

Half Yearly Report
December 31, 2022



DEWAN FAROOQUE SPINNING MILLS LIMITED

 **YD** | A YOUSUF DEWAN COMPANY

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	: Syed Maqbool Ali Chief Executive Officer & Director
Non-Executive Director	: Mr. Mehmood-ul-Hassan Asghar - Chairman, Board of Directors Mr. Ghazanfar Baber Siddiqi Mr. Abdul Basit Mr. Muhammad Hanif German Mrs. Nida Jamil
Independent Director	: Mr. Aziz -ul-Haque
Audit Committee	: Mr. Aziz -ul-Haque (Chairman) Mr. Abdul Basit (Member) Mr. Ghazanfar Baber Siddiqi (Member)
Human Resources & Remuneration Committee	: Mr. Aziz -ul-Haque (Chairman) Mr. Imran Ahmed Javed (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 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, 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

During the current period, there is significant decline in demand of textile products both in local and international market. The cotton crop in Pakistan is expected to be around 5 million bales during this season, compared with a target of 11 million bales due to heavy floods in the country. This compelled spinning industry to import more raw cotton as compared to history, but stringent restrictive import measures adopted by the Government could not meet the supply demands of the industry. The whole scenario contributed towards heavy losses in overall textile industry in Pakistan. About 30% of Pakistan's textile production capacity of exports has been hampered because of cotton, import restrictions and energy prices. The current situation has severely impacted a devastating effect on the already struggling economy, stricken with reduced foreign exchange reserves. The hike in interest rates and the increase in the overall cost of doing business, particularly labor, energy, and finance costs, has made it difficult for the company to sustain business operations. The government fixed the RLNG rate at US\$ 9 per MMBTU for Export Oriented Companies, however, only 40% to 50% of gas quota was made available to the industry. The Grid rate has been fixed to a flat rate of Rs. 19.99 Per Unit which is still high. Consequently, many units of textile industry observed reduction in production levels or shut down of their plants. To achieve export targets, a sound policy is needed to lower energy costs and make the industry more competitive.

Operating results and performance

Company's net revenue for half year remained to Rs. 331.241 million as compared to net revenue of Rs. 334.494 million of the corresponding period of last year. Company has suffered gross loss of Rs. 101.745 million as compared to the gross loss of Rs. 53.994 million of comparable period of last year, whereas operating expenses of the company have also increased by Rs.5.184 million. Further, due to working capital constraints, the company continued the production of yarn on contract basis to keep the company operational.

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 of markup 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 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

There is a need for a rationalized policy of the government for taxes, smooth supply of Power at affordable tariff and making cost-effective borrowing facilities available to the textile sector. In the wake of current hyper inflationary situation government is further planning to increase energy prices and interest rates which will also be going to raise further costs badly in coming days. Due to prevailing situation in local as well as international market coupled with political scenario in Pakistan, the current financial year entails many challenges to deal with. The industry performance mainly depends on consistency in government policies and constant provision of utilities at affordable rates. This, along with restrictive issuance of LCs may further cause the firms and national economy to suffer badly and if the government decides to withdraw subsidy or increase the prices of electricity and Gas/RLNG, there would more reverse challenges to be faced by the industry.

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)

By and under Authority of the Board of Directors



Syed Maqbool Ali
Chief Executive Officer & Director

Dated: February 24, 2023



Mehmood-ul-Hassan Asghar
Chairman - Board of Directors

**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, 2022 and the related Condensed interim statement of profit or loss, Condensed interim statement of 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 (June 30, 2022: Rs. 398.067) million along with markup of Rs. 210.713 (June 30, 2022: 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 (June 30, 2022: Rs. 192.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 66.60 (June 30, 2022: Rs. 66.60) million the company has also not provided markup on the same amount as fully disclosed in note 9 to the Condensed interim Financial Statements. Further, lenders filed suit for execution against the consent decree, accordingly, the financial institutions have not been provided bank confirmations as at reporting date.
- b) Had the provisions for the mark up, as discussed in note no 9 to the financial statements and preceding paragraph (a), been made in these financial statements, the loss after taxation would have been higher by Rs. 301.555 (June 30, 2022: Rs. 295.371) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. 301.555 (June 30, 2022: Rs. 295.371) 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, 2022 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, 2022 the company incurred a loss after taxation of Rs. 153.559 (December 31, 2021 Rs. . 84.014) million and as of that date it has accumulated losses amounting to Rs. 1,582.330 (June 30, 2022 Rs. 1,463.021) billion and its current liabilities exceeded its current assets by Rs. 1,198.131 (June 30, 2022: Rs. 1,102.718) 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 and the notes forming part thereof for the quarters ended December 31, 2022 and December 31, 2021 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, 2022.

