

DEWAN FAROOQUE SPINNING MILLS LIMITED

HALF YEARLY REPORT
DECEMBER 31, 2020

DEWAN FAROOQUE SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	: Dewan Abdul Baqi Farooqui Chief Executive Officer & Director
Non-Executive Director	: Syed Muhammad Anwar - Chairman, Board of Directors Mr. Imran Ahmed Javed Syed Maqbool Ali Mr. Ghazanfar Baber Siddiqi Mr. Muhammad Baqar Jafferri
Independent Director	: Mr. Aziz -ul-Haque
Audit Committee	: Mr. Aziz -ul-Haque (Chairman) Syed Muhammad Anwar (Member) Mr. Ghazanfar Baber Siddiqi (Member)
Human Resources & Remuneration Committee	: Mr. Aziz -ul-Haque (Chairman) Mr. Imran Ahmed Javed (Member) Dewan Abdul Baqi Farooqui (Member)
Auditors	: Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S.,
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Muhammad Irfan Ali
Tax Advisor	: Sharif & Co. Advocates
Legal Advisor	: Abbass & Atif Law Associates
Bankers	: United Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Askari Bank Limited Allied Bank Limited Soneri Bank Limited Summit Bank Limited
Registered Office	: Dewan Centre 3-A, Lalazar Beach Hotel Road Karachi.
Shares Registrar & Transfer Agent	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	: 54 Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab , Pakistan.
Website	: www.yousufdewan.com

DEWAN FAROOQUE SPINNING MILLS LIMITED DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND MERCIFUL

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

The Board of Directors of your Company is pleased to present unaudited condensed interim financial statements for the half year ended December 31, 2020 in compliance with the requirements of section 237 of the Companies Act, 2017 and code of corporate governance issued by Securities and Exchange Commission of Pakistan.

Operating results and performance:

As like Pakistan's economy during the period under review witnesses marked improvement due to the timely decision by the Government to ease the COVID-19 lockdown restrictions that helped in a sharp revival of economic activities Company's net revenue for half year have also increased to Rs. 292.192 million as compared to net revenue of Rs. 255.755 million of the corresponding period of last year. Company has suffered gross loss of Rs. 26.080 million as compared to the gross loss of Rs. 41.977 million of comparable period of last year, whereas operating expenses of the company have increased by Rs.23.735 million. The company continued the production of yarn on contract basis to keep the company operational.

Government through various fiscal and monetary measures tried to relieve the industries in tough times and the economy is showing progressive results and have partially softened the pandemic's impact. This was substantiated by SBP maintaining its stance keeping the policy rate 7%. Pakistan textile industry contributes around 60 percent to the country's total exports. On the other hand, the price of raw cotton is continuously rising which is in fact more than what was anticipated. Due to continuous decline in the annual crop cultivation, Pakistan has to import around 4.5 million bales of cotton every year to meet its demand. Cotton being the basic raw material for the Pakistan's textile industry accounts for major part of the basic cost and therefore any movement in price or quantity of cotton has significant impacts on production.

The auditors of the Company have qualified their review report on default in repayment of installments of restructured liabilities and related non-provisioning of mark-up. The company approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon, hence no provision has been made in these condensed interim financial statements.

These condensed interim financial statements have been prepared using going concern assumption as the conditions referred in note 2 are temporary and would reverse in foreseeable future. The company's operating cash flows are positive. The company production has increased as compared to similar period of last year due to certain capital expenditures incurred in preceding financial year, which also mitigate the risks involved. The company approached its lenders for further restructuring of its liabilities, which is in process. Therefore, the preparation of condensed interim financial statements using going concern assumption is justified.

Future Outlook

With the availability of COVID-19 vaccines, it is expected that globally, the impact of pandemic will now be minimized and accordingly the global economic activities will resume to normalcy. Though there were slight hiccups during second wave, but overall Pakistan as a nation showed discipline and resolve. As we moved into new financial year, things started picking momentum for Pakistan. Exports and remittances moved upward. The Country's export for this period has increased by 5.09% (in USD terms) as compared to SPLY indicating better opportunities for local industries. Remittances have increased by 24.89% (in USD terms) in this period as compared to SPLY. Likewise, PKR has also strengthened against USD during the period under review, closing at PKR159.83/USD in Dec-20 versus PKR168.05/USD in Jun-20. The record activities in Textile, construction and allied industries, strong performance of large-scale manufacturing (LSM), stable exchange rate and improved exports along with rising remittances have restored the investors' confidence, paving way for the unprecedented economic growth.

