

## Half Yearly Report

December 31, 2024



**DEWAN TEXTILE MILLS LIMITED**

 **YD** | A YOUSUF DEWAN COMPANY

## CONTENTS

Company Information.....	1
Directors' Report (English).....	2
Auditor's Report to the Members on Review of Condensed Interim Financial Statements .....	4
Statement of Financial Position .....	6
Statement of Profit or Loss .....	7
Statement of Comprehensive Income.....	8
Statement of Cash Flows.....	9
Statement of Changes in Equity.....	10
Notes to the Financial Statements.....	11
ڈائریکٹرز رپورٹ .....	16

## DEWAN TEXTILE MILLS LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

**Executive Director** : Mr. Ishtiaq Ahmed - Chief Executive Officer & Director

**Non-Executive Directors** : Syed Asim Abid Ali - Chairman, Board of Directors  
Mr. Abdul Basit  
Mr. Ghazanfar Baber Siddiqi Mr.  
Syed Maqbool Ali  
Mrs. Nida Jamil

**Independent Director** : Mr. Aziz-ul-Haque

**Audit Committee** : Mr. Aziz-ul-Haque - (Chairman)  
Syed Maqbool Ali (Member)  
Mr. Mehmood-ul-Hassan Asghar (Member)

**Human Resources & Remuneration Committee** : Mr. Aziz-ul-Haque - Chairman  
Syed Maqbool Ali (Member)  
Mr. Ishtiaq Ahmad - (Member)

**Auditor** : Faruq Ali & Co.  
C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz  
Road, Opp. Martime Museum Karachi.

**Company Secretary** : Mr. Muhammad Hanif German

**Chief Financial Officer** : Mr. Muhammad Irfan Ali

**Tax Advisor** : Sharif & Co. Advocates

**Legal Advisor** : Abbas & Atif Law Associates

**Bankers** : Habib Bank Limited  
Standard Chartered Bank Pakistan Limited  
Meezan Bank Limited  
United Bank Limited  
Bank Al-Falah Ltd  
Silk Bank Limited  
Summit Bank Limited  
Faysal Bank Limited  
MCB 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** : H/20 & H/26, S.I.T.E.,  
Kotri, District Jamshoro, Sindh, Pakistan

**Website** : [www.yousufdewan.com](http://www.yousufdewan.com)

## **IN THE NAME OF ALLAH; THE MOST GRACIOUS AND THE MERCIFUL**

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

Dear Shareholder(s),

Assalam-o-Alykum!

The Board of Directors of your Company is pleased to present unaudited condensed interim financial statements for the half year ended December 31, 2024 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 (SECP).

### **Economic & Industrial Overview**

Due to ongoing economic pressures, challenges faced by Pakistan's economy continued impacting the Pakistan industry performance during the first half of FY 2024-25. Inconsistent policies, cross subsidization, resource misallocation, expensive raw material, unemployment, rising energy prices, heavy taxation and geopolitical tensions are pressing concerns for Pakistan's Industry. Further, the prevailing political and economic conditions in the country have made the business outlook very challenging, particularly for the textile sector, which is struggling to revive companies with old machine setups. The textile sector has major contribution of around 60 percent in country's exports and employment contribution of around 40 percent of the labor force. It also supports numerous other sectors such as cotton and retail through domestic linkages. As per PCGA cotton arrival report of 31-Jan-25, Pakistan's cotton production for current season has reached at around 5.5 million bales which shows a significant decline of 34% from the previous year mainly due to lack of Govt. patronage of agriculture sector, continuous decrease in cultivated area and drought. In Pakistan, the discontinuation of regionally competitive energy pricing led to a substantial rise in production costs. Further, policy changes disallowing domestic EFS, high interest rates and delayed government refunds strained cash flows, all these factors are leading to an increase in the cost of doing business resultantly undermining our cost competitiveness with regional competitors by ending the profitability of Pakistan textile industry.

### **Operating results (Factory Shutdown):**

Company's net revenue for half year remained nil due to closure of operations. The Company, for the time being, has suspended its manufacturing operations since December 2015 which could not be resumed due to adverse scenario faced by the industry and working capital constraints.