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

Dated: February 27, 2023
RR202210161Ty6OA5z4m
Place: Karachi


CHARTERED ACCOUNTANTS
(Mohammad Ghalib)


DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2022

	Un-Audited Dec 31, 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	(1,582,330,018)	(1,463,021,085)
Capital reserve - revaluation surplus on property, plant and equipment	2,260,114,713	2,294,365,071
	1,655,291,955	1,808,851,246
NON-CURRENT LIABILITIES		
Long term loan	15,937,500	16,406,250
Deferred taxation	272,119,336	286,108,919
Deferred liability for staff gratuity	21,378,202	21,054,094
CURRENT LIABILITIES		
Trade and other payables	160,651,656	117,891,869
Accrued mark-up	354,417,360	319,474,688
Short term borrowings	412,864,355	412,864,355
Current & overdue portion of long term liabilities	446,084,477	446,553,227
Provision for taxation	4,140,518	8,677,877
	1,378,158,366	1,305,462,016
	-	-
	3,342,885,359	3,437,882,525
CONTINGENCIES AND COMMITMENTS		
<u>ASSETS</u>		
NON-CURRENT ASSETS		
Property, plant and equipment	3,124,630,771	3,196,911,765
Long term deposits	38,226,745	38,226,745
CURRENT ASSETS		
Stores & spares	31,260,232	25,350,641
Stock-in-trade	-	-
Trade debts- unsecured, considered good	49,809,274	69,983,502
Loans and advances - unsecured, considered good	20,559,105	19,715,514
Trade deposits and other receivables - considered good	28,977,356	40,704,645
Taxes recoverable	39,121,932	36,751,422
Cash and bank balances	10,299,944	10,238,291
	180,027,843	202,744,015
	3,342,885,359	3,437,882,525

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



Syed Maqbool Ali
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Mehmood-ul-Hassan Asghar
Chairman Board of Directors


DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2022

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>Dec 31,</u> <u>2022</u>	<u>Dec 31,</u> <u>2021</u>	<u>Dec 31,</u> <u>2022</u>	<u>Dec 31,</u> <u>2021</u>
Notes	----- (Rupees) -----			
Sales / Revenue - Net	331,241,400	334,493,963	177,632,800	184,964,375
Cost of sales / revenue	<u>(432,986,507)</u>	<u>(388,488,011)</u>	<u>(215,985,803)</u>	<u>(196,200,838)</u>
Gross loss	(101,745,107)	(53,994,048)	(38,353,003)	(11,236,463)
Operating expenses				
Administrative expenses	<u>(21,000,372)</u>	<u>(17,157,067)</u>	<u>(11,024,402)</u>	<u>(10,128,281)</u>
Selling and distribution expenses	<u>(5,631,819)</u>	<u>(4,290,400)</u>	<u>(2,758,675)</u>	<u>(1,983,822)</u>
	<u>(26,632,191)</u>	<u>(21,447,467)</u>	<u>(13,783,077)</u>	<u>(12,112,103)</u>
Operating loss	(128,377,298)	(75,441,515)	(52,136,080)	(23,348,566)
Finance cost	<u>9 (35,031,058)</u>	<u>(19,206,023)</u>	<u>(17,551,374)</u>	<u>(9,815,893)</u>
Loss before taxation	(163,408,356)	(94,647,538)	(69,687,454)	(33,164,459)
Taxation				
Current	<u>(4,140,518)</u>	<u>(4,891,974)</u>	<u>(2,220,410)</u>	<u>(2,705,104)</u>
Deferred	<u>13,989,583</u>	<u>15,525,509</u>	<u>6,994,792</u>	<u>7,762,754</u>
	<u>9,849,065</u>	<u>10,633,535</u>	<u>4,774,382</u>	<u>5,057,650</u>
Loss after taxation	<u>(153,559,291)</u>	<u>(84,014,003)</u>	<u>(64,913,072)</u>	<u>(28,106,809)</u>
Loss per share - basic and diluted	<u>10 (1.57)</u>	<u>(0.86)</u>	<u>(0.66)</u>	<u>(0.29)</u>