Despite the signs of economic resilience and recovery, there may be some pressure on current account due to high imports of Raw Cotton because of continuous decline in cotton crop cultivation as well as increase in international cotton price mainly because of rising demand & disruption in US cotton supplies, recent removal of regulatory duty on import of synthetic yarn and cotton yarn, import of plant and machinery, increasing trend in international Oil prices. These factors may push the exchange rate upward in short term. Further, the challenges of rising debt, high inflation, increased cost of living, unstable political conditions and geopolitical tensions may obscure the outlook.

DEWAN FAROOQUE SPINNING MILLS LIMITED DIRECTORS' REPORT

Conclusion

With grace of Allah Almighty, the management of the company will put its best endeavors to bring better results in forthcoming half year. In conclusion, we bow beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet Muhammad (Peace be upon him) for the continued showering of his blessings, Guidance, strength, health and prosperity to us, our company, country and nation, and also pray to Almighty Allah to bestow peace, Harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah; Ameen: Summa Ameen

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director

By and under Authority of the Board of Directors



Syed Maqbool Ali
Director

Dated: February 22, 2021

REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REVIEW REPORT
TO THE MEMBERS OF DEWAN FAROOQUE SPINNING MILLS LIMITED

Introduction

We have reviewed the accompanying Condensed interim Statement of financial Position of Dewan Farooque Spinning Mills Limited ("the company") as at December 31, 2020 and the related Condensed interim statement of profit or loss and other comprehensive income, Condensed interim Statement of cash flow , Condensed interim statement of changes in equity and the notes to the Condensed interim financial statement for the six months period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and Presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on review engagements 2410, "Review of interim financial Information performed by the independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified Opinion

- a) The company defaulted in repayment of installments of restructured liabilities of Financial institutions, hence as per clause 10.2 of the Compromise Agreement of the company, the entire outstanding restructured liabilities of Rs. 398.067 million along with markup of Rs.210.713 million (eligible for waiver outstanding as of date of restructuring) become immediately payable, therefore provision for markup should be made in these financial statements. Further, the short term finance facilities have expired and not been renewed by banks amounting to Rs. 192.10. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 66.60 million the company has also not provided markup on the same amount as fully disclosed in note 6 to the Condensed interim Financial Statements. Further, some of the lenders filed suit for execution against the consent decree.
- b) Had the provisions for the mark up, as discussed in preceding paragraphs, been made in these financial statements, the loss after taxation would have been higher by Rs. 283.254 million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 283.254 million.

Qualified Conclusion

Based on our review, except for the matter discussed in the preceding paragraph (a) and (b) and its effects, nothing has come to our attention that causes us to believe that these accompanying interim financial statements as of and for the six months period ended December 31, 2020 are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial Reporting.

Material Uncertainty Relating to Going Concern

Without further qualifying our opinion, we draw attention of the members to note 2 to the interim financial Statements which indicates that as of December 31, 2020 the company incurred a loss after taxation of Rs. 81.030 (December 31, 2019 Rs. 94.583) million and as of that date it has accumulated losses amounting to Rs. 1.334 (June 30, 2020 Rs.1.274) billion and its current liabilities exceeded its current assets by Rs. 1,031.942 (June 30, 2020: Rs. 992.016) million without providing mark up of Restructured and other liabilities and as refer in above para (a) and (b). Furthermore, the company defaulted in repayments of instalments of restructured liabilities and short term finance facilities which has been expired and not renewed by banks amounting to Rs. 192.10 million as discussed in Para (a) above. The Company is in litigation with its lenders. Following Course, the company has started manufacturing of yarn on Contract basis due to working Capital constraints note 1 in the financial statements. These conditions, along with other matters as set forth in note 2 indicate the existence of material uncertainty which may cast significant doubt about Company's ability to Continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in normal Course of Business. The amounts of the current liabilities and Loss reported in said note do not include the effect of matters discussed in Basis for Qualified opinion. Our opinion is not modified in respect of this matter.

