

**Half Yearly Report**  
December 31, 2023



**DEWAN TEXTILE MILLS LIMITED**



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## DEWAN TEXTILE MILLS LIMITED

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

|   |  |
|---|--|
| <b>Executive Director</b>                           | : Mr. Ishtiaq Ahmed - Chief Executive Officer & Director   |
| <b>Non-Executive Directors</b>                      | : Syed Maqbool Ali - Chairman, Board of Directors<br>Mr. Abdul Basit<br>Mr. Ghazanfar Baber Siddiqi<br>Mr. Mehmood-ul-Hassan Asghar<br>Mrs. Nida Jamil   |
| <b>Independent Director</b>                         | : Mr. Aziz-ul-Haque  |
| <b>Audit Committee</b>                              | : Mr. Aziz-ul-Haque (Chairman)<br>Syed Maqbool Ali (Member)<br>Mr. Mehmood-ul-Hassan Asghar (Member)   |
| <b>Human Resources &amp; Remuneration Committee</b> | : Mr. Aziz-ul-Haque Chairman<br>Syed Maqbool Ali (Member)<br>Mr. Ishtiaq Ahmad (Member)  |
| <b>Auditor</b>                                      | : Faruq Ali & Co.<br>C-88, Ground Floor, KDA Scheme No. 1, Main Karsaz<br>Road, Opp. Martime Museum Karachi.   |
| <b>Company Secretary</b>                            | : Mr. Muhammad Hanif German  |
| <b>Chief Financial Officer</b>                      | : Mr. Muhammad Irfan Ali   |
| <b>Tax Advisor</b>                                  | : Sharif & Co. Advocates   |
| <b>Legal Advisor</b>                                | Abbas & Atif Law Associates  |
| <b>Bankers</b>                                      | : Habib Bank Limited<br>Standard Chartered Bank Pakistan Limited<br>Meezan Bank Limited<br>United Bank Limited<br>Bank Al-Falah Ltd<br>Silk Bank Limited<br>Summit Bank Limited<br>Faysal Bank Limited<br>MCB Bank Limited |
| <b>Registered Office</b>                            | : Dewan Centre, 3-A Lalazar<br>Beach Hotel Road, Karachi   |
| <b>Shares Registrar &amp; Transfer Agent</b>        | : BMF Consultants Pakistan (Private) Limited<br>Anum Estate Building, Room No. 310 & 311,<br>3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal<br>adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.        |
| <b>Factory Office</b>                               | : H/20 & H/26, S.I.T.E.,<br>Kotri, District Jamshoro, Sindh, Pakistan  |
| <b>Website</b>                                      | : <a href="http://www.yousufdewan.com">www.yousufdewan.com</a>   |

**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, 2023 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 Overview**

In the first half of FY2024, macroeconomic conditions have gradually improved, leading to a revival in overall economic activities compared to the challenging FY2023. Business confidence and the investment climate are gradually improving, as reflected in the exceptional performance of the Pakistan Stock Exchange (PSX) and a surge in FDI. The continual rise in these indicators is a testament to the strengthening health of the economy and suggests a positive economic outlook for the latter half of FY2024.

**Operating results and performance: (Factory Shutdown)**

Company's operational sales for the period 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 industry and working capital constraints.

The auditors of the Company have expressed adverse conclusion in their review report on going concern assumption due to closure of operations, default in repayment of installments of restructured liabilities and related non-provisioning of mark-up as explained in their review report. The condensed interim financial statements have been prepared using going concern assumption as 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 which will enable the company to resume its operations.

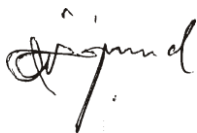
**Future Outlook**

The country's economic stability would largely depend on 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. Further, to achieve export target, 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 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)**



**Ishtiaq Ahmed**  
**Chief Executive Officer**

By and under Authority of the Board of Directors



**Syed Maqbool Ali**  
**Chairman – Board of Directors**

Dated: February 26, 2024

## 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 2023 and the related 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 2023 have been prepared on going concern assumption despite of the fact that the Company incurred loss after taxation of Rs.61.853 million and as of that date it has negative revenue reserves of Rs.5,873.839 million which resulted in negative equity of Rs.2,665.892 million and its current liabilities exceeded its current assets by Rs.5,631.061 million and total assets by Rs.2,224.401 million (excluding the effect of non-provided mark up 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 mark up should be made in these financial statements. Further, the Company's manufacturing operation has been suspended since December 2015 and could not be 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 mark up for the period amounting to Rs.214.827 million (up to the period ended 31 December 2023: Rs.936.833 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.936.833 million.