The Auditors of the company have expressed adverse opinion in their report on going concern assumption, default in repayment of installments of restructured liabilities along with related non-provisioning of mark-up and litigation with its lenders.

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<sup>2</sup>

future. The company has approached its lenders for further restructuring of its liabilities, which is in process. Management is hopeful that such revision will be finalized soon. Moreover, the markup outstanding up to the date of restructuring is Rs.1.452 billion, which the company would be liable to pay in the event of default of terms of agreement. Since the management is confident that upon finalization of restructuring this amount will remain eligible for waiver, hence no provision of the same has been made in these financial statements.

### **Future Outlook**

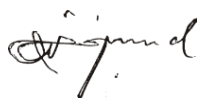
The country's long-term economic stability would largely depend on resolving fundamental economic issues, political firmness, proactive & prudent monetary policy, a sound & rationalized policy of the government for taxes, constant supply of utilities at affordable tariff and availability of cost-effective borrowing facilities. In this context, it is important to recognize the criticality of facilitating the export industries including textile which result in net inflow of dollars and foster economic stability. Further, to achieve export targets, it is very crucial to raise awareness on the importance of cotton initiatives for the revival of quality cotton crop in the country. Modern and mechanized cotton farming, the establishment of fiber testing laboratories, as well as seed testing & biotechnology labs of international standards will determine the future productivity of the textile sector and resulting in the economic growth of Pakistan.

### **Conclusion**

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)

By and under Authority of the Board of Directors



**Ishtiaq Ahmed**

**Chief Executive Officer & Director**



**Syed Asim Abid Ali**

**Chairman Board of Directors**

Karachi, February 26, 2025



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dewan Textile Mills Limited

### Report on review of Condensed Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Dewan Textile Mills Limited as at 31 December 2024 and the related the condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed 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 for adverse conclusion

- a) The condensed interim financial statement for the period ended 31 December 2024 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.62.135 million and as of that date it has negative revenue reserves of Rs.5,949.333 million which resulted in negative equity of Rs.2,801.427 million and its current liabilities exceeded its current assets by Rs.5,632.463 million and total assets by Rs.2,357.350 million (excluding the effect of non-provided markup and restructured liabilities classified under non-current liabilities). In previous years, the Company defaulted in repayment of installments of restructured liabilities, hence as per terms of restructuring, the entire restructured liabilities of Rs.2,925.634 million along with markup of Rs.1,452.610 million (eligible for waiver outstanding as of date of restructuring) have become immediately payable, therefore provision for markup should be made in these financial statements. Further, the Company's manufacturing operations has been suspended since December 2015 and could not been resumed till the date of this report. These conditions lead us to believe that going concern assumption used in preparation of these condensed interim financial statements is inappropriate; consequently, the assets and liabilities should have been stated at their realisable and settlement amounts respectively.
- b) The Company has not made provision of markup for the period amounting to Rs.214.827 million (up to the period ended 31 December 2024: Rs.1,365.312 million) (refer note 12) on account of restructuring proposal offered. In our opinion, since the proposal has not been accepted so far, instead of accepting the restructuring proposal, have preferred filing suits against the Company, therefore the provision of mark-up

should be made in these financial statements. Had the provisions of mark-ups, including the mark-up discussed in preceding paragraph, been made in the condensed interim financial statements, the loss after taxation for the period would have been higher by Rs.214.827 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.1,365.312 million.

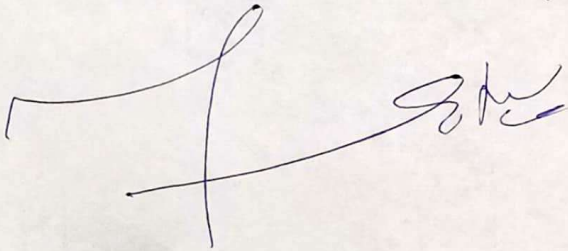
#### **Adverse Conclusion**

Our review indicates that, because of the significance of the matters discussed in paragraph (a) and (b) above, these condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

#### **Other matters**

The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarter ended 31 December 2024 and 31 December 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2024.