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion on them, we are required to review only the cumulative figures for the Six month ended December 31, 2020.

The engagement partner on the review resulting in this independent auditor's review report is Mohammad Tariq.



CHARTERED ACCOUNTANTS

Place: Karachi

Dated: February 22, 2021

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Un-Audited Dec. 31, 2020	Audited June 30, 2020
Notes	----- (Rupees) -----	
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (2020: 100,000,000) Ordinary shares of Rs.10/- each	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital	977,507,260	977,507,260
Revenue Reserve - Accumulated loss	(1,334,456,361)	(1,274,237,669)
Capital Reserve - Revaluation surplus on property, plant and equipment	1,015,841,439	1,036,652,377
	658,892,338	739,921,968
NON-CURRENT LIABILITIES		
Deferred Taxation	164,179,424	172,679,667
Deferred Liability for staff gratuity	12,966,726	10,498,831
CURRENT LIABILITIES		
Trade and other payables	114,781,885	139,513,136
Accrued mark-up	254,711,749	236,701,435
Short term borrowings	412,864,355	412,864,355
Overdue portion of long term liabilities	463,896,977	463,896,977
Provision for taxation	4,382,880	6,479,762
	1,250,637,846	1,259,455,665
CONTINGENCIES AND COMMITMENTS	6	-
	2,086,676,334	2,182,556,131
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	7	1,829,753,466
Long term deposits		38,226,745
CURRENT ASSETS		
Stores & Spares		23,119,345
Stock-in-trade		361,003
Trade Debts- Unsecured, Considered Good		71,073,840
Loans and advances- Unsecured, Considered Good		15,340,872
Trade deposits and other receivables- Considered Good		77,606,421
Taxes recoverable		27,861,124
Cash and bank balances	8	3,333,518
		218,696,123
	2,086,676,334	2,182,556,131

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended		Quarter Ended	
	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2020	2019	2020	2019
Notes	------(Rupees)-----			
Sales / Revenue - Net	292,192,000	255,755,200	148,744,500	136,935,900
Cost of sales / revenue	(318,272,330)	(297,732,296)	(165,568,466)	(152,540,119)
Gross (loss)	(26,080,330)	(41,977,096)	(16,823,966)	(15,604,219)
Operating expenses				
Administrative expenses	(36,661,572)	(14,685,032)	(31,091,837)	(9,744,732)
Selling and distribution expenses	(4,227,844)	(2,469,565)	(1,941,837)	1,299,646
	(40,889,416)	(17,154,597)	(33,033,674)	(8,445,086)
Operating (loss)	(66,969,746)	(59,131,693)	(49,857,640)	(24,049,305)
Other charges				
Finance cost	(18,177,246)	(41,052,268)	(9,179,897)	(21,033,888)
Other income	-	-	-	-
	(18,177,246)	(41,052,268)	(9,179,897)	(21,033,888)
(Loss) before taxation	(85,146,992)	(100,183,961)	(59,037,537)	(45,083,193)
Taxation				
Current	(4,382,880)	(3,836,328)	(2,231,167)	(2,054,038)
Deferred	8,500,242	9,436,892	4,250,121	4,718,446
	4,117,362	5,600,564	2,018,954	2,664,408
(Loss) after taxation	(81,029,630)	(94,583,397)	(57,018,583)	(42,418,785)
(Loss) per share - Basic and diluted (Rupees)	10 (0.83)	(0.97)	(0.58)	(0.43)

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended		Quarter Ended	
	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2020	2019	2020	2019
	------(Rupees)-----			
(Loss) after taxation	(81,029,630)	(94,583,397)	(57,018,583)	(42,418,785)
Effect of change in tax rates on balance of revaluation on property, plant and equipment	-	-	-	-
Total comprehensive loss for the period	<u>(81,029,630)</u>	<u>(94,583,397)</u>	<u>(57,018,583)</u>	<u>(42,418,785)</u>

