

Half Yearly Report
December 31, 2023



DEWAN FAROOQUE SPINNING MILLS LIMITED



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DEWAN FAROOQUE SPINNING MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors	: Syed Maqbool Ali Chief Executive Officer & Director
Non-Executive Director	: 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. Mehmood-Ul-Hassan Asghar (Member) Syed Maqbool Ali (Member)
Auditors	: Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S. Karachi
Company Secretary	: Mr. Muhammad Hanif German
Chief Financial Officer	: Mr. Muhammad Irfan Ali
Tax Advisor	: Abbas & Atif Law Associates
Legal Advisor	: Sharif & Co. Advocates
Bankers	: United Bank Limited Bank Islami Pakistan Limited MCB Bank Limited Silk Bank Limited Askari Bank Limited Allied Bank Limited Soneri Bank Limited Summit Bank Limited
Registered Office	: Dewan Centre 3-A, Lalazar Beach Hotel Road Karachi.
Shares Registrar & Transfer Agent	: BMF Consultants Pakistan (Private) Limited Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi 75350, Pakistan.
Factory Office	: 54 Km, Multan Road, Phool Nagar By Pass District Kasur, Punjab , Pakistan.
Website	: www.yousufdewan.com

DIRECTORS' REPORT

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 steep 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.

Industry Review

During the period under review, the country's textile exports have experienced a 4.97% decline and remained at \$8.283 billion compared to \$8.716 billion of the same period last year. For FY24, the government has set a textile exports target of \$25 billion which is relatively a difficult target for textiles with high energy prices.

Cotton, once acknowledged as the lifeline of Pakistan's farmers and a source of raw material to more than 400 spinning units. Cotton is the basic raw material for the Pakistan textile industry that accounts for almost 70% of cost of production in the textile industry and any fluctuation in price or quantity have significant impacts. Although, during current season, an increase of 71% has been witnessed with production of 8.378 million cotton bales as compared to 4.910 million bales of last season. Being the cotton of average quality with short fibre length (10-25 mm length), industry has to rely on imported long staple cotton for producing high-end products required for exports. Moreover, textile sector is facing many other internal and external challenges including energy availability at affordable tariff, credit availability on economical rates, lack of institutional support, unprecedented inflation, continued political instability and overburdening of taxes and levies resulting in the non-competitiveness of the textile products in the international market. Further, current unprecedented hike in Energy Tariff by Interim Government has resultantly increased the overall cost of doing business. Consequently, many units of textile industry observed reduction in production levels or intermittently shut down of their plants.

Operating results and performance

Company's net revenue for half year remained to Rs. 160.544 million as compared to net revenue of Rs. 331.241 million of the corresponding period of last year. Company has suffered gross loss of Rs. 168.814 million as compared to the gross loss of Rs. 101.745 million of comparable period, whereas operating expenses of the company have decreased by Rs.4.971 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 instalments of restructured liabilities and related non-provisioning of mark-up. They have also added matter of emphasis paragraph in their report regarding doubt about company's ability to continue as going concern.

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. The management is confident that upon finalization of revised restructuring, non-provided mark-up amount will remain eligible for waiver, hence no provision of the same has been made in these 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. Further, sponsors also provide the support as and when required to meet the working capital requirements of the company and accordingly, the preparation of these financial statements using going concern assumption is justified.

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 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

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



Mehmood-ul-Hassan Asghar
Chairman - Board of Directors

Dated: February 26, 2024

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, 2023 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, 2023: Rs.398.067) million along with markup of Rs. 210.713 (June 30, 2023: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. The Company has defaulted in restructured liabilities as per compromise agreement, the lenders filed suits for execution of consent decrees thereof, and the Balance Confirmations from Financial Institutions have not been received. Further, the short term finance facilities have expired and not been renewed by banks amounting to Rs. 267.10 (June 30, 2022: Rs. 267.10) million. The company is facing litigations from its lenders; the aggregate suit amount is Rs. 37.405 (June 30, 2023: Rs. 37.405) million, the company has also not provided markup on the same amount and the execution has been filed by the lenders of the Company.
- b) Had the provisions for the mark up been made, as discussed in preceding paragraph (a), and along with markup not booked in these financial statements as per note 9 to the financial Statements, the loss after taxation would have been higher by Rs. 395.173 (June 30, 2023: Rs 345.086) million and markup payable would have been higher and shareholders' equity would have been lower by Rs. Rs. 395.173 (June 30, 2023: Rs 345.086).