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



**CHARTERED ACCOUNTANTS**

**Place: Karachi**

**Dated: 27 FEB 2025**

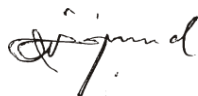
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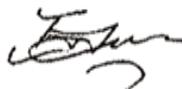
**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

	Notes	(Un-audited) 31 December 2024	(Audited) 30 June 2024
----- (Rupees) -----			
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 50,000,000 (June 2024: 50,000,000) Ordinary shares of Rs. 10/- each		<b>500,000,000</b>	500,000,000
Issued, subscribed and paid-up share capital		<b>460,646,090</b>	460,646,090
Revenue reserves			
General reserve		<b>333,000,000</b>	333,000,000
Accumulated losses		<b>(6,282,332,504)</b>	(6,248,315,316)
Capital reserves			
Surplus on revaluation of property, plant and equipment	6	<b>2,687,259,804</b> <b>(2,801,426,610)</b>	2,715,378,092 (2,739,291,134)
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	7	<b>240,856,626</b>	226,897,833
Deferred taxation	8	<b>203,219,666</b> <b>444,076,292</b>	214,704,600 441,602,433
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>140,368,521</b>	140,724,216
Mark-up accrued		<b>2,276,503,741</b>	2,276,503,741
Short term borrowings		<b>293,897,780</b>	293,897,780
Liability for staff gratuity		<b>1,784,351</b>	1,784,351
Unclaimed dividend		<b>254,206</b>	254,206
Overdue portion of long term financing	9	<b>2,925,634,170</b> <b>5,638,442,769</b>	2,925,634,170 5,638,798,464
<b>CONTINGENCIES AND COMMITMENTS</b>			
		<b>--</b> <b>3,281,092,451</b>	<b>--</b> <b>3,341,109,763</b>
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>3,270,741,862</b>	3,330,513,777
Long term investment	11	<b>--</b>	--
Long term deposits		<b>4,371,174</b> <b>3,275,113,036</b>	4,371,174 3,334,884,951
<b>CURRENT ASSETS</b>			
Trade debts - Unsecured		<b>1,977,254</b>	2,446,146
Advances and receivable		<b>509,648</b>	509,648
Taxes recoverable - Net		<b>196,873</b>	180,739
Cash and bank balances		<b>3,295,640</b> <b>5,979,415</b> <b>3,281,092,451</b>	3,088,279 6,224,812 <b>3,341,109,763</b>

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Syed Asim Abid Ali**  
Chairman Board of Directors



**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2024 - Unaudited**

Notes	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	----- (Rupees) -----		----- (Rupees) -----	
Sales - Net	--	--	--	--
Cost of sales	<u>(68,253,735)</u>	<u>(72,342,369)</u>	<u>(32,642,740)</u>	<u>(36,362,740)</u>
Gross (loss)	<u>(68,253,735)</u>	<u>(72,342,369)</u>	<u>(32,642,740)</u>	<u>(36,362,740)</u>
<b>Operating expenses</b>				
Administrative and general expenses	(3,000,319)	(3,379,035)	(1,098,626)	(1,432,267)
Operating (loss)	<u>(71,254,054)</u>	<u>(75,721,404)</u>	<u>(33,741,366)</u>	<u>(37,795,007)</u>
Finance cost	12 (13,959,357)	(12,388,519)	(7,083,560)	(6,285,395)
Other income	11,593,000	13,218,500	5,143,000	13,218,500
(Loss) before taxation	<u>(73,620,411)</u>	<u>(74,891,423)</u>	<u>(35,681,926)</u>	<u>(30,861,902)</u>
Taxation				
- Current	--	--	--	--
- Deferred	<u>11,484,935</u>	<u>13,038,707</u>	<u>5,742,468</u>	<u>6,519,354</u>
	11,484,935	13,038,707	5,742,468	6,519,354
<b>(Loss) for the period</b>	<u><u>(62,135,476)</u></u>	<u><u>(61,852,716)</u></u>	<u><u>(29,939,458)</u></u>	<u><u>(24,342,548)</u></u>
(Loss) per share - Basic and diluted	13 <u>(1.35)</u>	<u>(1.34)</u>	<u>(0.65)</u>	<u>(0.53)</u>