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



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019
Note	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(85,146,992)	(100,183,961)
Adjustments for non cash and other items:		
Depreciation	57,198,127	62,727,513
Financial charges	18,177,246	41,052,268
Provision for Doubtfull Debts	18,802,400	-
Provision for gratuity	3,466,012	2,701,722
Cash flow before working capital changes	12,496,793	6,297,542
Working Capital changes		
<i>(Increase)/ Decrease in current assets:</i>		
Stores & spares	2,193,768	2,603,834
Stock in trade	-	-
Trade debts	(3,857,201)	21,096,006
Loans & advances	6,969,838	7,107,318
Trade deposits & other receivables	(1,846,801)	335,384
<i>Increase/ (Decrease) in current liabilities:</i>		
Trade and other payables	(24,731,251)	(1,056,095)
Cash generated from /(used in) operations	(8,774,854)	36,383,989
Taxes paid - net of refund	19,652,362	(2,695,497)
Gratuity paid	(998,117)	(723,789)
Financial charges paid	(166,933)	(3,413,856)
	9,712,458	29,550,847
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(10,061,450)	(12,827,574)
Long term deposits	-	(81,500)
Net cash outflow from investing activities	(10,061,450)	(12,909,074)
CASH FLOW FROM FINANCING ACTIVITIES		
Syndicated Long Term Loan	-	-
Short Term Loan	-	(15,000,000)
Net cash Inflow/(out flow) from financing activities	-	(15,000,000)
Net increase / (decrease) in cash and cash equivalents	(348,992)	1,641,773
Cash and Cash equivalents at the beginning of the period	3,682,510	3,483,173
Cash and Cash equivalents at the end of the period	3,333,518	5,124,946

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER



DIRECTOR

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 2020

Issued, subscribed and Paid-up Capital	Revenue reserve	Capital Reserve	Total
	Accumulated loss	Revaluation surplus on property, plant & equipment	
(Rupees)			
977,507,260	(1,123,518,643)	1,082,860,608	936,849,225
--	(94,583,397)	--	(94,583,397)
--	--	--	--
--	(94,583,397)	--	(94,583,397)
--	23,104,116	(23,104,116)	--
977,507,260	(1,194,997,924)	1,059,756,492	842,265,828
977,507,260	(1,274,237,669)	1,036,652,377	739,921,968
--	(81,029,630)	--	(81,029,630)
--	--	--	--
--	(81,029,630)	--	(81,029,630)
--	20,810,938	(20,810,938)	--
977,507,260	(1,334,456,361)	1,015,841,439	658,892,338

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


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

DEWAN FAROOQUE SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED DECEMBER 31, 2020

1 THE COMPANY AND ITS OPERATIONS

Dewan Farooque Spinning Mills Limited is incorporated in Pakistan on December 22, 2003 as public limited company, under the Companies Ordinance, 1984. The shares of the company are listed on the Pakistan Stock Exchange Limited. The registered office of the company is located at Dewan Centre, 3-A, Lalazar Beach Hotel, Road, Karachi, Pakistan; while its manufacturing facilities are located at 54 km Multan Road, near the Phool Nagar By-pass, District Kasur, near the city of Lahore in Pakistan. The principal activity of the company is manufacturing and sale of fine quality yarn. Company also manufactures yarn on contract basis. The company has installed capacity of 28,800 spindles.

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the half year ended December 31, 2020 reflect that company sustained net loss after taxation of Rs. 81.030 million (2020: Rs. 197.869 million) and as of that date it has negative reserves of Rs. 1,334.456 million which have eroded its equity and its current liabilities exceeded its current assets by Rs. 1,031.942 million (2020: 992.016 million). Furthermore, the short term facilities of the company have expired and not been renewed by banks and it had defaulted in repayment of restructured liabilities. Following course, the company is facing litigations with its lenders. These conditions indicate the existence of material uncertainty, which may cast significant doubt about Company's ability to continue as going concern.

These condensed interim financial statements have been prepared using going concern assumption as the above conditions are temporary and would reverse in foreseeable future. The company's operating cash flows are positive and sponsors provide the support as and when required in shape of short term loan to meet working capital requirements. The company production have increased as compared to similar period of last year due to certain capital expenditures incurred in preceding financial year, which also mitigate the risks involved. The company approached its lenders for further restructuring of its liabilities, which is in process. Therefore the preparation of condensed interim financial statements using going concern assumption is justified.

