

DEWAN FAROOQUE SPINNING MILLS LIMITED

QUARTERLY REPORT

SEPTEMBER 30, 2022

DEWAN FAROOQUE SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	: Dewan Abdul Baqi Farooqui Chief Executive Officer & Director
Non-Executive Director	: Syed Maqbool Ali - Chairman, Board of Directors Mr. Mehmood-ul-Hassan Asghar Mr. Ghazanfar Baber Siddiqi Mr. Abdul Basit Mrs. Nida Jamil
Independent Director	: Mr. Aziz -ul-Haque
Audit Committee	: Mr. Aziz -ul-Haque (Chairman) Syed Maqbool Ali (Member) Mr. Ghazanfar Baber Siddiqi (Member)
Human Resources & Remuneration Committee	: Mr. Aziz -ul-Haque (Chairman) Mr. Mehmood-ul-Hassan Asghar (Member) Syed Maqbool Ali (Member)
Auditors	: Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S. Karachi
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Muhammad Irfan Ali
Tax Advisor	: Abbas & Atif Law Associates
Legal Advisor	: Sharif & Co. Advocates
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

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND THE MOST 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 first quarter ended September 30, 2022 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.

Industrial background

Pakistan's domestic cotton crop production after flooding and devastating rains is estimated to be at 5.79 million bales, which is 36% less than earlier estimate of production of 9.03 million bales, the second lowest production level in past 40 years. Small-sized mills particularly those solely rely on domestic supply of cotton are unable to fully substitute their raw material with imported one. Imports are now projected at their second highest level of approximately 5.0 million bales.

Continuity of Regionally Competitive Energy Tariffs (RCET) is one of the the critical issues currently being faced by the textile industry and government needs to address the same permanently rather to treat it on adhoc basis. The availability of this RCET across the entire value chain must be continued and assured as Pakistan's textile industry is fragmented and international products can only remain competitively priced if the RCET is available to the entire sector. The efficacy of the tariffs can be gauged from the growth in the industry. Over the last two years, continued RCET has resulted in achieving increased exports of textile products by approximately \$7 billion. Government was considering the discontinuation of concessional electricity tariff given to export oriented sectors from October 01, 2022 after its ratification in Aug-2022, however, the issue has been resolved with tariff fixation at Rs19.99 per unit for Financial Year 2022-23.

Moreover, the pending approvals by State Bank of Pakistan (SBP) for a large number of critical imports including machinery and raw materials are creating hurdles in the operations of the textile industry. The matter requires urgent resolution as the delayed imports are translating into huge financial losses not only for the importers but also for the national economy in terms of loss of production and exports.

In addition to above, currently textile industry is also facing challenges those include global recession, higher cost of production, increase in energy costs, decline in cotton crop, enhanced dependence on imported cotton, costlier labor, higher inflation, and continued rupee devaluation etc.

Operating results and performance

Company's net revenue for first quarter is Rs. 153.609 million as compared to Rs. 149.530 million of the corresponding period of last year. Company has suffered gross loss of Rs.63.392 million as compared to Rs. 42.758 million of comparable period of last year, whereas operating expenses of the company marked at Rs. 12.849 million as compared to Rs. 9.335 million of comparable period of last year. Finance Cost has also increased significantly to Rs.17.480 million as compared to Rs.9.390 million of comparable period of last year because of policy rate enhancement from 7.00% to 15.00%. Due to working capital constraints, the management continued the production of yarn on contract basis to keep the company operational.

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

DEWAN FAROOQUE SPINNING MILLS LIMITED DIRECTORS' REPORT

positive. 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

Moving forward, global economic recession along with destroyed domestic cotton crops due to floods will remain a key challenge faced by textiles. Besides this, delay in the opening of LCs will further cause the firms and national economy to suffer badly. The raw material availability at competitive prices, currency stability and most importantly the ability to keep up the export orders' momentum will primarily determine the times ahead. Some further initiatives from the government are also expected for sustainable textile industry, especially smooth supply of Power at affordable tariff, continuation of long-term concessionary financing facility for boosting investments in new capacity expansion and up-gradation of technology. The government is expected to encourage the textile sector by inducing enhanced production, import substitution, duty cuts, tax incentives and early release of refunds etc.

Conclusion

With the grace of Allah Almighty, the management of the company will put its best endeavors to bring better results in future. 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 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)

By and under Authority of the Board of Directors



Mehmood-ul-Hassan Asghar
Director



Syed Maqbool Ali
Chairman, Board of Directors

Dated: October 24, 2022

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.