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



**Ishtiaq Ahmed**  
**CEO & Director**



**Muhammad Irfan Ali**  
**Chief Financial Officer**



**Syed Asim Abid Ali**  
**Chairman Board of Directors**

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2024 - Unaudited**

Notes	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2024	2023	2024	2023
	----- (Rupees) -----		----- (Rupees) -----	
(Loss) for the period	(62,135,476)	(61,852,716)	(29,939,458)	(24,342,548)
<i>Other comprehensive income:</i>	--	--	--	--
<b>Total comprehensive (loss) for the period</b>	<b><u>(62,135,476)</u></b>	<b><u>(61,852,716)</u></b>	<b><u>(29,939,458)</u></b>	<b><u>24,342,548</u></b>

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



**Ishtiaq Ahmed**  
**CEO & Director**



**Muhammad Irfan Ali**  
**Chief Financial Officer**

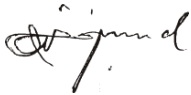


**Syed Asim Abid Ali**  
**Chairman Board of Directors**

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2024 - Unaudited**

Notes	31 December 2024	31 December 2023
	----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(73,620,411)	(74,891,423)
<i>Adjustment for non-cash and other items:</i>		
Depreciation / amortisation expense	59,771,915	67,424,897
Bad debts recovered	(11,593,000)	(13,218,500)
Unwinding of discount	13,958,793	12,387,719
Finance cost	564	800
Cash flows before working capital changes	(11,482,139)	(8,296,507)
<i>Working capital changes</i>		
<i>(Increase) / decrease in current assets</i>		
Trade debts	12,061,892	17,511,692
Advances and receivables	--	18,363
	12,061,892	17,530,055
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	(355,694)	(9,458,818)
	(355,694)	(9,458,818)
Cash generated from / (used in) operations	224,059	(225,270)
<i>Payments for:</i>		
Income tax paid	(16,134)	(16,134)
Finance cost paid	(564)	(800)
<b>Net cash generated / (used in) operating activities</b>	207,361	(242,204)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	--	--
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	--	--
Net increase / (decrease) in cash and cash equivalents	207,361	(242,204)
Cash and cash equivalents at the beginning of the period	3,088,279	3,313,815
<b>Cash and cash equivalents at the end of the period</b>	3,295,640	3,071,611

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



**Ishtiaq Ahmed**  
**CEO & Director**



**Muhammad Irfan Ali**  
**Chief Financial Officer**

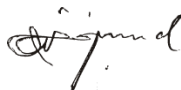


**Syed Asim Abid Ali**  
**Chairman Board of Directors**

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2024 - Unaudited**

Issued, subscribed and paid-up share capital	Revenue reserves				Total equity
	General reserve	Accumulated losses	Total revenue reserves	Surplus on revaluation of property, plant and equipment	
----- (Rupees) -----					
460,646,090	333,000,000	(6,176,908,526)	(5,843,908,526)	2,779,222,794	(2,604,039,642)
--	--	(61,852,716)	(61,852,716)	--	(61,852,716)
--	--	--	--	--	--
--	--	(61,852,716)	(61,852,716)	--	(61,852,716)
--	--	31,922,351	31,922,351	(31,922,351)	--
460,646,090	333,000,000	(6,206,838,891)	(5,873,838,891)	2,747,300,443	(2,665,892,358)
460,646,090	333,000,000	(6,248,315,316)	(5,915,315,316)	2,715,378,092	(2,739,291,134)
--	--	(62,135,476)	(62,135,476)	--	(62,135,476)
--	--	--	--	--	--
--	--	(62,135,476)	(62,135,476)	--	(62,135,476)
--	--	28,118,288	28,118,288	(28,118,288)	--
460,646,090	333,000,000	(6,282,332,504)	(5,949,332,504)	2,687,259,804	(2,801,426,610)

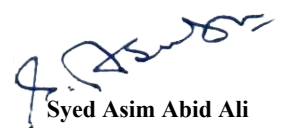
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**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Syed Asim Abid Ali**  
Chairman Board of Directors

**DEWAN TEXTILE MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2024 - Unaudited**

**1 THE COMPANY AND ITS OPERATIONS**

Dewan Textile Mills Limited ('the Company') was incorporated in Pakistan on 16 April 1970 as a public limited company and is listed on the Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn. However, the Company has suspended its manufacturing operations since December 2015.