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, 2023 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

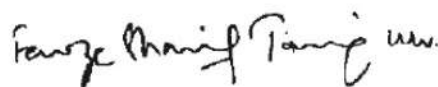
Without further qualifying our opinion, we draw attention of the members to note 2 to the interim financial Statements which indicates that as of December 31, 2023 the company incurred a loss after taxation of Rs. 139.537 (December 31, 2022 Rs. 153.559) million and as of that date it has accumulated losses amounting to Rs. 1.788 (June 30, 2023 Rs. 1.679) billion and its current liabilities exceeded its current assets by Rs. 1.351 (June 30, 2023: Rs. 1.268) billion 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 and the lenders filed suits for execution of consent decrees. 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, 2023 and December 31, 2022 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, 2023.

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

Dated: February 28, 2024
UDIN: RR202310161d9WQMZ7t8
Place: Karachi


CHARTERED ACCOUNTANTS
(Mohammad Ghalib)

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2023

		Un-Audited Dec 31, 2023	Audited June 30, 2023
	Notes	------(Rupees)-----	
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2023: 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		(1,787,725,605)	(1,679,052,587)
Capital reserve - revaluation surplus on property, plant and equipment		2,195,000,367	2,225,864,355
		1,384,782,022	1,524,319,028
NON-CURRENT LIABILITIES			
Long term loan		10,859,375	13,515,625
Deferred taxation		245,523,336	258,129,754
Deferred liability for staff gratuity		31,650,923	24,821,967
CURRENT LIABILITIES			
Trade and other payables		202,874,833	142,878,504
Accrued mark-up		390,303,597	390,303,597
Short term borrowings		412,864,355	412,864,355
Current & overdue portion of long term liabilities		450,459,477	448,271,977
Provision for taxation		2,006,800	6,104,296
		1,458,509,062	1,400,422,729
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		3,131,324,718	3,221,209,103
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,985,230,164	3,050,959,357
Long term deposits		38,606,345	38,226,745
CURRENT ASSETS			
Stores & spares		27,605,043	28,155,525
Trade debts- unsecured, considered good		15,819,424	43,384,112
Loans and advances - unsecured, considered good		11,839,734	10,773,089
Trade deposits and other receivables - considered good		6,075,758	7,342,103
Taxes recoverable		36,930,370	39,568,858
Cash and bank balances	8	9,217,880	2,799,314
		107,488,209	132,023,001
		3,131,324,718	3,221,209,103

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

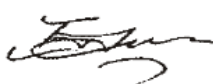
DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2023

	Half Year Ended		Quarter Ended	
	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2023	2022	2023	2022
Notes	------(Rupees)-----			
Sales / Revenue - Net	160,544,025	331,241,400	160,544,025	177,632,800
Cost of sales / revenue	(329,357,955)	(432,986,507)	(269,161,415)	(215,985,803)
Gross (loss)	(168,813,930)	(101,745,107)	(108,617,390)	(38,353,003)
Operating expenses				
Administrative expenses	(15,508,945)	(21,000,372)	(9,061,661)	(11,024,402)
Selling and distribution expenses	(6,151,948)	(5,631,819)	(3,157,225)	(2,758,675)
Reversal of provision for doubtful debts	40,429,000	-	40,429,000	-
	18,768,107	(26,632,191)	28,210,114	(13,783,077)
Operating (loss)	(150,045,823)	(128,377,298)	(80,407,276)	(52,136,080)
Finance cost	9 (90,801)	(35,031,058)	(47,085)	(17,551,374)
(Loss) before taxation	(150,136,624)	(163,408,356)	(80,454,361)	(69,687,454)
Taxation				
Current	(2,006,800)	(4,140,518)	(2,006,800)	(2,220,410)
Deferred	12,606,418	13,989,583	6,303,209	6,994,792
	10,599,618	9,849,065	4,296,409	4,774,382
(Loss) after taxation	(139,537,006)	(153,559,291)	(76,157,952)	(64,913,072)
(Loss) per share - basic and diluted	10 (1.43)	(1.57)	(0.78)	(0.66)