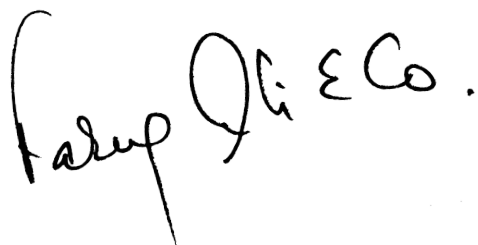
#### Adverse Conclusion

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 2023 and 31 December 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2023.

The engagement partner on the review resulting in this independent auditor's report is Fasih uz Zaman.



CHARTERED ACCOUNTANTS

Place: Karachi

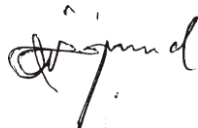
Dated: 27-02-2024

UDIN: RR202310179ZRav7rCfO

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**

|   | Notes | (Un-audited)<br>31 December<br>2023            | (Audited)<br>30 June<br>2023                    |
|---|-------|--|---|
|   |       | ----- (Rupees) -----                           |   |
| <b><u>EQUITY AND LIABILITIES</u></b>  |       |  |   |
| <b>SHARE CAPITAL AND RESERVES</b>   |       |  |   |
| Authorised share capital<br>50,000,000 (June 2023: 50,000,000) Ordinary shares of Rs. 10/- each |       | 500,000,000                                    | 500,000,000                                     |
| Issued, subscribed and paid-up share capital  |       | 460,646,090                                    | 460,646,090                                     |
| Revenue reserves  |       |  |   |
| General reserve   |       | 333,000,000                                    | 333,000,000                                     |
| Accumulated losses  |       | (6,206,838,891)                                | (6,176,908,526)                                 |
| Capital reserves  |       |  |   |
| Surplus on revaluation of property, plant and equipment   | 6     | 2,747,300,443<br>(2,665,892,358)               | 2,779,222,794<br>(2,604,039,642)                |
| <b>NON-CURRENT LIABILITIES</b>  |       |  |   |
| Long term financing   | 7     | 213,748,019                                    | 201,360,300                                     |
| Deferred taxation   | 8     | 227,743,307<br>441,491,326                     | 240,782,014<br>442,142,314                      |
| <b>CURRENT LIABILITIES</b>  |       |  |   |
| Trade and other payables  |       | 139,355,641                                    | 148,814,459                                     |
| Mark-up accrued   |       | 2,276,503,741                                  | 2,276,503,741                                   |
| Short term borrowings   |       | 293,897,780                                    | 293,897,780                                     |
| Liability for staff gratuity  |       | 1,984,351                                      | 1,984,351                                       |
| Unclaimed dividend  |       | 254,206  | 254,206   |
| Overdue portion of long term financing  |       | 2,925,634,170<br>5,637,629,889                 | 2,925,634,170<br>5,647,088,707                  |
| <b>CONTINGENCIES AND COMMITMENTS</b>  |       |  |   |
|   | 9     | --<br><b>3,413,228,857</b>                     | --<br><b>3,485,191,379</b>                      |
| <b><u>ASSETS</u></b>  |       |  |   |
| <b>NON-CURRENT ASSETS</b>   |       |  |   |
| Property, plant and equipment   | 10    | 3,397,938,673                                  | 3,465,363,570                                   |
| Long term investment  | 11    | --   | --  |
| Long term deposits  |       | 8,721,608<br>3,406,660,281                     | 8,721,608<br>3,474,085,178                      |
| <b>CURRENT ASSETS</b>   |       |  |   |
| Trade debts - Unsecured   |       | 2,791,786                                      | 7,084,978                                       |
| Advances and receivables  |       | 537,885  | 556,248   |
| Taxes recoverable - Net   |       | 167,294  | 151,160   |
| Cash and bank balances  |       | 3,071,611<br>6,568,576<br><b>3,413,228,857</b> | 3,313,815<br>11,106,201<br><b>3,485,191,379</b> |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