دیوان فاروق اسپنگ ملز لمیٹڈ

ڈائریکٹر ز 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 مختتمہ سہ ماہی 30 ستمبر 2022ء کیلئے کمپنیز ایکٹ 2017ء کے سیکشن 237 اور سیکورٹیز اینڈ
اسپیچ کی 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۔

صنعت کا پس منظر:

سیلاب اور بارشوں کے بعد پاکستان میں کپاس کی مقامی پیداوار کا تخمینہ 5.79 ملین گانٹھیں لگایا گیا ہے، جو کہ 9.03 ملین گانٹھوں کی
پیداوار کے پہلے تخمینہ سے 36 فیصد کم ہے، جو کہ گزشتہ 40 سالوں میں دوسری سب سے کم پیداواری سطح ہے۔ چھوٹی ملز خاص طور پر جو
ملک بھر میں کپاس کی سپلائی پر انحصار کرتی ہیں وہ اپنے خام مال کو درآمد شدہ کے ساتھ مکمل طور پر تبدیل کرنے سے قاصر ہیں۔ توقع ہے
کہ درآمدات اب تقریباً 5.0 ملین گانٹھوں کی دوسری بلند ترین سطح پر ہوں گی۔

ریجنلی کمپلیٹڈ انرجی ٹیرف (RCET) کا تسلسل ٹیکسٹائل کی صنعت کو اس وقت درپیش اہم مسائل میں سے ایک ہے اور حکومت کو
اسے ایڈہاک بنیادوں پر علاج کرنے کے بجائے مستقل طور پر حل کرنے کی ضرورت ہے۔ پوری ویلیو چین میں اس RCET کی
ہستیا کی کو جاری رکھا جانا چاہئے اور یقین دہانی کرائی جانی چاہئے کیونکہ پاکستان کی ٹیکسٹائل انڈسٹری منتشر ہے اور بین الاقوامی
مصنوعات صرف اسی صورت میں مسابقتی قیمتوں میں قائم رہ سکتی ہیں جب RCET پورے شعبے کے لیے ہستیا ہو۔ ٹیرف کی
افادیت کا اندازہ صنعت کی ترقی سے لگایا جاسکتا ہے۔ گزشتہ دو سالوں کے دوران، مسلسل RCET کے نتیجے میں ٹیکسٹائل مصنوعات
کی درآمدات میں تقریباً 7 بلین ڈالر کا اضافہ ہوا ہے۔ اگست 2022 میں اس کی توثیق کے بعد حکومت یکم اکتوبر 2022 سے برآمداتی
شعبوں کو دیئے گئے رعایتی بجلی کے نرخوں کو ختم کرنے پر غور کر رہی تھی، تاہم، مالی سال 2022-23 کے لیے 19.99 فی یونٹ ٹیرف
کے تعین کے ساتھ مسئلہ حل ہو گیا ہے۔

مزید برآں، سٹیٹ بینک آف پاکستان (SBP) کی جانب سے بڑی تعداد میں اہم درآمدات بشمول مشینری اور خام مال کی زیر التوا
منظوری ٹیکسٹائل انڈسٹری کے آپریشنز میں رکاوٹیں پیدا کر رہی ہے۔ یہ معاملہ فوری حل کا متقاضی ہے کیونکہ تاخیر سے ہونے والی
درآمدات نہ صرف درآمد کنندگان کے لیے بلکہ قومی معیشت کے لیے پیداوار اور درآمدات کے نقصان کے لحاظ سے بہت بڑے مالی
خسارہ کی ترجمانی کر رہی ہیں۔

مندرجہ بالا عوامل کے علاوہ، فی الحال ٹیکسٹائل انڈسٹری کو بھی چیلنجز کا سامنا ہے جن میں عالمی کساد بازاری، زیادہ پیداواری لاگت، توانائی کی لاگت میں اضافہ، کپاس کی فصل میں کمی، درآمد شدہ کپاس پر بڑھتا ہوا انحصار، مہنگی مزدوری، زیادہ مہنگائی، اور روپے کی قدر میں مسلسل کمی وغیرہ شامل ہیں۔

عملی نتائج اور کارکردگی:

پہلی سہ ماہی کیلئے کمپنی کی خالص آمدنی مبلغ 153.609 ملین روپے رہی جس کا موازنہ گذشتہ سال کی اسی مدت کے 149.530 ملین روپے سے کیا جاسکتا ہے۔ کمپنی کو 63.392 ملین روپے کا مجموعی خسارہ ہوا جو کہ گذشتہ سال کی اسی مدت میں 42.758 ملین روپے تھا، جبکہ کمپنی کے آپریٹنگ اخراجات 12.849 ملین روپے رہے جو کہ گذشتہ سال کی اسی مدت میں 9.335 ملین روپے تھے۔ مالیاتی لاگت بڑھ کر 17.480 ملین روپے ہو گئی جس کا موازنہ گذشتہ سال کی اسی مدت کے 9.390 ملین روپے سے کیا جاسکتا ہے، پالیسی کی شرح میں 7.00 فیصد سے 15.00 فیصد تک کا اضافہ ہوا ہے۔ ورکنگ کپینٹل کی رکاوٹوں کے باعث انتظامیہ نے کمپنی کو آپریشنل رکھنے کے لیے کنٹریکٹ کی بنیاد پر کپاس کی پیداوار جاری رکھی۔

یہ غیر میعاد عبوری مالیاتی حسابات جاری تشویش کے مفروضے کو استعمال کرتے ہوئے تیار کیے گئے ہیں کیونکہ نوٹ 2 میں بتائی گئی شرائط عارضی ہیں اور مستقبل قریب میں اس کے برعکس ہوں گی۔ کمپنی کا آپریٹنگ کیش فلو مثبت ہے۔ کمپنی نے اپنی ذمہ داریوں کی مزید تنظیم نو کے لیے اپنے قرض دہندگان سے رابطہ کیا، جس کا عمل جاری ہے۔ لہذا، غیر میعاد عبوری مالیاتی حسابات کی تیاری جاری تشویش کے مفروضے کا استعمال کرتے ہوئے جائز ہے۔


مستقبل کا نظریہ:


آگے بڑھتے ہوئے، عالمی معاشی کساد بازاری کے ساتھ ساتھ سیلاب کے باعث کپاس کی مقامی فصلوں کا تباہ ہونا ٹیکسٹائل کو درپیش ایک اہم چیلنج رہے گا۔ اس کے علاوہ LCS کھولنے میں تاخیر ہونے سے فرمز اور قومی معیشت کو مزید نقصان پہنچے گا۔ مسابقتی قیمتوں پر خام مال کی دستیابی، کرنسی کا استحکام اور سب سے اہم برآمدی آرڈرز کی رفتار کو برقرار رکھنے کی صلاحیت بنیادی طور پر آنے والے وقت کا تعین کرے گی۔ حکومت کی جانب سے مستحکم ٹیکسٹائل انڈسٹری کے لیے مزید اقدامات کی بھی توقع ہے، خاص طور پر سٹیرف پر بجلی کی مسلسل فراہمی، نئی صلاحیت میں توسیع اور ٹیکنالوجی کی اپ گریڈیشن میں سرمایہ کاری کو بڑھانے کے لیے طویل مدتی رعایتی مالیاتی سہولت کا تسلسل۔ توقع ہے کہ حکومت ٹیکسٹائل کے شعبے کی حوصلہ افزائی کرے گی تاکہ پیداوار میں اضافہ، درآمدی متبادل، ڈیوٹی میں کٹوتی، ٹیکس مراعات اور جلد از جلد رقم کی واپسی وغیرہ کو فروغ دیا جاسکے۔

نتیجہ:

اللہ تعالیٰ کے فضل و کرم سے کمپنی کی انتظامیہ آئندہ ششماہی میں بہتر نائج 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 شہدہ آمین۔

میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)
بورڈ آف ڈائریکٹرز کی جانب سے


سید مقبول علی
ڈائریکٹر


محمود الحسن اصغر
ڈائریکٹر

مورخہ: 24 اکتوبر 2022ء

نوٹ: کمپنی کے چیف ایگزیکٹو فی الحال پاکستان میں نہیں ہے، لہذا ان غیر میعاد عبوری مالیاتی حسابات پر دو مجاز ڈائریکٹرز نے اپنے دستخط کیے ہیں۔