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

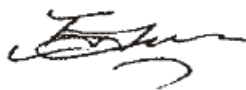
DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2023

	Half Year Ended		Quarter Ended	
	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2023	2022	2023	2022
	------(Rupees)-----			
(Loss) after taxation	(139,537,006)	(153,559,291)	(76,157,952)	(64,913,072)
Items that will not be subsequently reclassified to profit or loss:				
Other Comprehensive Income	-	-	-	-
Total comprehensive income / (loss) for the period	<u>(139,537,006)</u>	<u>(153,559,291)</u>	<u>(76,157,952)</u>	<u>(64,913,072)</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 2023

	December 31, 2023	December 31, 2022
Notes	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(150,136,624)	(163,408,356)
Adjustments for non cash and other items:		
Depreciation	66,310,033	73,577,694
Financial charges	90,801	35,031,058
Provision for gratuity	6,977,148	5,203,994
Cash flow before working capital changes	(76,758,642)	(49,595,610)
Working Capital changes		
<i>(Increase) / Decrease in current assets:</i>		
Stores & spares	550,482	(5,909,591)
Trade debts	27,564,688	20,174,228
Loans & advances	(1,066,645)	(843,591)
Trade deposits & other receivables	1,266,345	11,727,289
<i>Increase / (Decrease) in current liabilities:</i>		
Trade and other payables	59,996,329	42,759,787
Cash generated from / (used in) operations	11,552,557	18,312,512
Payments for:		
Taxes paid	(3,465,808)	(11,048,387)
Gratuity paid	(148,192)	(4,879,886)
Financial charges paid	(90,801)	(88,386)
	7,847,756	2,295,853
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(580,840)	(1,296,700)
Long term deposits	(379,600)	-
Net cash outflow from investing activities	(960,440)	(1,296,700)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan	(468,750)	(937,500)
Net cash inflow / (out flow) from financing activities	(468,750)	(937,500)
Net increase / (decrease) in cash and cash equivalents	6,418,566	61,653
Cash and Cash equivalents at the beginning of the period	2,799,314	10,238,291
Cash and Cash equivalents at the end of the period	8 9,217,880	10,299,944

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 2023

	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, 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
Balance as at July 01, 2023	977,507,260	(1,679,052,587)	2,225,864,355	1,524,319,028
Total comprehensive loss for the period				
(Loss) for the period	--	(139,537,006)	--	(139,537,006)
Other comprehensive income	--	--	--	--
	--	(139,537,006)	--	(139,537,006)
Transfer to accumulated loss				
in respect of incremental depreciation - net of tax	--	30,863,988	(30,863,988)	--
Balance as at December 31, 2023	977,507,260	(1,787,725,605)	2,195,000,367	1,384,782,022

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
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31ST DECEMBER 2023

1 THE COMPANY AND ITS OPERATIONS

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

2 GOING CONCERN ASSUMPTION

The condensed interim financial statements for the half year ended December 31, 2023 reflect that company sustained net loss after taxation of Rs. 139.537 million (2023: Rs. 286.601 million) and as of that date it has negative reserves of Rs. 1,787.726 million and its current liabilities exceeded its current assets by Rs. 1,351.021 million (2023: 1,268.400 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 2023 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 2023.

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 2023.

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, 2023 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, 2023.
- 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, 2023.

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, 2023.

