

DEWAN FAROOQUE SPINNING MILLS LIMITED

QUARTERLY REPORT
MARCH 31, 2021

DEWAN FAROOQUE SPINNING MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|--|---|
| Executive Director | : Dewan Abdul Baqi Farooqui Chief Executive Officer & Director |
| Non-Executive Director | : Mr. Ghazanfar Baber Siddiqi - Chairman, Board of Directors Syed Asim Abid Ali Syed Maqbool Ali Mr. Imran Ahmed Javed Mrs. Nida Jamil |
| Independent Director | : Mr. Aziz -ul-Haque |
| Audit Committee | : Mr. Aziz -ul-Haque (Chairman) Syed Maqbool Ali (Member) Mr. Ghazanfar Baber Siddiqi (Member) |
| Human Resources & Remuneration Committee | : Mr. Aziz -ul-Haque (Chairman) Mr. Imran Ahmed Javed (Member) Dewan Abdul Baqi Farooqui (Member) |
| Auditors | : Feroze Sharif Tariq & Company Chartered Accountants 4/N/4 Block-6, P.E.C.H.S., |
| Company Secretary | : Mr. Muhammad Hanif German |
| Chief Financial Officer | : 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 |

DEWAN FAROOQUE SPINNING MILLS LIMITED DIRECTORS' REPORT

IN THE NAME OF ALLAH; THE MOST GRACIOUS AND 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 nine months ended March 31, 2021 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.

Operating results and performance:

The overall performance of your company during the period under report improved than the comparable period of last year. Company's net revenue for nine months has increased to Rs. 450.991 million as compared to net revenue of Rs. 386.737 million of the corresponding period of last year. Company suffered gross loss of Rs. 19.330 million as compared to the gross loss of Rs. 49.244 million of comparable period, whereas operating expenses of the company remained at Rs. 54.889 million. Finance Cost has also decreased substantially to Rs.27.208 million as compared to Rs.61.721 million of comparable period of last year due to maintaining policy rate (KIBOR) at 7% by the State Bank of Pakistan. The company continued the production of yarn on contract basis to keep the company operational.

The company approached its lenders for further restructuring of its liabilities, which is in process.

General market conditions:

Pakistan's economic recovery continued in a steady path during period under review, with almost all macroeconomic indicators suggesting uptick in fortunes, where the SBP has also revised up its real GDP growth forecast from 2% to 3% during the current year. Government through various fiscal and monetary measures tried to relieve the industries in tough times and the economy is showing progressive results and have partially softened the pandemic's impact. Going forward, things started picking momentum in Pakistan. Exports and remittances moved upward. The record activities in Textile, construction and allied industries, strong performance of large-scale manufacturing (LSM), stable exchange rate and improved exports along with rising remittances have restored the investors' confidence, paving way for the unprecedented economic growth.

Covid-19 has turned out to be a blessing in disguise for the textile industry as global buyers are increasingly turning towards Pakistan by cutting orders to regional players, resulting in 100% utilisation of available production capacity. The positive impact of the growth in textile industry is also being felt by the allied sectors including chemicals, logistics, packaging, and other services. At present, textile mills are enhancing their production capacity and hiring manpower in order to meet export orders according to schedule despite of the challenges like high costs of raw material. On the other hand, Cotton being the basic raw material for the Pakistan's textile industry accounts for major part of the basic cost, the price of raw cotton is continuously rising. Due to continuous decline in the annual crop cultivation, Pakistan has to import around 4.5 million bales of cotton every year to meet its demand. Pakistan spinning industry has already contracted for large scale imports from nearly all origins in the world and therefore any movement in price or quantity of cotton has significant impacts on production.

Future Outlook

Despite the signs of economic resilience and recovery, there may be some pressure on current account due to high imports of Raw Cotton, recent removal of regulatory duty on import of synthetic yarn and cotton yarn, import of plant and machinery, possibility of double-digit inflation during the latter end of FY21 could ultimately force SBP raising interest rates. These factors may also push the exchange rate upward in short term. Further, the challenges of rising debt, increased cost of living, increased taxation, rising prices of electricity & gas, could lead to wavering of investor confidence. Further, current political environment and fears of increased lockdown restrictions owing to COVID-19 third wave are critical variable where the positivity rate is hovering around high single-digits and a sustained strain may lead to harsh measures that may hamper growth outlook.

