

# D.M TEXTILE MILLS LTD

## DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the Three Quarters Ended 31<sup>st</sup> March 2009 and append below the financial results.

### 1. Net Loss

The company suffered a net loss of Rs 29.182 Million during the period as compared to net loss of Rs. 6.347 Million of previous period.

### 2- Comparative Financial results are given below:

Period Ended	31-Mar-09	31-Mar-08
Particulars	Rupees	
Gross Sales	399,212,417	618,134,158
Cost of Sales	398,988,334	(571,355,984)
Gross Profit/(Loss)	224,083	46,778,174
Gross Profit Rate	0.06	7.57
Admin, Selling & Other operating expenses	(12,597,865)	(19,382,433)
Other operating income	894,472	3,551,974
Operating Profit	(11,479,310)	30,947,715
Financial & Other Charges	(36,652,145)	(40,014,263)
Profit/ (loss) before taxation	(48,131,455)	(9,066,548)
Prior year adjustment	-	(152,706)
Provision for Taxation	18,950,260	2,871,918
Profit/ (loss) after Taxation	(29,181,195)	(6,347,336)
Earning per share	(9.56)	(2.08)
Variation in Average Rate per KG:		
Yarn Sale	161.05	136.42
Cotton Purchase	101.73	79.03
Polyester Purchase	118.01	93.59
Viscose Purchase	143.46	123.86

Period Ended	31-Mar-09	31-Mar-08
Particulars	Rupees	
Production Results:		
Actual Yarn Produced	2,365,734	4,188,044
Converted into 20s	6,047,651	10,759,513
Average Count Spun	37.29	37.48
Yield Percentage	91.67	93.36
Debt Servicing:	Million Rupees	Million Rupees
Overdue to NIB	41.319	30.649
Overdue to MCB	0.945	Nil
Overdue Finance subject to Lease	22.582	6.064

The Overdues included in Current Liabilities affected the current ratio of the company. We are negotiating with financial institutions for grant of rescheduling of loans and moratorium.

### 3- Dividend

The Directors have not recommended any dividend due to losses.

### 4- Prospects and Plans

The mill remained closed forcedmajeure for 116 days from 21 September 2008 to 23 March 2009 due to non supply of Gas by SNGPL due to energy crises and the last 14 days closed due to difficulty in procurement of polyester. The company had to pay 50% wages for first 14 days in each layoff as per labour laws. A good number of workers have left the employment of the company and had to payoff their gratuities.

The textile industry is in severe financial crises due to increase in utility rates and other elements of input cost. KIBOR rates increase after every three months. The discount rate increased from 13% to 15% p.a. and the discount rate reduction by state bank of Pakistan, is the only solution to reduce financial cost. There is recession locally and internationally and all efforts are being made by financial wizards in government to revive economy. Financial assistance by friends of Pakistan as declared in Japan may improve economic conditions in Pakistan. The government should grant financial assistance to textile industry to save it from total collapse.

All possible measures taken to fight the menace for improvement in efficiency to control men, material and Machinery.

*For and behalf of the Board of Directors*

Habib Ullah  
Chief Executive

Hussain Ahmad Qureshi  
Director

Rawalpindi: April 24, 2009