The geographical location and address of Company's business units including plant is as under:

- Company's registered office is located at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.
- Company's production plant is situated at H/20 & H/26, S.I.T.E., Kotri, District Jamshoro, Sindh, Pakistan.

**2 GOING CONCERN ASSUMPTION**

The condensed interim financial statements of the Company for the period ended 31 December 2024 reflect that the Company has sustained a net loss after taxation of Rs.62.135 million (June 2024: Rs.135.251 million) and as of that date the Company's negative revenue reserves of Rs.5,949.333 million (June 2024: Rs.5,915.315 million) have resulted in negative equity of Rs.2,801.427 million (June 2024: Rs.2,739.291 million) and its current liabilities exceeded its current assets by Rs.5,632.463 million (June 2024: Rs.5,632.574 million) and total assets by Rs.2,357.350 million (June 2024: Rs.2,297.689 million). Further the Company's short term borrowing facilities have expired and not been renewed and the Company has been unable to ensure scheduled payments of liabilities due to the liquidity problems. Following course, majority of the lenders had gone into litigation for repayment of liabilities through attachment and sale of Company's hypothecated / mortgaged properties and one lender had also filed winding up petitions under section 301 of the Companies Act, 2017 as more fully explained in note 12.1 and note 12.2 to the annual financial statement. The Company has suspended its manufacturing operations since December 2015. These conditions indicate the existence of material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern; therefore, the Company may not be able to realize its assets and discharge its liabilities during the normal course of business.

The condensed interim financial statements has been prepared on going concern assumption as the Company approached its lenders for further restructuring of its liabilities, which is in process. Company is hopeful that such restructuring will be effective soon and will streamline the funding requirements of the Company which will ultimately help the management to resume the operations with optimum utilisation of production capacity. As the conditions mentioned in the foregoing paragraph are temporary and would reverse therefore, the preparation of condensed interim financial statement 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 31 December 2024 have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as 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 the provisions of and directives issued under the Companies Act, 2017 differ with 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 2024.

**3.3** The figures included in the condensed interim statement of profit or loss and condensed interim statement of other comprehensive income for the quarters ended 31 December 2024 and 2023 and the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2024 and 2023.

#### **4 MATERIAL ACCOUNTING POLICY INFORMATION**

**4.1** The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of annual audited financial statements of the Company for the year ended 30 June 2024.

#### **4.2 Change in accounting standards, interpretations, and amendments to published accounting and reporting standards**

##### **4.2.1 Amendments to published accounting and reporting standards that became effective during the period:**

There were certain amendments to accounting and reporting standards which became mandatory for the Company during the period. However, the amendments did not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

##### **4.2.2 Amendments to published accounting and reporting standards that are not yet effective:**

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2024. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

#### **5 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended 30 June 2024.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2024.

#### **6 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**

		(Un-audited) 31 December 2024	(Audited) 30 June 2024
		----- (Rupees) -----	
Gross surplus		2,890,479,468	2,930,082,691
Related deferred tax liability	8	(203,219,664)	(214,704,599)
		<u>2,687,259,804</u>	<u>2,715,378,092</u>
			12