7 PROPERTY, PLANT AND EQUIPMENT

		(Un-Audited) Dec. 31, 2023	(Audited) Jun 30, 2023
		Rupees	
Operating fixed assets	7.1	2,985,230,164	3,050,959,357
Capital work in progress		-	-
		<u>2,985,230,164</u>	<u>3,050,959,357</u>
7.1 Operating fixed assets			
Opening balance		3,050,959,357	3,196,911,765
Additions during the period / year	7.2	580,840	1,296,700
Depreciation during the period / year		(66,310,033)	(147,249,108)
Closing balance		<u>2,985,230,164</u>	<u>3,050,959,357</u>
7.2 Additions during the period / year			
Plant & Machinery		580,840	1,201,700
Vehicles		-	95,000
		<u>580,840</u>	<u>1,296,700</u>
		(Un-Audited) Dec. 31, 2023	(Un-Audited) Dec. 31, 2022
		Rupees	
8 CASH AND CASH EQUIVALENTS			
Cash and bank balances		9,217,880	10,299,944
		<u>9,217,880</u>	<u>10,299,944</u>

9 FINANCE COST

The Company has not made the provision of markup for the period amounting to Rs.50.087 million (up to June 30, 2023: Rs.134.373 million) in respect of bank borrowings. The management has approached its lenders for restructuring of its debts and is confident that the Company's restructuring proposals without markup will be accepted by the financial institutions / banks. Had the provision been made the loss for the period would have been higher by Rs.50.087 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.184.460 million.

	<u>(Un-Audited)</u> <u>Dec. 31,</u> <u>2023</u>	<u>(Un-Audited)</u> <u>Dec. 31,</u> <u>2022</u>
	Rupees	
10 BASIC EARNINGS PER SHARE		
Loss after taxation	(139,537,006)	(153,559,291)
Weighted average number of ordinary shares	97,750,726	97,750,726
Basic loss per share	(1.43)	(1.57)

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

11 RELATED PARTY TRANSACTIONS

Provident Fund	903,280	1,010,222
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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 26, 2024 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

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 پمپیلٹیز کی مسلسل فراہمی اور سستے قرضے لینے کی سہولیات فراہم کرنے پر منحصر ہوگا۔ مزید یہ کہ ٹیکسٹائل کی برآمد 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 لیبارٹریوں کا قیام، نیز بین الاقوامی معیار کی سیڈ ٹیسٹنگ اور بائیو ٹیکنالوجی لیئر ٹیکسٹائل سیکٹر کی مستقبل کی پیداواری صلاحیت کا تعین کریں گی اور اس کے نتیجے میں پاکستان کی معاشی ترقی ہوگی۔

نتیجہ:

اللہ تعالیٰ کے فضل و کرم سے کمپنی کی انتظامیہ آئندہ ششماہی میں بہتر نتائج کیلئے اپنی پوری کوششیں جاری رکھے گی۔ نتیجہ کے حوالے سے ہم اللہ تعالیٰ رحمٰن 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 امتہ کے مابین صحیح اسلامی جذبہ، اخوت اور بھائی چارگی پیدا کرے۔ آمین شہدہ آمین۔