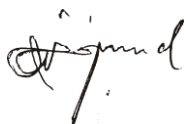


**Syed Maqbool Ali**  
Chairman Board of Directors

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - Unaudited**

|   | Notes | Half Year Ended      |                      | Quarter Ended        |                      |
|---|-------|----------------------|----------------------|----------------------|----------------------|
|   |       | 2023                 | 2022                 | 2023                 | 2022                 |
|   |       | ----- (Rupees) ----- |                      | ----- (Rupees) ----- |                      |
| Sales - Net   |       | --                   | --                   | --                   | --                   |
| Cost of sales   |       | (72,342,369)         | (93,365,471)         | (36,362,740)         | (43,153,408)         |
| Gross (loss)  |       | (72,342,369)         | (93,365,471)         | (36,362,740)         | (43,153,408)         |
| <b>Operating expenses</b>                               |       |                      |                      |                      |                      |
| Administrative and general expenses                     |       | (3,379,035)          | (10,997,896)         | (1,432,267)          | (1,662,474)          |
| Operating (loss)  |       | (75,721,404)         | (104,363,367)        | (37,795,007)         | (44,815,882)         |
| Finance cost  | 12    | (12,388,519)         | (202,149,081)        | (6,285,395)          | (101,073,133)        |
| Other charges   |       | --                   | (5,719,890)          | --                   | (5,719,890)          |
|   |       | (12,388,519)         | (207,868,971)        | (6,285,395)          | (106,793,023)        |
| Other income - Reversal of provision for doubtful debts |       | 13,218,500           | --                   | 13,218,500           | --                   |
| (Loss) before taxation                                  |       | (74,891,423)         | (312,232,338)        | (30,861,902)         | (151,608,905)        |
| Taxation  |       |                      |                      |                      |                      |
| - Current   |       | --                   | --                   | --                   | --                   |
| - Deferred  |       | 13,038,707           | 14,857,676           | 6,519,354            | 7,428,838            |
|   |       | 13,038,707           | 14,857,676           | 6,519,354            | 7,428,838            |
| <b>(Loss) for the period</b>                            |       | <b>(61,852,716)</b>  | <b>(297,374,662)</b> | <b>(24,342,548)</b>  | <b>(144,180,067)</b> |
| (Loss) per share - Basic and diluted                    | 13    | (1.34)               | (6.46)               | (0.53)               | (3.13)               |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer



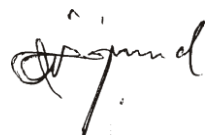
**Syed Maqbool Ali**  
Chairman Board of Directors



**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - Unaudited**

|  | Half Year Ended      |                      | Quarter Ended        |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2023                 | 2022                 | 2023                 | 2022                 |
|  | ----- (Rupees) ----- |                      | ----- (Rupees) ----- |                      |
| (Loss) for the period                            | (61,852,716)         | (297,374,662)        | (24,342,548)         | (144,180,067)        |
| <i>Other comprehensive income:</i>               | --                   | --                   | --                   | --                   |
| <b>Total comprehensive (loss) for the period</b> | <b>(61,852,716)</b>  | <b>(297,374,662)</b> | <b>(24,342,548)</b>  | <b>(144,180,067)</b> |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

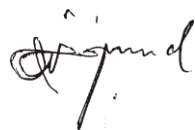


**Syed Maqbool Ali**  
Chairman Board of Directors

**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - Unaudited**

| Notes  | 2023                 | 2022             |
|--|----------------------|------------------|
|  | ----- (Rupees) ----- |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |                      |                  |
| (Loss) before taxation                                     | (74,891,423)         | (312,232,338)    |
| <i>Adjustment for non-cash and other items:</i>            |                      |                  |
| Depreciation / amortisation expense                        | 67,424,897           | 76,262,488       |
| Bad debts recovered  | (13,218,500)         | --               |
| Provision for slow moving stores                           | --                   | 5,719,890        |
| Unwinding of discount                                      | 12,387,719           | 10,269,007       |
| Finance cost   | 800                  | 191,880,075      |
| Cash (out flows) / inflows before working capital changes  | (8,296,507)          | (28,100,878)     |
| <i>Working capital changes</i>                             |                      |                  |
| <i>(Increase) / decrease in current assets</i>             |                      |                  |
| Trade debts  | 17,511,692           | 12,451,617       |
| Advances and receivables                                   | 18,363               | 1,199,997        |
|  | 17,530,055           | 13,651,614       |
| <i>Increase / (decrease) in current liabilities</i>        |                      |                  |
| Trade and other payables                                   | (9,458,818)          | 112,737          |
| Cash (used in) / generated from operations                 | (225,270)            | (14,336,527)     |
| <i>Payments for:</i>                                       |                      |                  |
| Tax paid   | (16,134)             | (16,134)         |
| Gratuity paid  | --                   | (74,400)         |
| Finance cost paid  | (800)                | (3,156)          |
| <b>Net cash (used in) / generated operating activities</b> | (242,204)            | (14,430,217)     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                | --                   | --               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |                      |                  |
| Long term financing - (paid)                               | --                   | (18,848,599)     |
| Long term financing received                               | --                   | 18,985,659       |
| Short term borrowings received / (paid)                    | --                   | 12,000,000       |
| Net cash inflow / (outflow) from financing activities      | --                   | 12,137,060       |
| Net (decrease) / increase in cash and cash equivalents     | (242,204)            | (2,293,157)      |
| Cash and cash equivalents at the beginning of the period   | 3,313,815            | 6,863,473        |
| <b>Cash and cash equivalents at the end of the period</b>  | <b>3,071,611</b>     | <b>4,570,316</b> |