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2022

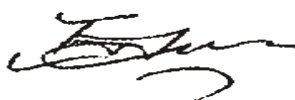
	Un-Audited Sep 30, 2022	Audited June 30, 2022
Notes	------(Rupees)-----	
<u>EQUITY AND LIABILITIES</u>		
SHARE CAPITAL AND RESERVES		
Authorized share capital 100,000,000 (2022: 100,000,000) Ordinary shares of Rs.10/- each	1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	977,507,260	977,507,260
Revenue reserve - accumulated loss	(1,534,542,125)	(1,463,021,085)
Capital reserve - revaluation surplus on property, plant and equipment	2,277,239,892	2,294,365,071
	1,720,205,027	1,808,851,246
NON-CURRENT LIABILITIES		
Long term loan	14,765,625	16,406,250
Deferred taxation	279,114,128	286,108,919
Deferred liability for staff gratuity	23,006,725	21,054,094
CURRENT LIABILITIES		
Trade and other payables	134,687,056	117,891,869
Accrued mark-up	336,909,161	319,474,688
Short term borrowings	412,864,355	412,864,355
Current & overdue portion of long term liabilities	446,318,852	446,553,227
Provision for taxation	1,920,108	8,677,877
6	1,332,699,532	1,305,462,016
CONTINGENCIES AND COMMITMENTS		
	-	-
	3,369,791,037	3,437,882,525
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	3,160,667,438	3,196,911,765
Long term deposits	38,226,745	38,226,745
CURRENT ASSETS		
Stores & spares	27,400,120	25,350,641
Stock-in-trade	-	-
Trade debts- unsecured, considered good	57,456,371	69,983,502
Loans and advances - unsecured, considered good	18,382,950	19,715,514
Trade deposits and other receivables - considered good	28,977,356	40,704,645
Taxes recoverable	34,584,220	36,751,422
Cash and bank balances	4,095,837	10,238,291
8	170,896,854	202,744,015
	3,369,791,037	3,437,882,525

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

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.



Mehmood-ul-Hassan Asghar
Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2022

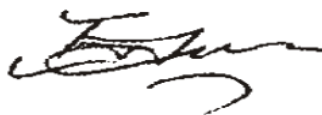
	July-Sept, 2022	July-Sept, 2021
Notes	------(Rupees)-----	
Sales / Revenue - Net	153,608,600	149,529,588
Cost of sales / revenue	<u>(217,000,704)</u>	<u>(192,287,173)</u>
Gross loss	(63,392,104)	(42,757,585)
Operating expenses		
Administrative expenses	<u>(9,975,970)</u>	<u>(7,028,786)</u>
Selling and distribution expenses	<u>(2,873,144)</u>	<u>(2,306,578)</u>
	<u>(12,849,114)</u>	<u>(9,335,364)</u>
Operating loss	(76,241,218)	(52,092,949)
Finance cost	9 <u>(17,479,684)</u>	<u>(9,390,130)</u>
Loss before taxation	(93,720,902)	(61,483,079)
Taxation		
Current	<u>(1,920,108)</u>	<u>(2,186,870)</u>
Deferred	<u>6,994,791</u>	<u>7,762,755</u>
	<u>5,074,683</u>	<u>5,575,885</u>
Loss after taxation	<u>(88,646,219)</u>	<u>(55,907,194)</u>
Loss per share - basic and diluted	10 <u>(0.91)</u>	<u>(0.57)</u>

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

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.



Mehmood-ul-Hassan Asghar
Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2022

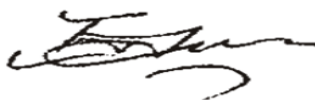
	July-Sept, 2022	July-Sept, 2021
	----- (Rupees) -----	
Loss after taxation	(88,646,219)	(55,907,194)
Items that will not be subsequently reclassified to profit or loss:		
Other Comprehensive Income		
Revaluation during the period	-	-
Related deferred tax	-	-
	-	-
Remeasurement of defined benefit liability	-	-
	-	-
Total comprehensive loss for the period	(88,646,219)	(55,907,194)

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

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.



Mehmood-ul-Hassan Asghar
Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors

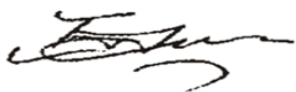
DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2022

	July-Sept, 2022	July-Sept, 2021
	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(93,720,902)	(61,483,079)
Adjustments for non cash and other items:		
Depreciation	36,778,527	39,838,452
Financial charges	17,479,684	9,390,130
Provision for doubtful debts	-	-
Provision for gratuity	2,601,997	2,142,312
Cash flow before working capital changes	<u>(36,860,694)</u>	<u>(10,112,185)</u>
Working Capital changes		
<i>(Increase) / Decrease in current assets:</i>		
Stores & spares	(2,049,479)	967,257
Stock in trade	-	361,003
Trade debts	12,527,131	437,237
Loans & advances	1,332,564	(4,091,589)
Trade deposits & other receivables	11,727,289	20,763,547
<i>Increase / (Decrease) in current liabilities:</i>		
Trade and other payables	16,795,187	(23,945,134)
Cash generated from / (used in) operations	3,471,998	(15,619,864)
Payments for:		
Taxes - net of refund	(6,510,675)	(895,597)
Gratuity	(649,366)	(274,066)
Finance cost	(45,211)	(15,332)
	<u>(3,733,254)</u>	<u>(16,804,859)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(534,200)	(3,613,875)
Long term deposits	-	-
Net cash outflow from investing activities	<u>(534,200)</u>	<u>(3,613,875)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan	(1,875,000)	-
Short term loan	-	-
Net cash Inflow / (out flow) from financing activities	<u>(1,875,000)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	(6,142,454)	(20,418,734)
Cash and Cash equivalents at the beginning of the period	10,238,291	44,049,557
Cash and Cash equivalents at the end of the period	8 <u><u>4,095,837</u></u>	<u><u>23,630,823</u></u>

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

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.