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



Syed Maqbool Ali
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Mehmood-ul-Hassan Asghar
Chairman Board of Directors

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2022

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>Dec 31,</u> <u>2022</u>	<u>Dec 31,</u> <u>2021</u>	<u>Dec 31,</u> <u>2022</u>	<u>Dec 31,</u> <u>2021</u>
	----- (Rupees) -----			
(Loss) after taxation	(153,559,291)	(84,014,003)	(64,913,072)	(28,106,809)
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 income /(loss) for the year	<u><u>(153,559,291)</u></u>	<u><u>(84,014,003)</u></u>	<u><u>(64,913,072)</u></u>	<u><u>(28,106,809)</u></u>

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



Syed Maqbool Ali
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Mehmood-ul-Hassan Asghar
Chairman Board of Directors

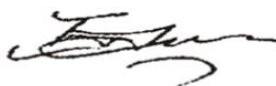
DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2022

	December 31, 2022	December 31, 2021
Note	----- (Rupees) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(163,408,356)	(94,647,538)
<i>Adjustments for non cash and other items:</i>		
Depreciation	73,577,694	79,459,102
Financial charges	35,031,058	19,206,023
Provision for doubtful debts	-	-
Provision for gratuity	5,203,994	4,284,624
Cash flow before working capital changes	(49,595,610)	8,302,211
<i>Working Capital changes</i>		
<i>(Increase) / Decrease in current assets:</i>		
Stores & spares	(5,909,591)	(3,652,666)
Stock in trade	-	361,003
Trade debts	20,174,228	(86,011)
Loans & advances	(843,591)	(3,895,140)
Trade deposits & other receivables	11,727,289	319,967
<i>Increase / (Decrease) in current liabilities:</i>		
Trade and other payables	42,759,787	(9,372,116)
Cash generated from / (used in) operations	18,312,512	(8,022,752)
Payments for:		
Taxes - net of refund	(11,048,387)	(8,199,655)
Gratuity	(4,879,886)	(1,763,992)
Finance cost	(88,386)	(62,939)
	2,295,853	(18,049,338)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(1,296,700)	(11,307,439)
Long term deposits	-	-
Net cash outflow from investing activities	(1,296,700)	(11,307,439)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan	(937,500)	-
Short term loan	-	-
Net cash Inflow / (out flow) from financing activities	(937,500)	-
Net increase / (decrease) in cash and cash equivalents	61,653	(29,356,777)
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	10,299,944	14,692,780

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



Syed Maqbool Ali
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Mehmood-ul-Hassan Asghar
Chairman Board of Directors

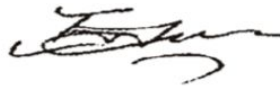
DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2022

	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	--	(84,014,003)	--	(84,014,003)
Other comprehensive income	--	--	--	--
	--	(84,014,003)	--	(84,014,003)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	38,010,730	(38,010,730)	--
Balance as at December 31, 2021	977,507,260	(1,391,219,858)	2,332,375,800	1,918,663,202
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	--	(153,559,291)	--	(153,559,291)
Other comprehensive income	--	--	--	--
	--	(153,559,291)	--	(153,559,291)
Transfer to accumulated loss in respect of incremental depreciation - net of tax	--	34,250,358	(34,250,358)	--
Balance as at December 31, 2022	977,507,260	(1,582,330,018)	2,260,114,713	1,655,291,955

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



Syed Maqbool Ali
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Mehmood-ul-Hassan Asghar
Chairman Board of Directors

DEWAN FAROOQUE SPINNING MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 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 December 31, 2022 reflect that company sustained net loss after taxation of Rs. 153.559 million (2022: Rs. 192.991 million) and as of that date it has negative reserves of Rs. 1,582.330 million and its current liabilities exceeded its current assets by Rs. 1,198.131 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 half year ended 31 December 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, 2021 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 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, 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.