3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the half year ended December 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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

4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

4.2 Application of new and revised International Financial Reporting Standards

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

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

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

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

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 5.1** The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. revision to accounting estimates are recognized prospectively commencing from the period of revision.
- 5.2** Judgements and estimates made by management in the preparation of these condensed interim financial informations are the same as those that were applied to the financial statements as at and for the year ended June 30, 2020.
- 5.3** The Company's financial risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the Company for the year ended June 30, 2020

6 CONTINGENCIES AND COMMITMENTS

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

7 PROPERTY, PLANT AND EQUIPMENT

		Dec. 31, 2020	Jun 30, 2020
		Rupees	
Operating fixed assets	7.1	<u>1,829,753,466</u>	<u>1,830,389,532</u>
		<u>1,829,753,466</u>	<u>1,830,389,532</u>
7.1 Operating fixed assets			
Opening written down value		1,876,890,143	1,984,914,824
Additions during the period / year	7.2	10,061,450	17,882,570
Disposals during the period - net book value		-	-
Depreciation during the period / year		(57,198,127)	(125,907,251)
Closing written down value		<u>1,829,753,466</u>	<u>1,876,890,143</u>
7.2 Additions during the period / year			
Land		2,600,000	
Plant & Machinery		7,461,450	17,882,570
		<u>10,061,450</u>	<u>17,882,570</u>

8 CASH AND CASH EQUIVALENTS

	Dec. 31, 2020	Dec. 31, 2019
	Rupees	
Cash in Hand	744,490	124,458
Cash at Banks	2,589,028	3,558,052
	<u>3,333,518</u>	<u>3,682,510</u>

9 FINANCE COST

The Company has not made the provision of markup for the period amounting to Rs.3.149 million (up to June 30, 2020: Rs.69.392 million) in respect of borrowings of certain banks who have not yet accepted the restructuring proposal. The management of the Company is quite hopeful that these banks will also accept restructuring proposal in near future. Had the provision been made the loss for the year would have been higher by Rs.3.149 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.72.541 million.

	Dec. 31, 2020	Dec. 31, 2019
	Rupees	
10 BASIC EARNINGS PER SHARE		
Loss after taxation	(81,029,630)	(94,583,397)
Weighted average number of ordinary shares	97,750,726	97,750,726
Basic Loss per share	(0.83)	(0.97)

No figure for diluted earning per share has been presented as the company has not yet issued any instruments which would have an impact on basic earning per share when exercised.

11 RELATED PARTY TRANSACTIONS

Provident Fund	706,434	757,716
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12 CORRESPONDING FIGURES

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

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue on February 22, 2021 by the Board of Directors of the company.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

دیوان فاروق اسپنگ ملز لمیٹڈ

ڈائریکٹرز رپورٹ

شروع کرنا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم شکرا ادا کرو گے تو میں تم پر (نعمتوں میں) ضرور اضافہ کروں گا (القرآن)

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو ختم ہونے والی ششماہی کے لئے کمپنیز ایکٹ 2017ء کے سیکشن 237 اور سیکپورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ کوڈ آف کارپوریٹ گورننس کی تعمیل کرتے ہوئے غیر میعاد عبوری مالیاتی حسابات پیش کرنے پر خوشی محسوس کر رہے ہیں۔

عملی نتائج اور کارکردگی:

جیسا کہ دوران جائزہ مدت پاکستان کی معیشت اس بات کی گواہ ہے کہ COVID-19 لاک ڈاؤن پابندیوں کو کم کرنے کے لئے حکومت کے بروقت فیصلے کی وجہ سے بہتری آئی ہے جس سے معاشی سرگرمیوں کی بحالی میں مدد ملی اور کمپنی کو گذشتہ سال کی خالص آمدنی مبلغ 255.755 ملین روپے کے مقابلے میں مبلغ 292.192 ملین روپے کی خالص آمدنی حاصل ہوئی۔ کمپنی کو گذشتہ سال کے مجموعی خسارہ مبلغ 41.977 ملین روپے کے مقابلے میں مبلغ 26.080 ملین روپے کا مجموعی خسارہ ہوا، جبکہ کمپنی کے آپریٹنگ اخراجات میں 23.735 ملین روپے کا اضافہ ہوا۔ کمپنی کے آپریٹرز کو جاری رکھنے کیلئے کمپنی نے معاہدے کی بنیاد پر یارن کی پیداوار جاری رکھی۔