In addition to this Government has also introduced recent Policy (for efficiency of Captive Power Plants) of the Federal Government, the supply of Gas to Captive Power Plants having efficiency less than 52% and also having WAPDA/LESCO connections is being discontinued with the advice to have the Electric Load Enhanced from WAPDA/ LESCO as per Mills actual requirement to fulfill the gap due to non-availability of System Gas. The

DEWAN FAROOQUE SPINNING MILLS LIMITED DIRECTORS' REPORT

Government must reconsider its policy and realize the issues being faced by textile industry and ensure the viability of the industry in general and textile industry in Pakistan in particular. We also suggest that the government should finalise and announce the Textile Policy which is already delayed protecting the interests of adversely affected industries, creation of amicable business environment for the employment opportunities across the country, import substitution through duty cut, tax incentives on investment in manufacturing and it should create a level playing field for domestic supplies compared to imports.

Conclusion

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer & Director



Syed Maqbool Ali
Director

Dated: April 26, 2021

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

| | Un-Audited Mar. 31, 2021 | Audited June 30, 2020 |
|--|--------------------------------|-----------------------------|
| Notes | ------(Rupees)----- | |
| <u>EQUITY AND LIABILITIES</u> | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorized share capital 100,000,000 (2020: 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 | (1,338,462,408) | (1,274,237,669) |
| Capital Reserve - Revaluation surplus on property, plant and equipment | 1,005,435,971 | 1,036,652,377 |
| | 644,480,823 | 739,921,968 |
| NON-CURRENT LIABILITIES | | |
| Deferred Taxation | 159,929,303 | 172,679,667 |
| Deferred Liability for staff gratuity | 14,385,134 | 10,498,831 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 100,771,600 | 139,513,136 |
| Accrued mark-up | 263,643,777 | 236,701,435 |
| Short term borrowings | 412,864,355 | 412,864,355 |
| Overdue portion of long term liabilities | 463,896,977 | 463,896,977 |
| Provision for taxation | 6,764,861 | 6,479,762 |
| | 1,247,941,570 | 1,259,455,665 |
| CONTINGENCIES AND COMMITMENTS | 6 | - |
| | 2,066,736,830 | 2,182,556,131 |
| <u>ASSETS</u> | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 7 | 1,803,581,919 |
| Long term deposits | 38,226,745 | 1,876,890,143 |
| | 38,226,745 | 38,226,745 |
| CURRENT ASSETS | | |
| Stores & Spares | 23,552,139 | 25,313,113 |
| Stock-in-trade | 361,003 | 361,003 |
| Trade Debts- Unsecured, Considered Good | 85,824,577 | 86,019,039 |
| Loans and advances- Unsecured, Considered Good | 16,150,070 | 22,310,710 |
| Trade deposits and other receivables- Considered Good | 62,298,932 | 75,759,620 |
| Taxes recoverable | 30,627,003 | 53,993,248 |
| Cash and bank balances | 8 | 6,114,442 |
| | 224,928,166 | 267,439,243 |
| | 2,066,736,830 | 2,182,556,131 |

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


Dewan Abdul Baqi Farooqui
Chief Executive Officer


Muhammad Irfan Ali
Chief Financial Officer


Syed Maqbool Ali
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | <u>Nine Months Ended</u> | | <u>Quarter Ended</u> | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | <u>March 31,</u> <u>2021</u> | <u>March 31,</u> <u>2020</u> | <u>March 31,</u> <u>2021</u> | <u>March 31,</u> <u>2020</u> |
| Notes | ----- (Rupees) ----- | | | |
| Sales / Revenue - Net | 450,990,700 | 386,736,600 | 158,798,700 | 130,981,400 |
| Cost of sales / revenue | <u>(470,320,564)</u> | <u>(435,980,295)</u> | <u>(152,048,234)</u> | <u>(138,247,999)</u> |
| Gross (loss) / profit | (19,329,864) | (49,243,695) | 6,750,466 | (7,266,599) |
| Operating expenses | | | | |
| Administrative expenses | <u>(48,552,918)</u> | <u>(21,802,658)</u> | <u>(11,891,346)</u> | <u>(7,117,626)</u> |
| Selling and distribution expenses | <u>(6,336,215)</u> | <u>(3,648,986)</u> | <u>(2,108,371)</u> | <u>(1,179,421)</u> |
| | <u>(54,889,133)</u> | <u>(25,451,644)</u> | <u>(13,999,717)</u> | <u>(8,297,047)</u> |
| Operating (loss) | (74,218,997) | (74,695,339) | (7,249,251) | (15,563,646) |
| Other charges | | | | |
| Finance cost | <u>(27,207,650)</u> | <u>(61,720,499)</u> | <u>(9,030,404)</u> | <u>(20,668,231)</u> |
| Other income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>(27,207,650)</u> | <u>(61,720,499)</u> | <u>(9,030,404)</u> | <u>(20,668,231)</u> |
| (Loss) before taxation | (101,426,647) | (136,415,838) | (16,279,655) | (36,231,877) |
| Taxation | | | | |
| Current | <u>(6,764,861)</u> | <u>(5,801,049)</u> | <u>(2,381,981)</u> | <u>(1,964,721)</u> |
| Deferred | <u>12,750,363</u> | <u>14,155,338</u> | <u>4,250,121</u> | <u>4,718,446</u> |
| | <u>5,985,502</u> | <u>8,354,289</u> | <u>1,868,140</u> | <u>2,753,725</u> |
| (Loss) after taxation | <u>(95,441,145)</u> | <u>(128,061,549)</u> | <u>(14,411,515)</u> | <u>(33,478,152)</u> |
| (Loss) per share - Basic and diluted (Rupees) | <u>(0.98)</u> | <u>(1.31)</u> | <u>(0.15)</u> | <u>(0.34)</u> |