	Dec. 31, 2022	Jun 30, 2022
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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.

	Dec. 31, 2022	Jun 30, 2022
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7 PROPERTY, PLANT AND EQUIPMENT

	Dec. 31, 2022	Jun 30, 2022
Operating fixed assets	7.1 3,124,630,771	3,196,911,765
Capital work in progress	-	-
	<u>3,124,630,771</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 1,296,700	41,279,650
Depreciation during the period / year	(73,577,694)	(160,682,914)
Closing balance	<u>3,124,630,771</u>	<u>3,196,911,765</u>

7.2 Additions during the period / year

Plant & Machinery	1,201,700	41,125,650
Office Equipment	-	19,000
Computer Equipment	-	135,000
Vehicles	95,000	-
	<u>1,296,700</u>	<u>41,279,650</u>

	Dec. 31, 2022	Dec. 31, 2021
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8 CASH AND CASH EQUIVALENTS

Cash and bank balances	10,299,944	14,692,780
	<u>10,299,944</u>	<u>14,692,780</u>

9 FINANCE COST

The Company has not made the provision of markup for the year amounting to Rs.6.184 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.6.184 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.90.842 million.

	<u>Dec. 31,</u> <u>2022</u>	<u>Dec. 31,</u> <u>2021</u>
	Rupees	
10 BASIC EARNINGS PER SHARE		
Loss after taxation	(153,559,291)	(84,014,003)
Weighted average number of ordinary shares	97,750,726	97,750,726
Basic loss per share	(1.57)	(0.86)

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	1,010,222	789,174
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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 24, 2023 by the Board of Directors of the company.



Syed Maqbool Ali
Chief Executive Officer & Director



Muhammad Irfan Ali
Chief Financial Officer



Mehmood-ul-Hassan Asghar
Chairman Board of Directors

دیوان فاروق اسپینگ ملز لمیٹڈ

ڈائریکٹرز 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 اختتامی مالیاتی سال 31 دسمبر 2022ء کو ختم ہونے والی ششماہی کیلئے کمپنیز ایکٹ 2017ء کے سیکشن 237 اور سیکیورٹیز 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:

دوران مدت ملکی اور بین الاقوامی مارکیٹ میں ٹیکسٹائل مصنوعات کی طلب میں نمایاں کمی ہوئی۔ اس سیزن کے دوران پاکستان میں کپاس کی فصل 50 لاکھ گانٹھوں کے لگ بھگ ہونے کی توقع ہے، جبکہ ملک میں شدید سیلاب کے باعث 11 ملین گانٹھوں کا ہدف تھا۔ اس نے اسپینگ انڈسٹری کو ماضی کے مقابلے زیادہ خام کپاس درآمد کرنے پر مجبور کیا، لیکن حکومت کی جانب سے سخت درآمدی پابندیوں کے اقدامات صنعت کی سپلائی کی ضروریات کو پورا نہیں کر سکے۔ اس تمام صورتحال نے پاکستان میں ٹیکسٹائل کی مجموعی صنعت کو زیادہ نقصان پہنچایا۔ کپاس، درآمدی پابندیوں اور توانائی کی قیمتوں کی وجہ سے پاکستان کی ٹیکسٹائل کی برآمدات کی 30 فیصد پیداواری صلاحیت متاثر ہوئی ہے۔ موجودہ صورت حال نے پہلے سے ہی مشکلات کا شکار معیشت جو کہ زرمبادلہ کے کم ذخائر سے متاثر ہے، پر کافی بُرے اثرات مرتب ہوئے ہیں۔ شرح سود میں اضافے اور کاروبار کرنے کی مجموعی لاگت، خاص طور پر مزدوری، توانائی اور مالیاتی اخراجات میں اضافے نے کمپنی کے لیے کاروباری آپریشنز کو برقرار رکھنا مشکل بنا دیا ہے۔ حکومت نے ایکسپورٹ اور اینڈ کمپنیوں کے لیے آر ایل این جی کی شرح 9 امریکی ڈالر فی MMBTU مقرر کی ہے تاہم، صنعت کو صرف 40% سے 50% گیس کوڈ دستیاب کرایا گیا۔ گرڈ ریٹ 19.99 فی یونٹ کے فلیٹ ریٹ پر مقرر کی گئی ہے جو کہ اب بھی زیادہ ہے۔ نتیجتاً، ٹیکسٹائل انڈسٹری کے بہت سے یونٹس کی پیداواری سطح میں کمی آئی یا اس نے اپنے پلانٹ بند کر دیئے۔ برآمدی اہداف حاصل کرنے کے لیے، توانائی کی لاگت کو کم کرنے اور صنعت کو مزید مسابقتی بنانے کے لیے ایک مضبوط پالیسی کی ضرورت ہے۔