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



**Ishtiaq Ahmed**  
CEO & Director



**Muhammad Irfan Ali**  
Chief Financial Officer

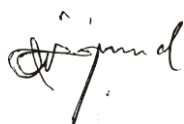


**Syed Maqbool Ali**  
Chairman Board of Directors

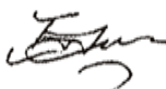
**DEWAN TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - Unaudited**

|  | Revenue reserves     |                    |                        | Surplus on revaluation of property, plant and equipment | Total equity         |                        |
|--|----------------------|--------------------|------------------------|---|----------------------|------------------------|
|  | General reserve      | Accumulated losses | Total revenue reserves |   |                      |                        |
|  | ----- (Rupees) ----- |                    |                        |   |                      |                        |
| <b>Balance as on 1 July 2022</b>   | <b>460,646,090</b>   | <b>333,000,000</b> | <b>(5,706,187,727)</b> | <b>(5,373,187,727)</b>                                  | <b>2,851,974,176</b> | <b>(2,060,567,461)</b> |
| <b>Total comprehensive (loss) for the period</b>   |                      |                    |                        |   |                      |                        |
| (Loss) for the period  | --                   | --                 | (297,374,662)          | (297,374,662)   | --                   | (297,374,662)          |
| Other comprehensive income   | --                   | --                 | --                     | --  | --                   | --                     |
|  | --                   | --                 | (297,374,662)          | (297,374,662)   | --                   | (297,374,662)          |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax | --                   | --                 | 36,375,691             | 36,375,691  | (36,375,691)         | --                     |
| <b>Balance as at 31 December 2022</b>  | <b>460,646,090</b>   | <b>333,000,000</b> | <b>(5,967,186,698)</b> | <b>(5,634,186,698)</b>                                  | <b>2,815,598,485</b> | <b>(2,357,942,123)</b> |
| <b>Balance as on 1 July 2023</b>   | <b>460,646,090</b>   | <b>333,000,000</b> | <b>(6,176,908,526)</b> | <b>(5,843,908,526)</b>                                  | <b>2,779,222,794</b> | <b>(2,604,039,642)</b> |
| <b>Total comprehensive (loss) for the period</b>   |                      |                    |                        |   |                      |                        |
| (Loss) for the period  | --                   | --                 | (61,852,716)           | (61,852,716)  | --                   | (61,852,716)           |
| Other comprehensive income   | --                   | --                 | --                     | --  | --                   | --                     |
|  | --                   | --                 | (61,852,716)           | (61,852,716)  | --                   | (61,852,716)           |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax | --                   | --                 | 31,922,351             | 31,922,351  | (31,922,351)         | --                     |
| <b>Balance as at 31 December 2023</b>  | <b>460,646,090</b>   | <b>333,000,000</b> | <b>(6,206,838,891)</b> | <b>(5,873,838,891)</b>                                  | <b>2,747,300,443</b> | <b>(2,665,892,358)</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 Maqbool Ali**  
Chairman Board of Directors

**DEWAN TEXTILE MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2023 - Unaudited**

**1 STATUS AND NATURE OF BUSINESS**

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 2023 reflect that the Company has sustained a net loss after taxation of Rs.61.853 million (June 2023: Rs.543.472 million) and as of that date the Company's negative revenue reserves of Rs.5,873.839 million (June 2023: Rs.5,843.909 million) have resulted in negative equity of Rs.2,665.892 million (June 2023: Rs.2,604.040 million) and its current liabilities exceeded its current assets by Rs.5,631.061 million (June 2023: Rs.5,635.983 million) and total assets by Rs.2,224.401 million (June 2023: Rs.2,161.897 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 petition 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.