		(Un-audited) 31 December 2024	(Audited) 30 June 2024
		----- (Rupees) -----	
<b>7</b>	<b>LONG TERM FINANCING</b>		
	<i><b>Banks and financial institutions - Secured</b></i>		
	Restructured long term financing	2,925,634,170	2,925,634,170
	Sponsor - Unsecured	<u>240,856,626</u>	<u>226,897,833</u>
		3,166,490,796	3,152,532,003
	Overdue portion - Shown under current liabilities	<u>(2,925,634,170)</u>	<u>(2,925,634,170)</u>
		<u><u>240,856,626</u></u>	<u><u>226,897,833</u></u>
<b>7.1</b>	Principal terms and conditions of outstanding loans have remained the same as disclosed in note 7 to the Annual financial statements of the Company for the year ended June 30, 2024.		
<b>7.2</b>	The Company has not made the provision of mark-up from 1st July 2023 on Restructured long term financing from banks and financial institutions outstanding of Rs.2,925.634 million.		
<b>8</b>	<b>DEFERRED TAXATION</b>		
	<i><b>Credit balance arising due to:</b></i>		
	- Accelerated tax depreciation	19,262,026	23,824,015
	- Revaluation - Net of related depreciation	203,219,666	214,704,600
	- Long term financing	13,700,588	17,748,638
	<i><b>Debit balance arising due to:</b></i>		
	- Staff gratuity	(517,462)	(517,462)
	- Provision for doubtful debts and receivable	(172,284,368)	(175,646,338)
	- Provision for slow-moving stores and spares	(15,428,405)	(15,428,405)
	- Carried over losses	<u>(940,756,244)</u>	<u>(1,043,601,350)</u>
		(892,804,199)	(978,916,302)
	Deferred tax asset not recognised	<u>1,096,023,865</u>	<u>1,193,620,902</u>
		<u><u>203,219,666</u></u>	<u><u>214,704,600</u></u>
<b>9</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
	There are no significant change in the status of contingencies and commitments as reported in note 12 to the annual audited financial statements of the Company for the year ended 30 June 2024.		
<b>10</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	10.1 <u>3,270,741,862</u>	<u>3,330,513,777</u>
	<b>10.1 Operating fixed assets</b>		
	Opening net book value (NBV)	3,330,513,777	6,886,666,284
	Depreciation charged for the period / year	<u>(59,771,915)</u>	<u>(3,556,152,507)</u>
	Closing net book value (NBV)	<u><u>3,270,741,862</u></u>	<u><u>3,330,513,777</u></u>
<b>10.2</b>	There is no addition / deletion in property, plant and equipment during the period under consideration.		

		(Un-audited) 31 December 2024	(Audited) 30 June 2024
		----- (Rupees) -----	
<b>11 LONG TERM INVESTMENT</b>			
<i>Investment in associate</i>			
Dewan Salman Fibre Limited		== --	== --
<b>11.1</b>	Associate is an entity over which the Company has significant influence but no control. Company's investee company is considered to be its associate by virtue of common directorship and its ownership interest of 28.47% in investee company.		
<b>11.2</b>	<b>Investment in Dewan Salman Fibre Limited - At equity method</b>		
	Number of shares held	104,288,773	104,288,773
	Cost of investment (Rupees)	210,000,000	210,000,000
	Fair value of investment (Rupees)	91,774,120	91,774,120
	Ownership interest	28.47%	28.47%
<b>11.3</b>	Investment in associated company was made in accordance with the requirement of then effective Companies Ordinance, 1984. As the Company's share of losses exceed its interest in the associate, the Company has discontinued recognising its share of further losses. Market value is based on last available quoted price as of 19 February 2018.		
<b>12 FINANCE COST AND MARK-UP ACCRUED</b>			
In addition to the non-provisioning of mark-up eligible for waiver as disclosed in note 12.2 of the annual financial statement for the year ended 30 June 2024 and note 7.2 to the interim condensed financial statements as at 31 December 2024 the Company has not made the provision of mark-up for the period amounting to Rs.214.827 million (up to 31 December 2024: Rs.1,365.312 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.214.827 million and accrued mark-up would have been higher and shareholders' equity would have been lower by Rs.1,365.312 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.			
		(Un-audited) 31 December 2024	(Un-audited) 31 December 2023
		----- (Rupees) -----	
<b>13 LOSS PER SHARE - Basic and diluted</b>			
	Loss after taxation	(62,135,476)	(61,852,716)
		----- (Number of shares) -----	
	Weighted average number of shares	46,064,609	46,064,609
	Loss per share - Basic and diluted (Rupees)	(1.35)	(1.34)
<b>14 TRANSACTIONS WITH RELATED PARTIES</b>			
Related parties include associated group companies, directors, executives, key management personnel and staff retirement funds. Material transactions and balances with related parties incurred during the period consisted of payment of contribution to Staff provident fund of the Company amounting to Rs.31,312/- (December 2023:			

Rs.42,696/-).