Mehmood-ul-Hassan Asghar
Director


Muhammad Irfan Ali
Chief Financial Officer


Syed Maqbool Ali
Chairman Board of Directors

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2022

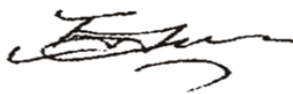
	Issued, subscribed and Paid-up Capital	Revenue reserve	Capital Reserve	Total
		Accumulated loss	Revaluation surplus on property, plant & equipment	
(Rupees)				
Balance as at July 01, 2021	977,507,260	(1,345,216,585)	2,370,386,530	2,002,677,205
Total comprehensive loss for the period				
Loss for the period	--	(55,907,194)	--	(55,907,194)
Other comprehensive income	--	--	--	--
	--	(55,907,194)	--	(55,907,194)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	19,005,365	(19,005,365)	--
Balance as at September 30, 2021	977,507,260	(1,382,118,414)	2,351,381,165	1,946,770,011
Balance as at July 01, 2022	977,507,260	(1,463,021,085)	2,294,365,071	1,808,851,246
Total comprehensive loss for the period				
Loss for the period	--	(88,646,219)	--	(88,646,219)
Other comprehensive income	--	--	--	--
	--	(88,646,219)	--	(88,646,219)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	17,125,179	(17,125,179)	--
Balance as at September 30, 2022	977,507,260	(1,534,542,125)	2,277,239,892	1,720,205,027

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

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.



Mehmood-ul-Hassan Asghar
Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors

DEWAN FAROOQUE SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED 30TH SEPTEMBER 2022

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 first quarter ended September 30, 2022 reflect that company sustained net loss after taxation of Rs. 88.646 million (2022: Rs. 192.991 million) and as of that date it has negative reserves of Rs. 1,534.542 million and its current liabilities exceeded its current assets by Rs. 1,161.803 million (2022: 1,102.718 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 these conditions are temporary and would reverse in foreseeable future. The company's operating cash flows are positive and sponsors provide support as and when required to meet working capital requirements. Therefore the preparation of these 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 1st Quarter ended 30 September 2022 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 2022.

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 2022.

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, 2022 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 in future periods

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 is 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, 2022.

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, 2022.

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, 2022.

7 PROPERTY, PLANT AND EQUIPMENT

		Sept. 30, 2022	Jun 30, 2022
Operating fixed assets	7.1	3,160,667,438	3,196,911,765
Capital work in progress		-	-
		<u>3,160,667,438</u>	<u>3,196,911,765</u>
7.1 Operating fixed assets			
Opening balance		3,196,911,765	3,316,315,029
Additions during the period / year	7.2	534,200	41,279,650
Depreciation during the period / year		(36,778,527)	(160,682,914)
Closing balance		<u>3,160,667,438</u>	<u>3,196,911,765</u>
7.2 Additions during the period / year			
Plant & machinery		534,200	41,125,650
Office equipment		-	19,000
Computer equipment		-	135,000
		<u>534,200</u>	<u>41,279,650</u>

8 CASH AND CASH EQUIVALENTS

		Sept. 30, 2022	Sept. 30, 2021
Cash and bank balances		4,095,837	23,630,823
		<u>4,095,837</u>	<u>23,630,823</u>

9 FINANCE COST

The Company has not made the provision of markup for the year amounting to Rs.2.990 million (up to June 30, 2022: Rs.84.658 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 period would have been higher by Rs.2.990 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.87.648 million.

	Sept. 30, 2022	Sept. 30, 2021
	Rupees	
10 BASIC EARNINGS PER SHARE		
Loss after taxation	(88,646,219)	(55,907,194)
Weighted average number of ordinary shares	97,750,726	97,750,726
Basic loss per share	(0.91)	(0.57)

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	529,082	394,518
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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.

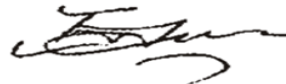
13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorized for issue on October 24, 2022 by the Board of Directors of the company.

Note: Chief Executive of the company is presently not available in Pakistan, therefore these condensed interim financial statements have been signed by two directors duly authorized in this behalf.



Mehmood-ul-Hassan Asghar
Director



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Chairman Board of Directors