These condensed interim financial statements have 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 2023 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 2023.
- 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 2023 and 2022 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 2023 and 2022.

#### **4 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

- 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 2023.
- 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 2023. 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 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 2023.

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 2023.

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

|                                |   | <b>(Un-audited)</b><br><b>31 December</b><br><b>2023</b> | <b>(Audited)</b><br><b>30 June</b><br><b>2023</b> |
|--------------------------------|---|--|---|
|                                |   | ----- (Rupees) -----                                     |   |
| Gross surplus                  |   | 2,975,043,749  | 3,020,004,807                                     |
| Related deferred tax liability | 8 | <u>(227,743,306)</u>                                     | <u>(240,782,013)</u>                              |
|                                |   | <u><u>2,747,300,443</u></u>                              | <u><u>2,779,222,794</u></u>                       |

|  | <b>(Un-audited)</b>       | <b>(Audited)</b>          |
|--|---------------------------|---------------------------|
|  | <b>31 December</b>        | <b>30 June</b>            |
|  | <b>2023</b>               | <b>2023</b>               |
|  | ----- (Rupees) -----      |                           |
| <b>7 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>213,748,019</u>        | <u>201,360,300</u>        |
|  | 3,139,382,189             | 3,126,994,470             |
| Overdue portion - Shown under current liabilities        | <u>(2,925,634,170)</u>    | <u>(2,925,634,170)</u>    |
|  | <u><u>213,748,019</u></u> | <u><u>201,360,300</u></u> |

**7.1** Principal terms and conditions of outstanding loans have remained the same as disclosed in note 7 to the financial statements of the Company for the year ended June 30, 2023.

**7.2** 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.

## **8 DEFERRED TAXATION**

### ***Credit balance arising due to:***

|   |             |             |
|---|-------------|-------------|
| - Accelerated tax depreciation              | 28,903,657  | 43,199,495  |
| - Revaluation - Net of related depreciation | 227,743,307 | 240,782,014 |
| - Long term financing                       | 21,562,084  | 19,648,681  |

### ***Debit balance arising due to:***

|   |                        |                        |
|---|------------------------|------------------------|
| - Staff gratuity                              | (575,462)              | (575,462)              |
| - Provision for doubtful debts and receivable | (178,563,883)          | (182,397,248)          |
| - Provision for slow-moving stores and spares | --                     | (15,428,405)           |
| - Carried over losses                         | <u>(1,041,525,191)</u> | <u>(1,329,767,775)</u> |

|                                   |                           |                           |
|-----------------------------------|---------------------------|---------------------------|
| Deferred tax asset not recognised | <u>(942,455,488)</u>      | <u>(1,224,538,700)</u>    |
|                                   | <u>1,170,198,795</u>      | <u>1,465,320,714</u>      |
|                                   | <u><u>227,743,307</u></u> | <u><u>240,782,014</u></u> |

## **9 CONTINGENCIES AND COMMITMENTS**

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 2023.

## **10 PROPERTY, PLANT AND EQUIPMENT**

|                        |      |                      |                      |
|------------------------|------|----------------------|----------------------|
| Operating fixed assets | 10.1 | <u>3,397,938,673</u> | <u>3,465,363,570</u> |
|------------------------|------|----------------------|----------------------|

### **10.1 Operating fixed assets**

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| Opening net book value (NBV)               | 3,465,363,570               | 3,617,888,547               |
| Depreciation charged for the period / year | <u>(67,424,897)</u>         | <u>(152,524,977)</u>        |
| Closing net book value (NBV)               | <u><u>3,397,938,673</u></u> | <u><u>3,465,363,570</u></u> |

**10.2** There is no addition / deletion in property, plant and equipment during the period under consideration.

|  | (Un-audited)<br>31 December<br>2023 | (Audited)<br>30 June<br>2023 |
|--|-------------------------------------|------------------------------|
|  | ----- (Rupees) -----                |                              |

## 11 LONG TERM INVESTMENT

### *Investment in associate*

Dewan Salman Fibre Limited

|    |    |
|----|----|
| -- | -- |
|----|----|

**11.1** 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.

### **11.2 Investment in Dewan Salman Fibre Limited - At equity method**

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| 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                | 0.00%       | 28.47%      |