عملی نتائج اور کارکردگی:

دوران ششماہی کمپنی کی خالص آمدنی 331.241 ملین روپے رہی جس کا موازنہ گزشتہ سال کی اسی مدت کی خالص آمدنی 334.494 ملین روپے سے کیا جاسکتا ہے۔ کمپنی 101.745 ملین روپے کا مجموعی خسارہ ہوا جبکہ گزشتہ سال کا مجموعی خسارہ 53.994 ملین روپے تھا جبکہ کمپنی کے آپریٹنگ اخراجات میں بھی 5.184 ملین روپے کا اضافہ ہوا۔ مزید یہ کہ ورکنگ کپینٹل کی رکاوٹوں کے باعث، کمپنی نے کوٹریٹک کی بنیاد پر کمپنی کو آپریٹنگ رکھنے کے لیے کپاس کی پیداوار جاری رکھی۔

کمپنی کے آڈیٹرز نے ری اسٹرکچرڈ واجبات کی قسطوں کی ادائیگی میں ڈیفالٹ اور مارک اپ کی عدم فراہمی سے متعلق اپنی جائزہ رپورٹ کو اہل قرار دیا ہے۔ کمپنی نے اپنی ذمہ داریوں کی مزید تنظیم نو کے لیے اپنے قرض دہندگان سے رابطہ کیا، جس کا عمل جاری ہے۔ انتظامیہ کو امید ہے کہ اس طرح کی نظر ثانی کو جلد حتمی شکل دے دی جائے گی، لہذا غیر میعاد عبوری مالیاتی حسابات میں مارک اپ کا کوئی بندوبست نہیں کیا گیا ہے۔

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 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:

ٹیکسز، سٹے ٹیرف پر بجلی کی آسان فراہمی اور ٹیکسٹائل سیکٹر کو سستے قرضے لینے کی سہولتیں فراہم کرنے کے لیے حکومت کی معقول پالیسی کی ضرورت ہے۔ موجودہ مہنگائی کی صورتحال کے تناظر میں حکومت توانائی کی قیمتوں اور شرح سود میں مزید اضافہ کرنے کی منصوبہ بندی کر رہی ہے جس سے آنے والے دنوں میں قیمتوں میں مزید اضافہ ہوگا۔ پاکستان کی سیاسی صورتحال کے پیش نظر مقامی اور بین الاقوامی مارکیٹ کی موجودہ صورتحال کے باعث موجودہ مالی سال میں کافی چیلنجز سے نمٹنا ہے۔ صنعت کی کارکردگی بنیادی طور پر حکومتی پالیسیوں میں مستقل مزاجی اور سستی شرحوں پر پوٹیلٹی کی مسلسل فراہمی پر منحصر ہے۔ اس کے ساتھ ساتھ LGS کے محدود اجراء سے فرمز اور قومی معیشت کو مزید نقصان پہنچ سکتا ہے اور اگر حکومت سبسڈی واپس لینے یا بجلی اور گیس / آرائل این جی کی قیمتوں میں اضافہ کرنے کا فیصلہ کرتی ہے تو صنعت کو مزید چیلنجز کا سامنا کرنا پڑے گا۔

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 صلی اللہ علیہ وسلم 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 امہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین ثمہ آمین۔

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

بورڈ آف ڈائریکٹرز کی جانب سے



محمود الحسن اصغر

چیئر مین، بورڈ آف ڈائریکٹرز



سید مقبول علی

چیف ایگزیکٹو آفیسر و ڈائریکٹر

مورخہ: 24 فروری 2023ء