## **15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

### **15.1 Financial risk factors**

The Company is exposed to the credit risks, liquidity risks and market risks (including currency rate risk and other price risk) from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

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

The Company's objective in managing risk is the creation and protection of shareholders value. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

### **15.2 Fair value hierarchy**

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The fair value hierarchy has not been presented in these financial statements, as the Company does not hold any such financial instrument in its portfolio.

## **16 CORRESPONDING FIGURES**

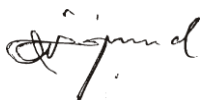
In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", condensed interim statement of financial position has been compared with the balances of annual financial statements, whereas condensed interim statement of profit or loss, statement of cash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

## **17 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on 26th February, 2025 by the Board of Directors of the Company.

## **18 GENERAL**

These condensed interim financial statements is presented in rupees and figures have been rounded off to nearest rupee.



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



**Syed Asim Abid Ali**  
Chairman Board of Directors

### ڈائریکٹر رپورٹ

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

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2024ء کو ختم ہونے والی ششماہی کے لئے کمپنیز ایکٹ 2017ء کے سیکشن 237 اور سیکورٹیز 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۔

### معیشہ اور صنعت کا پس منظر:

پاکستان کی معیشت کو درپیش جاری اقتصادی دباؤ کے باعث مالی سال 2024-25 کی پہلی ششماہی میں پاکستان کی صنعتی کارکردگی پر منفی اثرات مرتب ہوتے رہے۔ غیر مستحکم پالیسیاں، کراس سبسڈائزیشن، وسائل کی غلط تقسیم، مہنگا خام مال، بے روزگاری، بڑھتی ہوئی توانائی کی قیمتیں، بھاری ٹیکسوں کا بوجھ اور جغرافیائی سیاسی کشیدگی پاکستان کی صنعت کے لیے اہم مسائل ہیں۔ مزید برآں، ملک میں موجودہ سیاسی اور اقتصادی حالات نے کاروباری منظر نامے کو بہت مشکل بنا دیا ہے، خصوصاً ٹیکسٹائل کے شعبے کے لیے، جو پرانے مشینی اسٹرکچر والی کمپنیوں کی بحالی میں مشکلات کا سامنا کر رہا ہے۔ ملک کی برآمدات میں ٹیکسٹائل سیکٹر تقریباً 60 فیصد اور محنت کش طبقے میں روزگاری فراہمی میں تقریباً 40 فیصد حصہ رکھتا ہے۔ یہ شعبہ ملکی سطح پر کپاس اور ریٹیل سمیت متعدد دیگر صنعتوں کی بھی معاونت کرتا ہے۔ پی سی جی اے کی 31 جنوری 2025 کی کپاس آمد رپورٹ کے مطابق، پاکستان میں رواں سیزن کے دوران کپاس کی پیداوار تقریباً 5.5 ملین گانٹھوں تک پہنچ چکی ہے، جو گزشتہ سال کے مقابلے میں 34 فیصد کی نمایاں کمی ظاہر کرتی ہے۔ اس کی بنیادی وجوہات میں زرعی شعبے کے لیے حکومتی سرپرستی کی کمی، زیر کاشت رقبے میں مسلسل کمی اور خشک سالی شامل ہیں۔ پاکستان میں خطے کے مطابق مسابقتی توانائی قیمتوں کے خاتمے سے پیداواری لاگت میں نمایاں اضافہ ہوا۔ مزید برآں، پالیسی تبدیلیوں کے تحت مقامی ای ایف ایس کی عدم دستیابی، بلند شرح سود اور حکومت کی جانب سے ریفرنڈم میں تاخیر نے کیش فلو کو متاثر کیا۔ ان تمام عوامل کے نتیجے میں کاروباری لاگت میں اضافہ ہو رہا ہے، جس سے پاکستان کی ٹیکسٹائل صنعت کی منافع بخشی ختم ہو رہی ہے اور یہ شعبہ خطے کے حریف ممالک کے مقابلے میں اپنی لاگت کے لحاظ سے مسابقت کھو رہا ہے۔