**11.3** 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.

## 12 FINANCE COST AND MARK-UP ACCRUED

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 2023 and note 7.2 to the interim condensed financial statements as at 31 December 2023 the Company has not made the provision of mark-up for the period amounting to Rs.214.827 million (up to 31 December 2023: Rs.936.833 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.936.833 million. The said non-provisioning is departure from the requirements of IAS 23 - 'Borrowing Costs'.

|  | (Un-audited)<br>2023           | (Un-audited)<br>2022 |
|--|--------------------------------|----------------------|
|  | ----- (Rupees) -----           |                      |
| <b>13 (LOSS) PER SHARE - Basic and diluted</b> |                                |                      |
| (Loss) after taxation                          | (61,852,716)                   | (297,374,662)        |
|  | ----- (Number of shares) ----- |                      |
| Weighted average number of shares              | 46,064,609                     | 46,064,609           |
| (Loss) per share - Basic and diluted (Rupees)  | (1.34)                         | (6.46)               |

## 14 TRANSACTIONS WITH RELATED PARTIES

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.42,696/- (December 2022: 35,580/-)

## 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 2024 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 Maqbool Ali**  
Chairman Board of Directors



## ڈائریکٹرز رپورٹ

شروع کرنا 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 2023ء 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۔

### معیشت کا پس منظر:

مالی سال 2024ء کی پہلی ششماہی میں، معاشی حالات میں بتدریج بہتری آئی، جس کے نتیجے میں مالی سال 2023ء کے چیلنجز کے مقابلے میں مجموعی اقتصادی سرگرمیوں میں بہتری آئی۔ کاروباری اعتماد اور سرمایہ کاری کا ماحول بتدریج بہتر ہو رہا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج (PSX) کی غیر معمولی کارکردگی اور FDI میں زبردست اضافے سے ظاہر ہوتا ہے۔ ان اشاریوں میں مسلسل اضافہ معیشت کی صحت میں بہتری کی تصدیق کرتا ہے اور مالی سال 2024ء کے آخری حصے کے لیے مثبت اقتصادی نقطہ نظر کی نشاندہی کرتا ہے۔

### عملی نتائج (فیٹری 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 اپنی ذمہ داریوں کی مزید تنظیم نو کے لئے رابطہ کیا ہے جو کہ جاری ہے۔ انتظامیہ کو امید ہے کہ جلد ہی اس طرح کی نظر ثانی کو حتمی شکل دے دی جائے گی جس سے کمپنی اپنے آپریشنز دوبارہ شروع کر سکے گی۔

### مستقبل کا نظریہ:

ملکی معاشی استحکام کا زیادہ تر انحصار سیاسی مضبوطی، فعال اور سمجھدار مالیاتی پالیسی، ٹیکسوں کے لیے حکومت کی ایک درست اور معقول پالیسی، سستی ٹیرف پر پمپنگ کی مسلسل فراہمی اور سستے قرضے لینے کی سہولیات فراہم کرنے پر منحصر ہوگا۔ مزید یہ کہ ٹیکسٹائل کی درآمد کا ہدف حاصل کرنے کے لیے ملک میں کپاس کی بحالی کے لیے کپاس کے اقدامات کی اہمیت کے بارے میں بیداری پیدا کرنا بہت ضروری ہے۔ کپاس کی جدید اور مشینی کاشت کاری، فائبر ٹیسٹنگ ایبارٹیوں کا قیام، نیز بین الاقوامی معیار کی سیڈ ٹیسٹنگ اور بائیو ٹیکنالوجی لبریز ٹیکسٹائل سیکٹر کی مستقبل کی پیداواری صلاحیت کا تعین کریں گی اور اس کے نتیجے میں پاکستان کی معاشی ترقی ہوگی۔

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۔

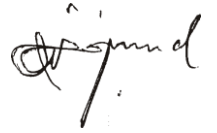
میرا پروردگار یقیناً ہماری دعاؤں کو سنتا ہے۔ (قرآن کریم)

بورڈ آف ڈائریکٹرز کی جانب سے



سید مقبول علی

چیئر مین، بورڈ آف ڈائریکٹرز



اشتیاق احمد

چیف ایگزیکٹو آفیسر

مورخہ: 26 فروری 2024ء