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | <u>Nine Months Ended</u> | | <u>Quarter Ended</u> | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | <u>March 31,</u> <u>2021</u> | <u>March 31,</u> <u>2020</u> | <u>March 31,</u> <u>2021</u> | <u>March 31,</u> <u>2020</u> |
| | ----- (Rupees) ----- | | | |
| (Loss) after taxation | (95,441,145) | (128,061,549) | (14,411,515) | (33,478,152) |
| Effect of change in tax rates on balance of revaluation on property, plant and equipment | - | - | - | - |
| Total comprehensive loss for the period | <u>(95,441,145)</u> | <u>(128,061,549)</u> | <u>(14,411,515)</u> | <u>(33,478,152)</u> |

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | March 31, 2021 | March 31, 2020 |
|---|---------------------|-------------------|
| | ------(Rupees)----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| (Loss) before taxation | (101,426,647) | (136,415,838) |
| <i>Adjustments for non cash and other items:</i> | | |
| Depreciation | 85,965,113 | 94,291,046 |
| Financial charges | 27,207,650 | 61,720,499 |
| Provision for Doubtfull Debts | 26,802,400 | - |
| Provision for gratuity | 5,199,019 | 4,052,579 |
| Cash flow before working capital changes | 43,747,535 | 23,648,286 |
| Working Capital changes | | |
| <i>(Increase)/ Decrease in current assets:</i> | | |
| Stores & spares | 1,760,974 | 1,350,436 |
| Stock in trade | - | - |
| Trade debts | (26,607,938) | 14,187,828 |
| Loans & advances | 6,160,640 | 8,649,318 |
| Trade deposits & other receivables | 13,460,688 | 337,386 |
| <i>Increase/ (Decrease) in current liabilities:</i> | | |
| Trade and other payables | (38,741,536) | (2,395,311) |
| Cash generated from /(used in) operations | (219,637) | 45,777,943 |
| Taxes paid - net of refund | 16,886,483 | (3,854,926) |
| Gratuity paid | (1,312,716) | (1,406,405) |
| Financial charges paid | (265,309) | (4,659,411) |
| | 15,088,821 | 35,857,201 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure incurred | (12,656,889) | (14,989,574) |
| Long term deposits | - | (81,500) |
| Net cash outflow from investing activities | (12,656,889) | (15,071,074) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Syndicated Long Term Loan | - | - |
| Short Term Loan | - | (15,000,000) |
| Net cash Inflow/(out flow) from financing activities | - | (15,000,000) |
| Net increase / (decrease) in cash and cash equivalents | 2,431,932 | 5,786,127 |
| Cash and Cash equivalents at the beginning of the period | 3,682,510 | 3,483,173 |
| Cash and Cash equivalents at the end of the period | 6,114,442 | 9,269,300 |