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

بورڈ آف ڈائریکٹرز کی جانب سے



محمود الحسن اصغر

چیئر مین، بورڈ آف ڈائریکٹرز



سید مقبول علی

چیف ایگزیکٹو آفیسر و ڈائریکٹر

مورخہ: 26 فروری 2024ء

4.910 ملین گانٹھوں کے مقابلے 8.378 ملین گانٹھوں کی پیداوار رہی۔ پیدا ہونے والی کپاس اوسطاً معیار کی ہے، جس کی خصوصیت فائبر کی لمبائی (10-25 ملی میٹر) ہے۔ یہ قسم برآمدات کے لیے درکار اعلیٰ درجے کی مصنوعات تیار کرنے کے لیے موزوں نہیں ہے۔ نتیجتاً، صنعتوں کو اعلیٰ معیار کے خام مال کی ضروریات کو پورا کرنے کے لیے غیر ملکی کپاس درآمد کرنے پر انحصار کرتا ہے۔ مزید برآں، ٹیکسٹائل سیکٹر بے شمار اندرونی اور بیرونی رکاوٹوں کا سامنا کرتا ہے، جن میں سستی ٹیرف پر توانائی کی دستیابی، مسابقتی شرحوں پر قرضے تک محدود رسائی، ادارہ جاتی تعاون کی کمی، بے مثال مہنگائی، سیاسی عدم استحکام، اور ٹیکسوں اور لیویز کا زیادہ بوجھ۔ ان عوامل نے اجتماعی طور پر بین الاقوامی مارکیٹ میں پاکستان کی ٹیکسٹائل مصنوعات کے غیر مسابقت میں حصہ ڈالا ہے۔ مزید برآں، عبوری حکومت کی جانب سے توانائی کے نرخوں میں حالیہ غیر معمولی اضافے نے کاروبار کے انعقاد کی مجموعی لاگت میں اضافہ کیا ہے۔ نتیجتاً، ٹیکسٹائل انڈسٹری کے اندر متعدد یونٹس کو پیداواری سطح میں کمی کا سامنا کرنا پڑا ہے یا وہ اپنے پلانٹ بند کرنے پر مجبور ہو گئے ہیں۔

عملی نتائج اور کارکردگی:

دورانِ ششماہی کمپنی کی خالص آمدنی 160.544 ملین روپے رہی جس کا موازنہ گزشتہ سال کی اسی مدت کی خالص آمدنی 331.241 ملین روپے سے کیا جاسکتا ہے۔ کمپنی کو 168.814 ملین روپے کا مجموعی خسارہ ہوا جبکہ گزشتہ سال کا مجموعی خسارہ 101.745 ملین روپے تھا جبکہ کمپنی کے آپریٹنگ اخراجات میں 4.971 ملین روپے کی کمی ہوئی۔ مزید یہ کہ ورکنگ کیپیٹل کی رکاوٹوں کے باعث، کمپنی نے کونٹریکٹ کی بنیاد پر کمپنی کو آپریٹنگ رکھنے کے لیے دھاگے 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۔

دیوان فاروق اسپنگ ملز لمیٹڈ

ڈائریکٹرز رپورٹ

شروع کرتا ہوں اللہ تعالیٰ کے نام سے جو بڑا مہربان اور نہایت رحم والا ہے
اگر تم ٹھکراؤ 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 2023ء 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۔

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۔

صنعت کا پس منظر:

رواں مالی سال کی پہلی ششماہی کے دوران پاکستان کی ٹیکسٹائل برآمدات میں 4.97 فیصد کمی کے ساتھ 8.283 بلین ڈالر رہی، جو پچھلے مالی سال کی پہلی ششماہی کے 8.716 بلین ڈالر سے کم ہے۔ مالی سال 2024ء کے لیے حکومت نے ٹیکسٹائل کی برآمد کا ہدف \$25 بلین مقرر کیا ہے جو توانائی کی بلند قیمتوں کی وجہ سے ٹیکسٹائل کے لیے برآمدی ہدف حاصل کرنا ایک مشکل ہدف ہے۔

کپاس، جسے تاریخی طور پر پاکستان کے کاشتکاری کے شعبے میں ریڑھ کی ہڈی کے طور پر تسلیم کیا جاتا ہے اور 400 سے زائد سپننگ ملز کے لیے خام مال کا بنیادی ذریعہ ہے۔ کپاس، پاکستان کی ٹیکسٹائل انڈسٹری کے لیے بنیادی خام مال کے طور پر، پیداواری لاگت میں تقریباً 70 فیصد حصہ ڈالتی ہے۔ لہذا، روئی کی قیمت یا مقدار میں کوئی بھی اتار چڑھاؤ مجموعی طور پر صنعت پر کافی اثرات مرتب کرتا ہے۔ رواں سال کے دوران کپاس کی پیداوار میں 71 فیصد اضافے کے ساتھ گزشتہ سال