مختلف مالی اور مالیاتی اقدامات کے ذریعے حکومت نے مشکل وقت میں صنعتوں کو تسکین دینے کی کوشش کی ہے جس سے معاشی طور پر بہتر نتائج حاصل ہو رہے ہیں اور اس وبائی امراض کے جزوی اثر میں کمی آئی ہے۔ اسٹیٹ بینک نے پالیسی کی شرح کو سات فیصد برقرار رکھتے ہوئے اپنا مؤقف برقرار رکھا اور اس کی تصدیق کی۔ پاکستان کی ٹیکسٹائل انڈسٹری میں ملک کی مجموعی برآمدات کا 60 فیصد کے قریب حصہ ہے۔ دوسری طرف، کپاس کی قیمت میں مسلسل اضافہ ہو رہا ہے جو درحقیقت توقع سے کہیں زیادہ ہے۔ سالانہ فصل کی کاشت میں مسلسل کمی کی وجہ سے، پاکستان کو اپنی طلب پورا کرنے کے لئے ہر سال کپاس کی تقریباً 4.5 ملین گانٹھیں درآمد کرنا پڑتی ہیں۔ پاکستان کی ٹیکسٹائل انڈسٹری کے لئے کپاس بنیادی خام مال ہونے کی وجہ سے بنیادی لاگت کا بہت بڑا حصہ بنتا ہے اور اسی وجہ سے کپاس کی قیمت یا مقدار میں ہونے والی نقل و حرکت کا پیداوار پر خاص اثر پڑتا ہے۔

کمپنی کے آڈیٹرز نے ری اسٹرکچرڈ قرضہ جات کی قسطوں کی دوبارہ ادائیگی اور مارک اپ سے متعلق غیر عدم فراہمی میں ڈیفالٹ پر اپنی

جائزہ رپورٹ کو اہل قرار دیا ہے۔ کمپنی نے اپنے قرض دہندگان سے اپنے قرضہ جات کی مزید تنظیم نو کے لئے رابطہ کیا، جس پر عملدرآمد جاری ہے۔ انتظامیہ کو امید ہے کہ جلد ہی اس طرح کی نظر ثانی کو حتمی شکل دے دی جائے گی، لہذا ان مجموعی عبوری مالیاتی حسابات میں کوئی پروویشن نہیں بنایا گیا ہے۔

یہ مجموعی عبوری مالی بیانات تشویش مفروضے کو استعمال کرتے ہوئے تیار کیے گئے ہیں کیونکہ نوٹ 2 میں درج شرائط عارضی ہیں اور مستقبل میں ان میں تبدیلی آسکتی ہے۔ کمپنی کا آپریٹنگ کیش فلو مثبت ہے۔ گزشتہ مالیاتی سال کی اسی مدت کے مقابلہ میں کمپنی کی پیداواری صلاحیت میں اضافہ ہوا ہے جو کہ گزشتہ مالیاتی سال میں ہونے والے سرمایہ کے اخراجات کی وجہ سے ہوا، جو اس میں شامل خطرات کو بھی کم کرتا ہے۔ کمپنی نے اپنے قرض دہندگان سے اپنے قرضہ جات کی مزید تنظیم نو کے لئے رابطہ کیا، جس پر عملدرآمد جاری ہے۔ لہذا تشویشی مفروضہ پر مبنی مجموعی عبوری مالیاتی حسابات کی تیاری جائزہ ہے۔

مستقبل کا نظریہ:

COVID-19 ویکسینز کی دستیابی کے ساتھ، یہ توقع کی جارہی ہے کہ اب عالمی سطح پر وبائی امراض کے اثرات کو کم کیا جائے گا اور اس کے تحت عالمی سطح پر معاشی سرگرمیاں معمول پر آئیں گی۔ اگرچہ دوسری لہر کے دوران معمولی ہچکولے دیکھنے میں آئے، لیکن پورے پاکستان نے بطور قوم نظم و ضبط کا بہترین مظاہرہ کیا۔ جیسے ہی ہم نئے مالیاتی سال میں داخل ہوئے، معاملات نے پاکستان کے لئے زور پکڑنا شروع کر دیا۔ برآمدات اور ترسیلات زر اوپری سطح پر پہنچ گئیں۔ اس مدت کے دوران SPLY کے مقابلے میں ملک کی برآمدات میں 5.09 فیصد (امریکی ڈالر کے لحاظ سے) اضافہ ہوا جبکہ اس سے مقامی صنعتوں کو بہتر مواقع ملتے ہیں۔ اس مدت کے دوران SPLY کے مقابلے میں ترسیلات میں 24.89 فیصد (امریکی ڈالر کے لحاظ سے) اضافہ ہوا۔ اسی طرح، دوران جائزہ مدت امریکی ڈالر کے مقابلے میں پاکستانی روپے کو بھی تقویت ملی، جو کہ جون 2020ء میں فی ڈالر 168.05 پاکستانی روپے کے مقابلے میں دسمبر 2020ء میں فی ڈالر 159.83 پاکستانی روپے پر بند ہوا۔ ٹیکسٹائل، تعمیراتی اور اس سے وابستہ صنعتوں میں ریکارڈ سرگرمیاں، لارج اسکیل مینوفیکچرنگ (LSM) کی بہتر کارکردگی، مستحکم شرح تبادلہ اور بڑھتی ہوئی ترسیلات زر کے ساتھ بہتر برآمدات نے سرمایہ کاروں کا اعتماد بحال کیا جس سے غیر معمولی معاشی ترقی کا راستہ ہموار ہوا۔

معاشی لچک اور بہتری کی علامات کے باوجود، کپاس کی زیادہ درآمدات کی وجہ سے کرنٹ اکاؤنٹ پر دباؤ پڑ سکتا ہے کیونکہ کپاس کی فصل کی کاشت میں مسلسل کمی کے ساتھ ساتھ کپاس کی بین الاقوامی قیمت میں اضافے کی بنیادی وجہ امریکی کپاس کی سپلائی میں بڑھتی طلب اور رکاوٹ، حالیہ مصنوعی سوت اور سوتی کپاس کی درآمد پر ریگولیٹری ڈیوٹی کا خاتمہ، پلانٹ اور مشینری کی درآمد، تیل کی بین الاقوامی قیمتوں میں اضافے کا رجحان ہے۔ یہ عوامل مختصر مدت میں زرمبادلہ کی شرح کو اوپر کی طرف دھکیل سکتے ہیں۔ مزید برآں، بڑھتے

ہوئے قرضہ جات، زیادہ افراط زر، روزمرہ قیمتوں میں اضافہ، غیر مستحکم سیاسی حالات اور جغرافیائی سیاسی تناؤ کے چیلنجز سے یہ نقطہ نظر غیر واضح ہو سکتا ہے۔


نتیجہ:

اللہ تعالیٰ کے فضل و کرم سے کمپنی کی انتظامیہ آئندہ ششماہی میں بہتر مانج کیلئے اپنی پوری کوششیں جاری رکھے گی۔ نتیجہ کے حوالے سے ہم اللہ تعالیٰ رحمن و رحیم سے دعا کرتے ہیں وہ اپنے حبیب حضرت محمد ﷺ کے طفیل اپنی رحمت، ہدایات اور فضل و کرم ہم پر اسی طرح قائم رکھے جو کہ نہ صرف ہم پر بلکہ ہماری کمپنی اور ہمارے ملک پر بھی اپنی رحمت نازل کرے، ہم اللہ تعالیٰ سے یہ بھی دعا کرتے ہیں کہ تمام مسلم ائمہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین شہ آمین۔

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

بورڈ آف ڈائریکٹرز کی جانب سے


سید مبول علی
ڈائریکٹر


دیوان عبدالباقی فاروقی
چیف ایگزیکٹو آفیسر

مورخہ: 22 فروری 2021ء