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


Dewan Abdul Baqi Farooqui
Chief Executive Officer


Muhammad Irfan Ali
Chief Financial Officer


Syed Maqbool Ali
Director

DEWAN FAROOQUE SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | 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, 2019 | 977,507,260 | (1,123,518,643) | 1,082,860,608 | 936,849,225 |
| Total comprehensive loss for the period | | | | |
| (Loss) for the period | -- | (128,061,549) | -- | (128,061,549) |
| Other comprehensive income | -- | -- | -- | -- |
| | -- | (128,061,549) | -- | (128,061,549) |
| Transfer to accumulated loss in respect of incremental depreciation - net of tax | -- | 34,656,174 | (34,656,174) | -- |
| Balance as at March 31, 2020 | 977,507,260 | (1,216,924,018) | 1,048,204,434 | 808,787,676 |
| Balance as at July 01, 2020 | 977,507,260 | (1,274,237,669) | 1,036,652,377 | 739,921,968 |
| Total comprehensive loss for the period | | | | |
| (Loss) for the period | -- | (95,441,145) | -- | (95,441,145) |
| Other comprehensive income | -- | -- | -- | -- |
| | -- | (95,441,145) | -- | (95,441,145) |
| Transfer to accumulated loss in respect of incremental depreciation - net of tax | -- | 31,216,406 | (31,216,406) | -- |
| Balance as at March 31, 2021 | 977,507,260 | (1,338,462,408) | 1,005,435,971 | 644,480,823 |

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



Dewan Abdul Baqi Farooqui
Chief Executive Officer



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director

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 nine months ended March 31, 2021 reflect that company sustained net loss after taxation of Rs. 95.441 million (2020: Rs. 197.845 million) and as of that date it has negative reserves of Rs. 1,338.462 million which have eroded its equity and its current liabilities exceeded its current assets by Rs. 1,023.013 million (2020: 992.016 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 the above conditions are temporary and would reverse in foreseeable future. The company's operating cash flows are positive and sponsors provide the support as and when required in shape of short term loan to meet working capital requirements. The company production have increased as compared to similar period of last year due to certain capital expenditures incurred in preceding financial year, which also mitigate the risks involved. 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.

3 BASIS OF PREPARATION

3.1 These condensed interim financial statements of the Company for the nine months ended March 31, 2021 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 2020.

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 2020.

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, 2020 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 during the period

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, 2020.

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, 2020

| | March 31, 2021 | Jun 30, 2020 |
|---|-------------------|-----------------|
| 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, 2020. | | |

| | March 31, 2021 | Jun 30, 2020 |
|---|---------------------------|---------------------------|
| 7 PROPERTY, PLANT AND EQUIPMENT | | |
| | | Rupees |
| Operating fixed assets | 7.1 | 1,803,581,919 |
| | | 1,830,389,532 |
| 7.1 Operating fixed assets | | |
| Opening written down value | | 1,876,890,143 |
| Additions during the period / year | 7.2 | 12,656,889 |
| Disposals during the period - net book value | | - |
| Depreciation during the period / year | | (85,965,113) |
| Closing written down value | | 1,803,581,919 |
| 7.2 Additions during the period / year | | |
| Land | | 2,600,000 |
| Plant & Machinery | | 10,056,889 |
| | | 12,656,889 |
| | | 1,876,890,143 |
| | March 31, 2021 | March 31, 2020 |
| 8 CASH AND CASH EQUIVALENTS | | |
| | | Rupees |
| Cash in hand | | 1,011,880 |
| Cash at banks | | 29,479 |
| | | 5,102,562 |
| | | 9,239,821 |
| | | 6,114,442 |
| | | 9,269,300 |

9 FINANCE COST

The Company has not made the provision of markup for the year amounting to Rs.4.845 million (up to June 30, 2020: Rs.69.392 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.4.845 million and accrued markup would have been higher and shareholders' equity would have been lower by Rs.74.237 million.

| | <u>March 31,</u> <u>2021</u> | <u>March 31,</u> <u>2020</u> |
|--|---------------------------------|---------------------------------|
| | Rupees | |
| 10 BASIC EARNINGS PER SHARE | | |
| Loss after taxation | (95,441,145) | (128,061,549) |
| Weighted average number of ordinary shares | 97,750,726 | 97,750,726 |
| Basic Loss per share | (0.98) | (1.31) |

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 | 1,074,540 | 757,716 |
|----------------|-----------|---------|

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 April 26, 2021 by the Board of Directors of the company.