### عملی نتائج (فیکٹری بند):

اس سال بھی کمپنی کی صافی پیداواری فروخت پیداوار معطل ہونے کی وجہ سے صفر رہی۔ کمپنی نے وقتی طور پر دسمبر 2015ء سے اپنی پیداوار کے عمل کو معطل کر دیا ہے جو کہ صنعت میں نا مساعد مشکلات اور کام چلانے کے لیے سرمایہ میں کمی کی وجہ سے ہے۔

کمپنی کے آڈیٹرز نے آپریشن کی بندش، قرضہ جات کی قسطوں کی ادائیگی اور مارک اپ سے متعلق غیر عدم فراہمی اور مشکوک قرضوں کے لئے فراہمی جو کہ ان کی جائزہ رپورٹ میں بیان کیا گیا ہے، کے باعث مستقبل کی تشویش سے متعلق اپنی جائزہ رپورٹ میں منفی نتیجہ کا اظہار کیا ہے۔ مجموعی عبوری مالی بیانات تشویش کا اظہار کرتے ہوئے تیار کیئے گئے ہیں کیونکہ کمپنی نے اپنے قرض دہندگان سے بغیر مارک اپ کے واجبات کی مزید تشکیل نو کے لیے رابطہ کیا ہے، جو اس وقت زیر عمل ہے۔ انتظامیہ پر امید ہے کہ یہ نظر ثانی جلد حتمی شکل اختیار کر لے گی۔ مزید برآں، تشکیل نو کی تاریخ تک بقایا مارک اپ 1.452 ملین روپے ہے، جس کی ادائیگی کمپنی پر معاہدے کی شرائط کی خلاف ورزی کی صورت میں لازم ہوگی۔ تاہم، انتظامیہ کو یقین ہے کہ تشکیل نو کی



نظر ثانی مکمل ہونے کے بعد یہ رقم معافی کے لیے اہل رہے گی لہذا ان مالیاتی گوشواروں میں اس کی کوئی گنجائش شامل نہیں کی گئی۔

### مستقبل کا نظریہ:

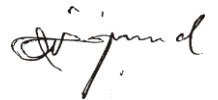
ملک کی طویل المدتی اقتصادی استحکام کا دارومدار بنیادی معاشی مسائل کے حل، سیاسی استحکام، متحرک اور دانشمندانہ مالیاتی پالیسی، حکومت کی متوازن اور منطقی ٹیکس پالیسی، مناسب ٹیرف پر مسلسل یوٹیلیٹی فراہمی اور کم لاگت قرضہ جات کی دستیابی پر ہوگا۔ اس تناظر میں، برآمدی صنعتوں، بالخصوص ٹیکسٹائل سیکٹر، کو سہولت فراہم کرنے کی اہمیت کو تسلیم کرنا نہایت ضروری ہے، کیونکہ یہ صنعت ڈالر کی خالص آمدنی بڑھانے اور معاشی استحکام کو فروغ دینے میں کلیدی کردار ادا کرتی ہے۔ مزید برآں، برآمدی اہداف کے حصول کے لیے ملک میں معیاری کپاس کی بحالی کے اقدامات کی اہمیت کو اجاگر کرنا ناگزیر ہے۔ جدید اور مشینی کاشت کاری، فائبر ٹیسٹنگ لیبارٹریوں کا قیام، نیز بین الاقوامی معیار کی سیڈ ٹیسٹنگ اور بائیو ٹیکنالوجی لیز ٹیکسٹائل سیکٹر کی مستقبل کی پیداواری صلاحیت کا تعین کرے گا اور پاکستان کی اقتصادی ترقی میں معاون ثابت ہوگا۔

### نتیجہ:

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 ثناء آمین۔

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

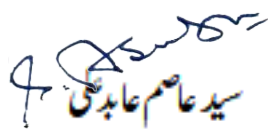
بورڈ آف ڈائریکٹرز کی جانب سے



اشتیاق احمد

چیف ایگزیکٹو آفیسر

مورخہ: 26 فروری 2025ء



چیرمین، بورڈ آف ڈائریکٹرز