60,224) |
| Net cash flow from financing activities | <u>(114,949)</u> | <u>(155,922)</u> |
| Net increase / (decrease) in cash and cash equivalents | (375) | (4,254) |
| Cash and cash equivalents at beginning of the period | 6,833 | 6,777 |
| Cash and cash equivalents at end of the period | <u>6,458</u> | <u>2,523</u> |

The annexed notes form an integral part of these accounts.

Dewan Muhammad Ayub Khalid
Resident Director

Dewan Abdul Rehman Farooqui
Director

Note : Chief Executive of the Company is out of Pakistan, therefore the Financial Statements are signed by two Directors

Statement Of Changes In Equity (Un-audited) For the half year ended March 31, 2005

| | Share Capital | General Reserve | Reserve for proposed issue of Bonus Shares | Unappropriated Profit | Total |
|--------------------------------|------------------|--------------------|--|--------------------------|---------|
| ----- (Rs. in '000') ----- | | | | | |
| Balance as on October 1, 2003 | 92,238 | 333,000 | 9,224 | 288,187 | 722,649 |
| Net Profit for the period | -- | -- | -- | 15,466 | 15,466 |
| Bonus Shares | 9,224 | -- | (9,224) | -- | -- |
| Balance as on March 31, 2004 | 101,462 | 333,000 | -- | 303,653 | 738,115 |
| Balance as on October 01, 2004 | 101,462 | 333,000 | 10,146 | 298,441 | 743,049 |
| Net Profit for the period | -- | -- | -- | 10,762 | 10,762 |
| Bonus Shares | 10,146 | -- | (10,146) | -- | -- |
| Balance as on March 31, 2005 | 111,608 | 333,000 | -- | 309,203 | 753,811 |

The annexed notes form an integral part of these accounts.



Dewan Mohammad Ayub Khalid
Resident Director



Dewan Abdul Rehman Farooqui
Director

Note : Chief Executive of the Company is out of Pakistan, therefore the Financial Statements are signed by two Directors



NOTES TO THE ACCOUNTS

For the Half-Year Ended March 31, 2005

- 1 These accounts are subject to review by the auditors in accordance with Code of Corporate Governance and have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting as applicable in Pakistan and are being presented as required under section 245 of the Companies Ordinance, 1984.
- 2 The accounting policies and methods of computation followed in the preparation of half yearly financial statements are the same as those of published annual financial statements for the year ended September 30, 2004.
- 3 There is no significant change in Contingencies and Commitments during the period.

4 OPERATING FIXED ASSETS

Additions and transfers from capital work in progress

| | March-31 2005 | March-31 2004 |
|---------------------|------------------|------------------|
| | Rupees in '000' | |
| Factory Building | -- | 34,395 |
| Labour Quarters | -- | 2,533 |
| Plant & Machinery | 165 | 117,511 |
| Vehicle | 1,209 | 574 |
| Furniture & Fixture | 175 | 468 |
| Office Equipments | 139 | 102 |
| | <u>1,688</u> | <u>155,583</u> |

- 5 Transaction with associated companies during the period were purchases amounting to Rs.54.481 million and Sales amounting to Rs.6.953 million.
- 6 Figures have been rounded off to the nearest thousand rupees.

Dewan Mohammad Ayub Khalid
Resident Director

Dewan Abdul Rehman Farooqui
Director