Dewan Abdul Baqi Farooqui
Chief Executive Officer



Muhammad Irfan Ali
Chief Financial Officer



Syed Maqbool Ali
Director

ڈائریکٹرز رپورٹ

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

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز 31 مارچ 2021ء کو ختم ہونے والی نو ماہ کی مدت کیلئے 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۔

عملی نتائج اور کارکردگی:

دوران مدت آپ کی کمپنی کی مجموعی کارکردگی گذشتہ سال کے مقابلے کی مدت کے مقابلے میں بہتر رہی۔ نو ماہ کی مدت کے دوران کمپنی کی خالص آمدنی میں مبلغ 450.991 ملین روپے کا اضافہ ہوا جس کا موازنہ گذشتہ سال کی اسی مدت کے خالص آمدنی مبلغ 386.737 ملین روپے سے کیا جاسکتا ہے۔ کمپنی کو مبلغ 19.330 ملین روپے کا مجموعی خسارہ ہوا جس کا موازنہ گذشتہ سال کی اسی مدت کے مجموعی خسارے مبلغ 49.244 ملین روپے سے کیا جاسکتا ہے جبکہ کمپنی کے عملی اخراجات 54.889 ملین روپے رہے۔ مالیاتی اخراجات میں 27.208 ملین روپے کی کمی ہوئی جس کا موازنہ گذشتہ سال کی اسی مدت کے اخراجات مبلغ 61.721 ملین روپے سے کیا جاسکتا ہے جس کی وجہ اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی شرح (KIBOR) 7 فیصد پر برقرار رکھنا ہے۔ کمپنی کے آپریشن کو جاری رکھنے کیلئے کمپنی نے ٹھیکہ کی بنیاد پر دھاگے کے پیداواری عمل کو جاری رکھا۔

کمپنی نے اپنے قرض دہندگان سے اپنی ذمہ داریوں پر مزید تنظیم نو کیلئے رابطہ کیا ہے جو کہ جاری ہے۔

عام مارکیٹ کے حالات:

دوران جائزہ مدت پاکستان کی معیشت مستحکم معاشی اشاروں کے ساتھ بہتری کی جانب گامزن رہی جبکہ اسٹیٹ بینک آف پاکستان نے موجودہ سال کے دوران اپنی ریٹیل جی ڈی پی گروتھ کی پیش گوئی کو 2 فیصد سے بڑھا کر 3 فیصد کر دیا۔ مختلف مالیاتی اور نگرانی کے اقدامات کے ذریعے حکومت نے مشکل وقتوں میں صنعتوں کے دباؤ کو کم کرنے کی کوشش کی جس کے باعث معیشت ترقی پسندانہ نتائج ظاہر کر رہی ہے اور وبائی امراض کے اثرات کو جزوی طور پر کم کر دیا ہے۔ وقت کے ساتھ ساتھ پاکستان کے لئے یہ معاملات زور پکڑنے لگے، برآمدات اور ترسیلات زر اور پوری سطح کی طرف بڑھ گئیں، ٹیکسٹائل، تعمیراتی اور اس سے وابستہ صنعتوں میں ریکارڈ سرگرمیاں، لارج اسکیل مینوفیکچرنگ (LSM) کی بہتر کارکردگی، مستحکم شرح تبادلہ اور بڑھتی ہوئی ترسیلات زر کے ساتھ بہتر برآمدات نے سرمایہ کاروں کا اعتماد بحال کیا جس سے غیر معمولی معاشی ترقی کا راستہ ہموار ہوا۔

Covid-19 ٹیکسٹائل صنعت کیلئے ایک نعمت ثابت ہوا ہے کیونکہ عالمی خریدار علاقائی تاجروں کو آرڈرزدے کر جاری کر کے تیزی سے پاکستان کی طرف مائل ہو رہے ہیں، جس کے نتیجے میں دستیاب پیداوار کی صلاحیت کا 100 فیصد استعمال کیا جاسکتا ہے۔ ٹیکسٹائل کی صنعت میں نمو کے مثبت اثرات بھی اس سے منسلک شعبوں کے ذریعہ محسوس کیے جا رہے ہیں جن میں کیمیکل، لاجسٹک، پیکیجنگ اور دیگر خدمات شامل ہیں۔ فی الحال، ٹیکسٹائل ملز اپنی پیداواری صلاحیت کو بڑھا رہی ہیں اور خام مال کے زیادہ اخراجات جیسے چیلنجز کے باوجود شیڈول کے مطابق برآمداتی آرڈر کو پورا کرنے کے لئے افرادی قوت کی خدمات حاصل کر رہی ہیں۔ دوسری طرف، کپاس پاکستان کی ٹیکسٹائل انڈسٹری کے لئے بنیادی خام مال ہونے کی وجہ سے بنیادی لاگت کا بڑا حصہ ہے، خام کپاس کی قیمت میں مسلسل اضافہ ہو رہا ہے۔ سالانہ فصل کی کاشت میں مسلسل کمی کی وجہ سے، پاکستان کو اپنی طلب کو پورا کرنے کے لئے ہر سال تقریباً 4.5 ساڑھے چار ملین گانٹھ کپاس درآمد کرنا پڑتی ہے۔ پاکستان اسپننگ انڈسٹری نے پہلے ہی دنیا کے تمام خطوں سے بڑے پیمانے پر درآمدات کا معاہدہ کیا ہے اور اسی وجہ سے کپاس کی پیداوار پر قیمت یا مقدار میں ہونے والی نقل و حرکت پر نمایاں اثر پڑتا ہے۔

مستقبل کا نظریہ:

معاشی لچک اور بھائی کی علامت کے باوجود، خام کائون کی زیادہ درآمد، سنبھلک یارن اور کائون یارن کی درآمد پر ریگولیٹری ڈیوٹی کا حالیہ خاتمہ، پلانٹ اور مشینری کی درآمد، افراط زر کے ڈبل ہندسے کے امکان کی وجہ سے کرنٹ اکاؤنٹ پر کچھ دباؤ پڑ سکتا ہے۔ مالیاتی سال 2021 کے آخر کے دوران مہنگائی بالآخر اسٹیٹ بینک کو سود کی شرح میں اضافے پر مجبور کر سکتی ہے۔ یہ عوامل مختصر مدت میں زرمبادلہ کی شرح کو اوپر کی طرف بھی بڑھا سکتے ہیں۔ مزید یہ کہ بڑھتے ہوئے قرضہ جات، اخراجات میں اضافے، ٹیکسوں میں اضافے، بجلی اور گیس کی بڑھتی ہوئی قیمتوں کے چیلنجز سے سرمایہ کاروں کا اعتماد ختم ہو سکتا ہے۔ مزید یہ کہ، موجودہ سیاسی ماحول اور COVID-19 کی تیسری لہر کی وجہ سے لاک ڈاؤن پابندیوں میں اضافے کا خدشہ انتہائی متغیر ہے جہاں مثبت شرح زیادہ ہندسوں کے گرومنڈ لارہی ہے اور مستقل کشیدگی سخت اقدامات کا باعث بن سکتا ہے جس سے شرح نمو متاثر ہو سکتی ہے۔

اس کے علاوہ وفاقی حکومت کی حالیہ پالیسی (کیپیٹو پاور پلانٹس کی کارکردگی کے لئے) بھی متعارف کرائی گئی، کیپیٹو پاور پلانٹس کو گیس کی فراہمی 52 فیصد سے بھی کم ہے اور WAPDA/LESCO کی ایکشن رکنے کے علاوہ، سسٹم گیس کی عدم دستیابی کی وجہ سے WAPDA/LESCO سے برقی بوجھ بڑھانے کے مشورے کے ساتھ بند کیا جا رہا ہے۔ حکومت کو اپنی پالیسی پر از سر نو غور کرنا چاہئے اور ٹیکسٹائل انڈسٹری کو درپیش مسائل کا ادراک کرنا چاہئے اور خاص طور پر پاکستان میں عام طور پر اور ٹیکسٹائل انڈسٹری میں اس صنعت آپریشن کو یقینی بنانا چاہئے۔ ہم یہ بھی تجویز دیتے ہیں کہ حکومت ٹیکسٹائل پالیسی کو حتمی شکل دے اور اس کا اعلان کرے جو پہلے ہی منفی متاثرہ صنعتوں کے مفادات، ملک بھر میں روزگار کے مواقع کے لئے قابل فخر کاروباری ماحول کی تشکیل، ڈیوٹی کٹ کے ذریعہ درآمدی متبادل کو درآمد کرنے، مینوفیکچرنگ میں سرمایہ کاری پر ٹیکس مراعات کی فراہمی میں تاخیر کر رہی ہے۔ درآمدات کے مقابلہ میں ملکی مصنوعات کی فراہمی کے لئے ایک سطح کا میدان تیار کرنا چاہئے۔

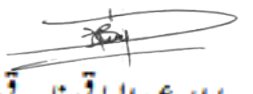
نتیجہ:

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 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
ڈائریکٹر


دیوان عبدالباقی فاروقی
چیف ایگزیکٹو آفیسر اینڈ ڈائریکٹر
مورخہ: 26 اپریل 2021ء